

House Bill 2625

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 **as introduced**.

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.

Sunsets 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 is essential to promoting Oregon man-**
8 **ufacturing jobs and developing an Oregon technical cluster in fuel cell development.**

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

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

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

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

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

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

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

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

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

26 **(d) Achieving market acceptance of new technologies such as fuel cells is challenging. A**
27 **critical step for such market acceptance is state support for a pilot project related to fuel**
28 **cells.**

29 **(e) A valuable way to support Oregon's fuel cell industry is through support for a pilot**

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 project devoted to backup power fuel cell systems.

2 **SECTION 2.** The aggregate principal amount of lottery bonds issued pursuant to section
 3 5 of this 2007 Act to assist in the acquisition of advanced fuel cell systems may not exceed
 4 the sum of \$985,000 for a backup power fuel cell system pilot program, plus an additional
 5 amount estimated by the State Treasurer to be necessary to pay bond-related costs. Lottery
 6 bonds issued pursuant to section 5 of this 2007 Act shall be issued only at the request of the
 7 Director of the State Department of Energy.

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

12 (2) All moneys in the Backup Power Fuel Cell Pilot Program Account are continuously
 13 appropriated to the State Department of Energy for the purpose of providing grants to
 14 agencies in the executive department, as defined in ORS 174.112, and private companies
 15 headquartered in Oregon to assist in the acquisition of fuel cell systems for use in the
 16 backup power fuel cell systems pilot program described in section 4 of this 2007 Act.

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

22 (2) The State Department of Energy shall manage the backup power fuel cell systems
 23 pilot program. The department shall make its best effort to award grants to a diverse group
 24 of end users, with a target of allocating all funds within six months from the date the funds
 25 are made available, or December 31, 2007, whichever is later.

26 (3) An agency in the executive department, as defined in ORS 174.112, shall qualify for a
 27 grant of 100 percent of the deployment costs of a backup power fuel cell system. Private
 28 companies headquartered in Oregon shall qualify for a grant of 50 percent of the deployment
 29 costs of a backup power fuel cell system. Applicants may use grant funds to support the
 30 costs of equipment purchase, site preparation, installation, training and contract manage-
 31 ment. All applicants must demonstrate that the chosen application for a backup power fuel
 32 cell system is considered a critical backup power application, which includes, but is not lim-
 33 ited to, any communications application, particularly public safety communications systems,
 34 or other application such as data processing and information technology systems that sup-
 35 port the continued operation of critical public or private electrical loads during a power
 36 outage.

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

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

41 (b) Offers fuel cell systems that can, as an option, be fueled by renewably generated liq-
 42 uid fuel sources;

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

1 (d) Manufactures the backup power fuel cell systems in Oregon.

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

7 **SECTION 5.** (1) For the biennium beginning July 1, 2007, the State Treasurer is author-
8 ized to issue lottery bonds pursuant to ORS 286.560 to 286.580 and 348.716 in the amount of
9 \$985,000 for the issuance of grants to agencies in the executive department, as defined in
10 ORS 174.112, and private companies headquartered in Oregon for the acquisition of backup
11 power fuel cell systems that meet the criteria described in section 4 of this 2007 Act, plus
12 an additional amount estimated by the State Treasurer for payment of bond-related costs
13 of the State Department of Energy and the State Treasurer.

14 (2) Net proceeds of lottery bonds issued under subsection (1) of this section, in the
15 amount of \$985,000, shall be deposited into the Backup Power Fuel Cell Pilot Program Ac-
16 count not later than October 15, 2007.

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

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

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