

SUBJECT: Accelerating commercialization of fuel cell technology

COMMITTEE: Energy Resources — committee substitute recommended

VOTE: 7 ayes — R. Lewis, Merritt, Carter, Christian, Driver, Hawley, Kitchen
0 nays
2 absent — Crabb, Williams

WITNESSES: For — Mark Kapner, Austin Energy and City of Austin; Robert J. King, Methanex Corp.; George F. Pond; Jeff Sibley, Texas Energy Alliance
Against — None
On — Jerry Matthews, Texas Energy Coordination Council; Dub Taylor, Comptroller's Office and State Energy Conservation Office

BACKGROUND: Fuel cells are electrochemical devices that convert a fuel's energy directly to electrical energy. They operate much like continuous batteries. By chemically combining the molecules of a fuel and oxidizer without burning, fuel cells eliminate the inefficiencies and pollution of traditional combustion.

DIGEST: CSHB 2845 would require the State Energy Conservation Office to develop a statewide plan to accelerate the commercialization of fuel cell generation. The plan would have to explore alternative mechanisms that could be developed in coordination with the private sector, utilities, and other agencies to increase the availability and viability of fuel cells.

The plan would have to consider using funds from other sources, utility-administered incentive funds, market mechanisms to reward the development of clean emerging technologies, and tax or other economic incentives. It would have to consider the impact of fuel cell technologies in nonattainment areas of the state under the federal Clean Air Act and in areas that were likely to be designated as such in the near future. The office would have to seek the assistance of the Texas Natural Resource Conservation

Commission, the Public Utility Commission, and other state or local agencies.

Not later than September 15, 2002, the office would have to report its findings and recommendations to the House Energy Resources Committee and the Senate Business and Commerce Committee. The report would have to address the state of the fuel cell industry, alternative programs to accelerate the availability of fuel cells, programs to encourage fuel cell production in Texas, and program recommendations.

The office would have to appoint a fuel cell initiative advisory committee composed of representatives of the industry, energy service providers, electric transmission and distribution utilities, retail electric providers, and small energy consumers.

This bill would take effect September 1, 2001.

NOTES:

The committee substitute made several changes to the filed version, including eliminating the transfer of funds from the Loan Star loan program to the fuel cell commercialization initiative.

The companion bill, SB 1725 by Cain, was considered in a public hearing by the Senate Finance Committee on April 17 and left pending.