

HOUSE RESEARCH

Bill Summary

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Overview

This bill draft provides several incentives for the development of hydrogen as a renewable energy resource for the state.

Section

- 1 **Hydrogen economy research.** Provides that \$5,000,000 annually from the renewable development account generated by payments for dry-cask storage at Prairie Island be allocated to support hydrogen research at the University of Minnesota.
- 2 **Hydrogen energy economy goal.** Declares that it is a goal of this state that Minnesota move to hydrogen as an increasing source of energy for its electrical power, heating, and transportation needs.
- 3 **Renewable energy objectives.** Adds hydrogen as a defined eligible energy technology for purposes of the renewable energy objective.
- 4 **Conservation improvement program; definition of renewable.** Establishes a definition of renewable energy for the purposes of the CIP program.
- 5 **Use of CIP spending on renewable energy research or production.** Authorizes each public utility to spend up to 5 percent of its total CIP obligations on renewable energy research or production at a public school or public institution of higher education. Does not apply to municipal or cooperative utilities.
- 6 **Resource planning; definition of renewable energy.** Adds hydrogen to the definition of "renewable energy" for purposes of resource planning requirements.
- 7 **Renewable energy production incentive; definition.** Defines "qualified hydrogen generation facility" for purposes of the renewable energy production incentive.
- 8 **Renewable energy production incentive; eligibility.** Adds a qualified hydrogen generation facility to the list of facilities eligible for incentive payments.

- 9 Renewable energy production incentive; payments.** Limits payments for hydrogen production under the incentive to hydrogen produced before December 31, 2020.
- 10 Technical.**
- 11 Renewable energy production incentive; amount of incentive.** Provides a placeholder for the amount of incentive payment for a qualified hydrogen generation facility.
- 12 Sales tax exemption.** Exempts hydrogen and hydrogen fuel cells from sales tax when used to produce electricity and when used to power a vehicle that is fueled only by hydrogen. After January 1, 2010, the hydrogen must be generated from other renewable resources. This section also exempts material and equipment used exclusively for, consumed in, or incorporated into a hydrogen vehicle fueling station.
- 13 Sales tax exemption for hydrogen-fueled vehicles.** Exempts hydrogen vehicles from the sales tax on motor vehicles.
- 14 Department of trade and economic development.** Requires the Department of Trade and Economic Development to develop a targeted program to promote and encourage the development and attraction of businesses engaged in defined aspects of the hydrogen economy. The Department is required to report to the Legislature by January 15, 2004, on legislative changes or funding needed, if any, to accomplish the purposes of this section.
- 15 Demonstration project.** Requires the Department of Commerce, in cooperation with the Department of Trade and Economic Development, to develop and issue a request for proposal for the construction of a hydrogen-to-electricity demonstration project.
- 16 Effective dates.** Makes sections 1 to 11, 14, and 15 effective immediately. Makes sections 12 and 13 effective July 1, 2003.