

September 11, 1974

## Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 14920 - Geothermal Energy Research, Development and Demonstration Act of 1974 which establishes a management project to undertake a comprehensive geothermal energy research and development program, including construction of demonstration plants to produce electricity; establishes a loan guarantee program to stimulate commercial development of geothermal resources; and for other purposes.

Geothermal energy is derived from the internal heat of the Earth. While a small number of plants already produce electricity from one type (dry steam), there are other types of potentially high-energy geothermal resources, such as hot dry rock and pressurized water, which have not been developed. The full extent and potential of these resources is not known, but they are suspected to offer a large, long-range source of environmentally-acceptable energy. In addition, dissolved materials such as sulfur and minerals can probably be recovered as byproducts.

Recognition of the growing importance of geothermal energy was reflected in enactment of the Geothermal Steam Act of 1970, which authorized the leasing of Federal lands for geothermal development.

H. R. 14920 establishes a temporary interagency geothermal energy management group. The management group -- to be known as the Geothermal Energy Coordination and Management Project -- would be terminated and its functions transferred to the Energy Research and Development Administration within 60 days of the enactment of legislation creating that agency -- legislation for this purpose supported by the Administration is now in conference. The bill also contains a number of new research, development and demonstration authorities in the field of geothermal energy, as discussed below.

The Geothermal Energy Coordination and Management Project (the Project) will be composed of six members -- one at the Assistant Secretary or comparable level from each of the four agencies named below, an Assistant Administrator of the Federal Energy Administration, and a member appointed by the President. The President could designate any member to serve as Chairman. The Project would have authority (until the ERDA legislation is enacted) to establish or approve programs. The four agencies are the Department of the Interior, the National Aeronautics and Space Administration, the Atomic

Energy Commission and the National Science Foundation.

The bill will also authorize the Project to establish a program to guarantee, under appropriate conditions, loans made by private financial institutions to companies to carry out resource assessment, engage in research and development, acquire rights to resources, or produce energy or by-products.

A Geothermal Resources Development Fund will be established in the Treasury for this purpose. Authority for the loan guarantee program will expire in ten years, and not to exceed \$50 million annually would be authorized for appropriation to the Fund to cover losses.

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