

except that no such imputation of revenue shall be made during the three-year period immediately following such reservoir confirmation. In the event of failure to begin production of revenue (or, where no sale of energy or geothermal energy resources is made, to begin production of energy for commercial use) within five years after the date of such reservoir confirmation, the Secretary may take action to recover the value, not to exceed the amount of the unpaid balance of the loan plus any accrued interest thereon, of any assets of the project in question, including resource rights.

(c) Cancellation of unpaid balance and accrued interest

The Secretary may at any time cancel the unpaid balance and any accrued interest on any loan made under this section if he determines, on the basis of evidence presented by the loan recipient or otherwise, that the geothermal energy reservoir with respect to which the loan was made has characteristics which make that reservoir economically or technically unacceptable for commercial development.

(d) "Person" defined

As used in this subchapter, the term "person" includes municipalities, electric cooperatives, industrial development agencies, nonprofit organizations, and Indian tribes, as well as the entities included within such term under section 1 of title 1.

(Pub. L. 96-294, title VI, §611, June 30, 1980, 94 Stat. 763.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original "this title", meaning title VI of Pub. L. 96-294, June 30, 1980, 94 Stat. 763, known as the Geothermal Energy Act of 1980. For complete classification of title VI to the Code, see Short Title note set out under section 1501 of this title and Tables.

Section 1144 of this title, referred to in subsec. (a), was repealed by Pub. L. 116-260, div. Z, title III, §3002(i)(3), Dec. 27, 2020, 134 Stat. 2495.

§ 1512. Loan size limitation

The amount of any loan made under section 1511(a) of this title with respect to a project described in that section shall not exceed 50 percent of the cost of such project; except that if the loan is made to a person proposing to make application of the resources of the reservoir involved primarily for space heating or cooling or process heat for one or more structures or facilities then existing or under construction, the loan may be in any amount up to 90 per centum of such cost. In any event no loan shall be made in an amount in excess of \$3,000,000.

(Pub. L. 96-294, title VI, §612, June 30, 1980, 94 Stat. 764.)

§ 1513. Loan interest rates; repayment periods

(a) Each loan made under section 1511 of this title shall bear interest at a discount or interest rate equal to the rate in effect (at the time the loan is made) for water resources planning projects under section 80 of the Water Resources

Development Act of 1974 (42 U.S.C. 1962(d)-17(a)).¹

(b) Each such loan shall be for a term which the Secretary deems appropriate, except that no loan term shall exceed twenty years beyond the date on which production of energy or geothermal energy resources begins from the reservoir involved. If revenues are inadequate (as determined by the Secretary) to fully repay the principal and accrued interest within twenty years after production begins, any remaining unpaid amounts shall be forgiven.

(Pub. L. 96-294, title VI, §613, June 30, 1980, 94 Stat. 764.)

§ 1514. Program termination

No new loans shall be made under this subchapter after September 30, 1986. Amounts repaid on or before September 30, 1986, on loans theretofore made under section 1511 of this title shall be deposited in the Geothermal Resources Development Fund for purposes of this subchapter. Amounts repaid after that date on loans theretofore made under section 1511 of this title, and amounts deposited in the Fund for purposes of this subchapter which remain in the Fund after that date and are not required to secure outstanding obligations under this subchapter, shall be deposited into the United States Treasury as miscellaneous receipts.

(Pub. L. 96-294, title VI, §614, June 30, 1980, 94 Stat. 764.)

§ 1515. Regulations

The Secretary shall promulgate regulations to carry out this subchapter no later than six months after June 30, 1980.

(Pub. L. 96-294, title VI, §615, June 30, 1980, 94 Stat. 764.)

§ 1516. Authorizations

There are hereby authorized to be appropriated for loans under this subchapter not to exceed \$5,000,000 for fiscal year 1981, and not to exceed \$20,000,000 for each of the four succeeding fiscal years. Amounts so appropriated shall be deposited in the Geothermal Resources Development Fund for purposes of this subchapter, and shall remain available for such purposes until expended.

(Pub. L. 96-294, title VI, §616, June 30, 1980, 94 Stat. 765.)

SUBCHAPTER II—STUDY, ESTABLISHMENT, AND IMPLEMENTATION OF INSURANCE PROGRAM

§ 1521. Reservoir insurance program study

The Secretary shall conduct a detailed study of the need for and feasibility of establishing a reservoir insurance and reinsurance program incorporating the terms, conditions, and provisions set forth in section 1522 of this title, and shall submit to the Congress within one year after June 30, 1980, a report on the results of such study including his findings and recommendations with respect thereto.

