

# A-Engrossed Senate Bill 124

Ordered by the Senate March 20  
Including Senate Amendments dated March 20

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Energy and Environment)

## 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.

Establishes grant program within State Department of Energy to provide grants to fund replacement of generators that use diesel or fossil fuels with renewable hydrogen-fueled generators. Directs department to prioritize awarding grants for emergency shelters and infrastructure, facilities and buildings related to provision of critical public services, health care and utilities. Appropriates moneys from General Fund to Renewable Hydrogen-Fueled Generator Grant Fund.

*[Directs department to develop planning goals for development of hydrogen production and storage and other hydrogen-related infrastructure. Directs department to incorporate planning goals into updated state energy strategy.]*

**Requires grant recipient, for year in which grant is received and each of three following years, to submit to Department of Environment Quality report on total amount of green electrolytic hydrogen and renewable hydrogen purchased for renewable hydrogen-fueled generator and declaration stating that no other fuel was used for renewable hydrogen-fueled generator. Exempts grant recipient from requirement under certain circumstances.**

## A BILL FOR AN ACT

1  
2 Relating to hydrogen.

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

4 **SECTION 1. (1) As used in this section:**

5 (a)(A) "Green electrolytic hydrogen" means hydrogen produced through electrolysis using:  
6

7 (i) A renewable energy source as defined in ORS 469A.005;

8 (ii) Nonemitting electricity that is not derived from a fossil fuel; or

9 (iii) Electricity that has a carbon intensity that is equal to or less than the average  
10 carbon intensity of the electricity served in this state in the calendar year in which construction or expansion of the facility that produces the green electrolytic hydrogen began.  
11

12 (B) "Green electrolytic hydrogen" does not include hydrogen manufactured using any  
13 conversion technology or steam reforming that produces hydrogen from a fossil fuel  
14 feedstock.

15 (b) "Nonemitting electricity" has the meaning given that term in ORS 469A.400.

16 (c) "Renewable hydrogen" means hydrogen produced using:

17 (A) A renewable energy source as defined in ORS 469A.005;

18 (B) Nonemitting electricity that is not derived from a fossil fuel; or

19 (C) Electricity that has a carbon intensity that is equal to or less than the average carbon  
20 intensity of the electricity served in this state in the calendar year in which construction

**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 or expansion of the facility that produces the renewable hydrogen began.

2 (d) “Renewable hydrogen-fueled generator” means a backup electrical system that uses  
3 green electrolytic hydrogen or renewable hydrogen to generate electric power.

4 (2) The Renewable Hydrogen-Fueled Generator Grant Program is established within the  
5 State Department of Energy to provide grants from the Renewable Hydrogen-Fueled Gener-  
6 ator Grant Fund established under section 2 of this 2023 Act to be used to fund the replace-  
7 ment of backup electrical systems or generators that use diesel or other fossil fuels to  
8 generate electric power with renewable hydrogen-fueled generators. The department shall  
9 give priority when awarding grants to:

10 (a) Buildings designated to provide emergency shelter;

11 (b) Infrastructure, facilities and buildings that provide critical public services;

12 (c) Hospitals and health care facilities; and

13 (d) Infrastructure, facilities and buildings used in the provision of utilities, such as water,  
14 sewage, energy or telecommunications.

15 (3) The department shall administer the grant program and establish:

16 (a) Grant application procedures;

17 (b) Criteria for grant approval; and

18 (c) Grant amounts to be awarded.

19 (4) The department may adopt rules to administer the grant program.

20 **SECTION 2.** The Renewable Hydrogen-Fueled Generator Grant Fund is established in the  
21 State Treasury, separate and distinct from the General Fund. Interest earned by the  
22 Renewable Hydrogen-Fueled Generator Grant Fund shall be credited to the fund. Moneys in  
23 the Renewable Hydrogen-Fueled Generator Grant Fund are continuously appropriated to the  
24 State Department of Energy for the purposes of making grants as part of the Renewable  
25 Hydrogen-Fueled Generator Grant Program described in section 1 of this 2023 Act.

26 **SECTION 3.** (1) As used in this section, “green electrolytic hydrogen,” “renewable hy-  
27 drogen” and “renewable hydrogen-fueled generator” have the meanings given those terms in  
28 section 1 of this 2023 Act.

29 (2) For the calendar year in which a grant recipient receives a grant award under section  
30 1 of this 2023 Act and for each of the three following calendar years, the grant recipient shall  
31 submit to the Department of Environmental Quality:

32 (a) A report on the total amount of green electrolytic hydrogen and renewable hydrogen  
33 purchased in that year for the renewable hydrogen-fueled generator or generators purchased,  
34 leased or acquired using the grant award moneys; and

35 (b) A declaration stating that no fuel other than green electrolytic hydrogen or renewable  
36 hydrogen were used during that year for the operation of the renewable hydrogen-fueled  
37 generator or generators purchased, leased or acquired using the grant award moneys.

38 (3) A grant recipient is exempt from the requirements of subsection (2) of this section  
39 if:

40 (a) The total amount of green electrolytic hydrogen and renewable hydrogen purchased  
41 in that year for the renewable hydrogen-fueled generator or generators purchased, leased  
42 or acquired using the grant award moneys is less than 50 kilograms; and

43 (b) No fuel other than green electrolytic hydrogen or renewable hydrogen were used  
44 during that year for the operation of the renewable hydrogen-fueled generator or generators  
45 purchased, leased or acquired using the grant award moneys.

1           **(4) The Environmental Quality Commission may adopt rules to implement the provisions**  
2 **of this section.**

3           **SECTION 4. In addition to and not in lieu of any other appropriation, there is appropri-**  
4 **ated to the State Department of Energy, for the biennium beginning July 1, 2023, out of the**  
5 **General Fund, the amount of \$5,000,000 to be deposited into the Renewable Hydrogen-Fueled**  
6 **Generator Grant Fund established under section 2 of this 2023 Act.**

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