



**TESTIMONY OF PAUL THOMSEN
VICE PRESIDENT OF
ORMAT TECHNOLOGIES INC.
BEFORE THE SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES**

December 16, 2025

“Unleashing Geothermal Energy Development”

Chairman Stauber and members of the Subcommittee, thank you for the opportunity to testify today. My name is Paul A. Thomsen, and I serve as Vice President at Ormat Technologies Inc. On behalf of Ormat, I appreciate this Committee’s leadership in advancing the deployment of geothermal energy and strengthening the regulatory framework that enables responsible domestic energy development.

Ormat Technologies, headquartered in Reno, Nevada, is a vertically integrated global leader in geothermal power and recovered energy generation (REG). With more than 1,600 employees and over six decades of industry expertise, Ormat designs, develops, manufactures, owns, and operates geothermal power plants worldwide - delivering over 3,400 megawatts of gross capacity across more than 30 countries.

Ormat maintains a strong operational presence on federal lands, with 22 active facilities spanning 880 acres and utilizing approximately 300,920 acres of Bureau of Land Management (BLM) land across California, Nevada, New Mexico, and Utah. Our state-of-the-art, air-cooled binary facilities provide stable, reliable renewable energy - 24 hours a day, seven days a week-with zero carbon emissions.

Geothermal Energy Opportunity Act (H.R. 301)

Ormat greatly appreciates the leadership of Congresswoman Celeste Maloy in introducing the Geothermal Energy Opportunity Act. This legislation represents a critical modernization of the Geothermal Steam Act of 1970 by establishing a clear sixty-day deadline for the Department of the Interior to act on geothermal drilling permits and related authorizations once all federal environmental requirements - such as those under the National Environmental Policy Act, the Endangered Species Act, and the National Historic Preservation Act - are complete, unless a federal court vacates or provides injunctive relief for the underlying lease.

For years, permitting delays were among the most persistent obstacles to bringing new geothermal resources online. Projects routinely sat for years even after environmental reviews were complete,



creating uncertainty for developers and slowing investment in clean, reliable energy. Examples of these delays include geothermal projects where NEPA was complete but the geothermal drilling permits sat in limbo for over 3 years awaiting approval. Ormat has seen a wide range in GDP approvals, ranging from a few months to several years. Certainty in the issuance of administrative permits is critical to moving projects forward.

By providing statutory certainty, this legislation ensures that essential energy projects can move from development to operation without unnecessary delay. It will accelerate project deployment, reduce risk and cost, and provide the predictability that investors require. Most importantly, it will strengthen domestic energy security by enabling faster development of baseload renewable energy, which is critical for grid reliability and resilience. It will also support national climate objectives and rural economic development. The GEO Act is a practical, bipartisan solution that will lock in the permitting improvements we have begun to see and help meet the country's energy demand.

Geothermal Royalty Reform Act (H.R. 5638)

Ormat also thanks Congressman Mike Kennedy for sponsoring the Geothermal Royalty Reform Act. This legislation clarifies royalty calculations by requiring royalties to be assessed separately for each generating facility operating under a single lease, rather than applying blended or aggregate calculations.

For decades, U.S. policy has sought to expand geothermal energy production as part of the nation's clean energy portfolio by promoting leasing on public lands and incentivizing private-sector investment in new technologies. In 2005, Congress amended the Geothermal Steam Act (GSA) through the Energy Policy Act (EPAAct) to streamline permitting and adjust royalty structures to make geothermal competitive with other energy sources. The EPAAct established a graduated royalty system - 1.75% for the first ten years of production and 3.5% thereafter - designed to offset the substantial upfront costs of geothermal projects and incentivize new investment.

As a result, the statute ties royalty rates to the period of production from a facility, not the age of the lease. This reflects the fundamental difference between geothermal and fossil fuels: geothermal does not deplete a resource from the leasehold but generates electricity from an inexhaustible heat source accessed by individual facilities. Power purchase agreements for geothermal energy are negotiated on a facility basis, reinforcing that royalties should reflect the production timeline of each plant. Yet ONRR's current system defaults to a lease-based calculation, a method suited for oil and gas but incompatible with geothermal development. This misalignment creates a significant disincentive to constructing additional facilities on proven geothermal sites, as new plants immediately pay the higher royalty rate tied to the oldest facility on the lease. The result is fewer projects, slower growth, and missed opportunities for clean energy deployment.

By clarifying that royalties apply to each generating facility, H.R. 5638 corrects this misinterpretation and restores the incentive Congress intended. It will encourage developers to build additional plants



on existing leases, reduce permitting delays by leveraging prior environmental reviews, minimize land disturbance through clustered facilities, and accelerate job creation in rural communities. It will also increase royalty revenues over time by fostering broader industry growth - all while honoring Congress's original intent to make geothermal energy competitive.

This clarification is essential for fairness and transparency. Current ambiguity has led to royalty overpayments and administrative disputes, creating financial uncertainty for developers and discouraging investment. By implementing a clear, facility-specific framework, this legislation ensures equity and accuracy in royalty assessments, protects both federal revenues and industry stakeholders, and reduces administrative burdens. Greater clarity in royalty obligations strengthens confidence in long-term project economics, supporting continued growth in geothermal energy and encouraging new investment in renewable energy development on federal lands. This reform is a targeted, common-sense improvement that benefits both the federal government and the renewable energy industry.

Conclusion

Ormat commends the Committee and the sponsors of all the bills before you today. In particular, we want to emphasize our support for the two measures we have discussed that address two of the most pressing challenges facing geothermal development: permitting delays and royalty uncertainty. If enacted, these measures will accelerate geothermal development, create jobs, and drive economic growth - particularly in rural communities - while advancing national priorities for clean, reliable energy. We look forward to providing testimony and working collaboratively to ensure these bills deliver the certainty and efficiency needed to unlock geothermal's full potential in the United States.

Thank you.

A handwritten signature in black ink that reads "Paul A. Thomsen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul A. Thomsen Vice President, Ormat Technologies Inc.