

A-Engrossed
House Bill 2625

Ordered by the House March 21
Including House Amendments dated March 21

Sponsored by Representative BURLEY, Senator WESTLUND; Representative DINGFELDER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Authorizes issuance of lottery bonds for grants to agencies in executive department and certain private companies to acquire fuel cell systems. Appropriates moneys from [*Backup*] Power Fuel Cell Pilot Program Account to State Department of Energy to provide grants to assist in acquisition of fuel cell systems.

Sunset January 2, 2010.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to lottery bonds for fuel cell systems; appropriating money; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) The Legislative Assembly finds that issuing lottery bonds to provide**
5 **grants and economic incentives to agencies in the executive department, as defined in ORS**
6 **174.112, and private companies headquartered in Oregon to acquire and use fuel cell systems**
7 **certified by the Western States Contracting Alliance or approved by the State Department**
8 **of Energy is essential to promoting Oregon manufacturing jobs and developing an Oregon**
9 **technical cluster in fuel cell development.**

10 **(2) The use of lottery bond proceeds is authorized based on the following findings:**

11 **(a) Oregon is currently home to world-class fuel cell companies.**

12 **(b) Enhancement of Oregon's fuel cell industry offers many benefits including:**

13 **(A) High paying professional and manufacturing jobs.**

14 **(B) An in-state source of high reliability power for emergency preparedness in the public**
15 **and private sectors.**

16 **(C) Clean energy technology that replaces lead-acid batteries and generators for backup**
17 **power uses.**

18 **(D) The possible use of methanol in certain fuel cell systems. Methanol may be made**
19 **from renewable sources and may be developed in Oregon.**

20 **(E) The ability to develop additional high technology programs such as those related to**
21 **specialty military applications and renewable fuels. Oregon fuel cell manufacturers have the**
22 **technology that contains the basis for these additional growth elements, but such growth**
23 **depends on the success of the fuel cell industry.**

24 **(c) Other states, such as New York and Washington, have funded the deployment of lo-**
25 **cally produced fuel cell systems, recognizing the growth potential and advantages of having**
26 **such a high technology industry in the state.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (d) Achieving market acceptance of new technologies such as fuel cells is challenging. A
2 critical step for such market acceptance is state support for a pilot project related to fuel
3 cells.

4 (e) A valuable way to support Oregon's fuel cell industry is through support for a pilot
5 project devoted to power fuel cell systems.

6 **SECTION 2.** The aggregate principal amount of lottery bonds issued pursuant to section
7 5 of this 2007 Act to assist in the acquisition of advanced fuel cell systems may not exceed
8 the sum of \$985,000 for a power fuel cell system pilot program, plus an additional amount
9 estimated by the State Treasurer to be necessary to pay bond-related costs. Lottery bonds
10 issued pursuant to section 5 of this 2007 Act shall be issued only at the request of the Di-
11 rector of the State Department of Energy.

12 **SECTION 3.** (1) The Power Fuel Cell Pilot Program Account is established in the State
13 Treasury, separate and distinct from the General Fund. The net proceeds of lottery bonds
14 issued pursuant to section 5 of this 2007 Act shall be deposited in the account. Interest
15 earned on moneys in the account shall be credited to the account.

16 (2) All moneys in the Power Fuel Cell Pilot Program Account are continuously appropri-
17 ated to the State Department of Energy for the purpose of providing grants to agencies in
18 the executive department, as defined in ORS 174.112, and private companies headquartered
19 in Oregon to assist in the acquisition of fuel cell systems for use in the power fuel cell sys-
20 tems pilot program described in section 4 of this 2007 Act.

21 **SECTION 4.** (1) The director of the Department of Energy shall award grants to appli-
22 cants in a manner that results in the deployment of 35 to 50 power fuel cell systems in
23 Oregon. To achieve maximum impact for the state, the power fuel cell systems shall be de-
24 ployed throughout the state at different commercial and government facilities in order to
25 create a portfolio of proven commercially beneficial end uses for these systems.

26 (2) The State Department of Energy shall manage the power fuel cell systems pilot pro-
27 gram. The department shall make its best effort to award grants to a diverse group of end
28 users, with a target of allocating all funds within six months from the date the funds are
29 made available, or December 31, 2007, whichever is later.

30 (3) An agency in the executive department, as defined in ORS 174.112, shall qualify for a
31 grant of up to 100 percent of the deployment costs of a power fuel cell system. Private
32 companies headquartered in Oregon shall qualify for a grant of up to 50 percent of the de-
33 ployment costs of a power fuel cell system. Each grant to an agency or private company may
34 not exceed \$50,000. Applicants may use grant funds to support the costs of equipment pur-
35 chase, site preparation, installation, training and contract management. All applicants must
36 demonstrate that the chosen application for a power fuel cell system is considered a critical
37 power application, which includes, but is not limited to, any communications application,
38 particularly public safety communications systems, or other application such as data pro-
39 cessing and information technology systems that support the continued operation of critical
40 public or private electrical loads during a power outage.

41 (4) To be eligible for power fuel cell system pilot project funds, an applicant must acquire
42 fuel cell systems from a vendor that:

43 (a) Has been competitively selected by the Western States Contracting Alliance as a
44 qualified vendor of power fuel cell systems;

45 (b) Offers fuel cell systems that can, as an option, be fueled by renewably generated liq-

1 **uid fuel sources;**

2 (c) **Offers fuel cell systems that have been certified safe for commercial field trials.**
3 **Qualifying evidence of safety for a power fuel cell system is indicated by certification to the**
4 **ANSI/CSA America FC 1-2004 standard for Stationary Fuel Cell Power Systems; and**

5 (d) **Manufactures the power fuel cell systems in Oregon.**

6 (5) **Acceptance of a grant under this section does not affect an agency's or a private**
7 **company's eligibility for state and federal incentives that are applied to costs not paid for**
8 **with a grant awarded under the pilot program. Such incentives include, but are not limited**
9 **to, Oregon's business energy tax credit established in ORS 315.354 and any tax credits under**
10 **federal law related to fuel cells.**

11 **SECTION 5. (1) For the biennium beginning July 1, 2007, the State Treasurer is author-**
12 **ized to issue lottery bonds pursuant to ORS 286.560 to 286.580 and 348.716 in the amount of**
13 **\$985,000 for the issuance of grants to agencies in the executive department, as defined in**
14 **ORS 174.112, and private companies headquartered in Oregon for the acquisition of power**
15 **fuel cell systems that meet the criteria described in section 4 of this 2007 Act, plus an addi-**
16 **tional amount estimated by the State Treasurer for payment of bond-related costs of the**
17 **State Department of Energy and the State Treasurer.**

18 (2) **Net proceeds of lottery bonds issued under subsection (1) of this section, in the**
19 **amount of \$985,000, shall be deposited into the Power Fuel Cell Pilot Program Account not**
20 **later than October 15, 2007.**

21 **SECTION 6. Sections 1 to 5 of this 2007 Act are repealed on January 2, 2010.**

22 **SECTION 7. This 2007 Act being necessary for the immediate preservation of the public**
23 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**
24 **on its passage.**

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