

House Bill 3378

Sponsored by Representatives STIEGLER, WHISNANT; Representatives D EDWARDS, GILLIAM, READ, Senators DINGFELDER, STARR, TELFER

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 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, 2012.

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 to agencies in the executive department, as defined in ORS 174.112, and private com-**
6 **panies headquartered in Oregon to acquire and use fuel cell systems is essential to promote**
7 **Oregon manufacturing jobs and develop an Oregon technical cluster in fuel cell development.**

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

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

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

11 **(A) High-paying professional and manufacturing jobs.**

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

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

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

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

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

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

28 **(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 power fuel cell systems.

2 **SECTION 2.** (1) The Power Fuel Cell Pilot Program Account is established in the State
 3 Treasury, separate and distinct from the General Fund. The net proceeds of lottery bonds
 4 issued pursuant to section 4 of this 2009 Act shall be deposited in the account. Interest
 5 earned on moneys in the account shall be credited to the account.

6 (2) All moneys in the Power Fuel Cell Pilot Program Account are continuously appropri-
 7 ated to the State Department of Energy for the purpose of providing grants to agencies in
 8 the executive department, as defined in ORS 174.112, and private companies headquartered
 9 in Oregon to assist in the acquisition of fuel cell systems for use in the power fuel cell sys-
 10 tem pilot program described in section 3 of this 2009 Act.

11 **SECTION 3.** (1) The Director of the State Department of Energy shall award grants to
 12 applicants in a manner that results in the deployment of 35 to 50 power fuel cell systems in
 13 Oregon. To achieve maximum impact for the state, the power fuel cell systems shall be de-
 14 ployed throughout the state at different commercial and government facilities in order to
 15 create a portfolio of proven commercially beneficial end uses for these systems.

16 (2) The State Department of Energy shall manage the power fuel cell system pilot pro-
 17 gram. The department shall make its best effort to award grants to a diverse group of end
 18 users, with a target of allocating all funds within six months from the date the funds are
 19 made available, or December 31, 2009, whichever is later.

20 (3) An agency in the executive department, as defined in ORS 174.112, is eligible for a
 21 grant of up to 100 percent of the deployment costs of a power fuel cell system. A private
 22 company headquartered in Oregon is eligible for a grant of up to 50 percent of the deploy-
 23 ment costs of a power fuel cell system. Each grant to an agency or private company may
 24 not exceed \$50,000. Applicants may use grant funds to support the costs of equipment pur-
 25 chase, site preparation, installation, training and contract management. All applicants must
 26 demonstrate that the chosen application for a power fuel cell system is considered a critical
 27 power application, which includes, but is not limited to, any communications application,
 28 particularly public safety communications systems, or other application such as data pro-
 29 cessing and information technology systems that support the continued operation of critical
 30 public or private electrical loads during a power outage.

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

33 (a) Has been competitively selected by the Western States Contracting Alliance as a
 34 qualified vendor of power fuel cell systems.

35 (b) Offers fuel cell systems that can, as an option, be fueled by renewable liquid fuel
 36 sources.

37 (c) Offers fuel cell systems that have been certified safe for commercial field trials.
 38 Qualifying evidence of safety for a power fuel cell system is indicated by certification to the
 39 ANSI/CSA America FC 1-2004 standard for stationary fuel cell power systems.

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

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

1 **SECTION 4.** (1) For the biennium beginning July 1, 2009, at the request of the Director
2 of the State Department of Energy, the State Treasurer is authorized to issue lottery bonds
3 pursuant to ORS 286A.560 to 286A.585 in the amount of \$985,000 for the issuance of grants
4 to agencies in the executive department, as defined in ORS 174.112, and private companies
5 headquartered in Oregon for the acquisition of power fuel cell systems that meet the criteria
6 described in section 3 of this 2009 Act, plus an additional amount estimated by the State
7 Treasurer for payment of bond-related costs of the State Department of Energy and the
8 State Treasurer.

9 (2) Net proceeds of lottery bonds issued under subsection (1) of this section, in the
10 amount of \$985,000, shall be deposited into the Power Fuel Cell Pilot Program Account not
11 later than October 15, 2009.

12 **SECTION 5.** Sections 1 to 4 of this 2009 Act are repealed on January 2, 2012.

13 **SECTION 6.** On the date immediately prior to the date of repeal specified in section 5 of
14 this 2009 Act, the State Department of Energy shall transfer to the State Treasurer any
15 moneys remaining in the Power Fuel Cell Pilot Program Account established by section 2 of
16 this 2009 Act for deposit in the Administrative Services Economic Development Fund estab-
17 lished by ORS 461.540.

18 **SECTION 7.** This 2009 Act being necessary for the immediate preservation of the public
19 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
20 on its passage.

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