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Address at the opening of the IDDP Workshop 5, March 6 2007

On behalf of *Orkustofnun*, the National Energy Authority, I wish you welcome to this venue, *Orkugardur*, for this important meeting on the IDDP. I thank you for your interest in the project and your valuable guidance and advice.

I address you here on behalf of the so-called “owners” of the project, i.e. the consortium consisting of the National Power Company, Reykjavik Energy, Sudurnes Heating (HS) and *Orkustofnun* on behalf of the Ministry of Industry and Commerce. This consortium has so far been represented through the DeepVision-Group. To intensify our engagement in the project the CEO’s of these four owners have in addition been meeting regularly this winter to discuss policy issues, management and financial aspects of the project.

As you may be aware of the importance of energy in the Icelandic economy is increasing at a higher rate than ever before. This emerges in the fast growth of electricity production which will almost be doubled now in just three years or so in conjunction with a vast expansion of our aluminum industry which gradually is becoming one of the pillars of our economy in general and of the exports in particular. In spite of this increase in the harnessing of our sustainable energy resources we still have considerable untapped resources for additional use of electricity, be it for further expansion of the power intensive industry, production of synthetic fuels (like hydrogen or methanol) or for direct export of electricity through a submarine cable.

In the light of the limits of hydrocarbon sources and consequently rising price of energy worldwide – and last but not least due to the threat of climate change – we are appreciating more than ever how lucky we are with our green energy resources. This awareness has lately been brought to light by the increasing knowledge and interest in the possibilities of harnessing the geothermal resources lying at greater depth than we have been exploring so far.

As you may know we are having a general election in May this year which of course intensifies the political debate. I dare say that no politician in Iceland who wants to be seen as progressive and visionary omits mentioning *djúpborun* – deep drilling – in any of his or her major statements. We who are closer to the project and its challenges of course welcome this interest but have also had to calm the front runners a little bit; telling them that deep drilling in Iceland will not solve the whole world’s energy problems – and at by no means in the next five years!

Now back to the Deep Drilling Consortium. As you remember our original plans for the first experimental drilling was to use an existing hole at Reykjanes, owned by one of the consortium members, Sudurnes Heating (HS) and deepening that hole down to the necessary depth of 4-5 km. The business idea was basically that HS would supply the hole as its contribution and the other three members would cover the additional cost – with the help of support from scientific funds. However this turned out not to be possible as the particular hole was found unusable after it collapsed during a flow test, and other holes at the Reykjanes site were not found suitable to reach the target of finding supercritical fluid.

After intense discussion in the DeepVision-Group and other technical bodies it was suggested that the project should focus on drilling a new hole in the Krafla-area, in a field owned by another Consortium member, the NPC. I must admit that for a while the whole project seemed to be in some crisis. At the same time though the aluminum companies represented here in Iceland, Alcan, Alcoa, Century and in addition (Norsk) Hydro have been showing keen interest in participating in the project.

To make a long story short I can assure you that the IDDP seems now to be healthier than ever before. The increasing public interest in exploring the depths of our geothermal resources is – as it should be in a democratic society – being reflected in the boards of our publicly owned energy companies. This again is reflected in the Consortium CEO Group where we had a very positive meeting yesterday. We are all very keen on having a deep drilling project for exploration of the potential and for scientific investigation, and hopefully in addition for commercial benefits. We are now in the midst of our discussion of a revised structure of our collaboration but it looks as if we are back to our original model that one of the involved energy companies is responsible for the first part of the drilling to the depth of say 3.5 km after which we join forces for deepening the hole and financing the unfunded ingredients of the scientific part of the project. I would not be surprised if we get a proposal from all three power companies in the Consortium for the IDDP-drillhole, and not only in the Krafla-area.

And it is even conceivable – in the light of the increased interest in exploring and hopefully expanding the geothermal resource base – that three deep or semi-deep holes will in the end all be drilled, although we will only select one of them as the scientific IDDP-hole. Therefore we expect to get soon – may be in the wake of this IDDP Workshop – a clearer picture of the differences between an exploratory deep well – and potentially a production well – and a well where we also focus on the scientific aspects of the project. This relates to the expected cost of both types and of the time frame involved, i.e. at what stage, at the latest, a well of opportunity has to be selected as the scientific hole.

You might get the impression from what I have been telling you that project owners are complicating the whole process of the IDDP, something that might

delay the progress of the project. I will assure you that this is not the case, that we will make our decisions on the business plan as soon as possible and avoid any unnecessary delay in the process.

I will conclude this short report on the state of the decision making of the owners group by restating our commitment and confirm the increasing public interest in the IDDP. Finally I wish to repeat my thanks for your valuable contribution to the scientific and technical part of this very important task, the drilling of a deep geothermal hole.