¹ So in original. Should be "(42 U.S.C. 1962d-17(a))."

(Pub. L. 96-294, title VI, §621, June 30, 1980, 94 Stat. 765.)

§ 1522. Establishment of program

(a) Authorization; requirements; scope

If the report of the Secretary submitted pursuant to section 1521 of this title affirmatively recommends the establishment of the program and the Congress by law (after review of such recommendation) specifically authorizes the establishment of the program, the Secretary shall establish and implement within six months after the date of the enactment of such authorization a program, in cooperation with the insurance and reinsurance industry, to provide reservoir insurance to qualified eligible applicants in accordance with this section.

(b) Definitions

For the purpose of this section—

(1) the term “investment” means the expenditure of, and any irrevocable legal obligation to expend, funds (together with the reasonable interest costs thereof) for the purchase or construction of machinery, equipment, and facilities manufactured, or for services contracted to be furnished, for the development and utilization of a geothermal resource in the United States to provide energy in the form of heat for direct use or for generation of electricity;

(2) the term “geothermal resource” means a resource in the United States including (A) all products of geothermal processes embracing indigenous steam, hot water, and hot brines; (B) steam and other gases, hot water and hot brines resulting from water, gas, or other fluids artificially introduced into geothermal formations; (C) heat or other associated energy found in geothermal formations; and (D) any byproducts derived from them, where “by-product” means any mineral or minerals (exclusive of oil, hydrocarbon gas, and helium) which are found in solution or in association with other geothermal resources and which have a value of less than 75 per centum of the value of the geothermal steam or are not, because of quantity, quality, or technical difficulties in extraction and production, of sufficient value to warrant extraction and production by themselves;

(3) the term “risk” means the hazard that a reservoir of geothermal resources will cease to provide sufficient quantities of geothermal resources at minimum conditions required to maintain an economically or technically viable operation for utilization of the geothermal resource;

(4) the term “reasonable premiums” means premium amounts determined by the Secretary to be reasonable in light of the amount of investment subject to the risk and premiums charged in similar or analogous situations by private insurers where private insurance is concerned and by insurers or guarantors, both public and private, where public insurance is concerned;

(5) the term “other insurance” means any combination of private or public insurance other than investment insurance provided by the Secretary under this section;

(6) the term “reservoir” means the physical subsurface geologic structure which forms the natural repository for the undisturbed geothermal resource; and

(7) the term “person” means any public or private agency, institution, association, partnership, corporation, political subdivision, or other legal entity which is a United States citizen as determined by application of the test for United States citizenship contained in section 50501 of title 46, or in the first sentence of section 27A of the Merchant Marine Act, 1920 (46 U.S.C. 883-1(a)-(e)).¹

(c) Eligibility for investment insurance

Any person with a total direct investment of not less than \$1,000,000 in the development and use, not including exploration and testing, of a geothermal resource associated with a reservoir, and unable to obtain other insurance at reasonable premiums for the amount of the investment subject to risk, as determined by the Secretary under this section, shall be eligible for investment insurance.

(d) Application for investment insurance; contents, etc.

Any eligible person seeking investment insurance under this section shall file an application with the Secretary setting forth (1) the total amount of the contemplated investment in a geothermal resource and associated reservoir; (2) the views of the applicant concerning the nature and extent of the risk, including a geologic, engineering, and financial assessment based on site specific results of exploration and testing of the geothermal resource and the reservoir, stated with as much specificity as is possible; (3) the status of all required Federal, State, and local approvals, permits, and leases for the proposed development and utilization operations at the site; (4) the extent to which the applicant has been able to obtain other insurance against the risk; and (5) such other information as the Secretary may require.

(e) Determinations respecting application for insurance

Unless the Secretary determines the risk proposed by the applicant is unreasonable, the Secretary, within ninety days after receipt of a satisfactory application, shall determine in writing and submit to the applicant (1) the risk which may cause loss of investment for the applicant; (2) the total investment subject to the risk; (3) the amount of the other insurance which is available at reasonable premiums for the purpose of indemnifying the applicant against the risk; (4) the amount of investment insurance available pursuant to this section, which shall be the difference between the total investment subject to the risk and the total other insurance determined to be available at reasonable premiums, but not in excess of the lesser of 90 per centum of, or \$50,000,000 of, the loss of investment subject to the risk; and (5) any reasonable terms and conditions necessary for the prudent administration of the program, including reasonable premiums for the insurance pursuant to this section (which shall be deposited in the Geothermal Resources Development Fund).

¹ See References in Text note below.