

State and Regional Hydrogen Initiatives Meeting

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Notes from “Coalition Management Breakout”

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Challenges for State and Regional Hydrogen Initiatives:

1. Hard to get money to do much when we're out in front of mass commercialization. We're all trying to serve an industry that is not yet profitable.
2. State programs are very self-focused. If you, as a private company, are not going to build a manufacturing plant in their state they don't want to talk to you.
3. Funding options:
 - Industry dues
 - State funding
 - Grow the effort out of an already well-established organization (e.g., Center for Transportation and the Environment in Atlanta is the parent organization for the 32-member Southern Fuel Cell Initiative); They have a full time development director on staff who keeps tabs on RFPs; they help manage projects that their members get. CTE has a lobbyist at the federal level.
 - SC almost has the opposite of a funding problem. They will be investing \$15 million over the next three years, but they want to be public-private entity and at the moment that are only public. The state is so enthusiastic about the technology that SC is trying to manage expectations. The popularity of hydrogen technologies is heavily linked to the perceived economic development potential in the state.
4. There is also a timing challenge for industry. Accessing public money even when it's available can often take such a long time that the project struggles.
5. How do you find companies who are NOT in the H2 FC world, but want to be green and may have an interest in being part of a state/regional coalition?
6. Industry needs greater long-term certainty and commitment from government so that they can feel confident that the investments they are making today are not wasted.
7. There is an anti-nuclear bias in parts of the country that is holding progress back.
8. The transportation side is focused on CA, NY, MI, FL and DC, so if other areas want to be involved in the transportation sector, it will require something disruptive that changes the current business practice. Fueling stations are still costing between \$1.5 million and \$2 million (not including vehicles).

9. There is a danger of waning enthusiasm for hydrogen and fuel cells at the national level after 2009. This is partly why so much of the activity is now happening at the state level. Attention has shifted to ethanol and wind as the total solution. H₂ and FC community has not been effective at communicating the role these technologies will play in the energy system alongside hydrogen and fuel cells.

Possible Solutions

1. Fuel cell developers would like to see states support deployments beyond just ones and twos. Volume is needed to bring down manufacturing costs.
2. CT is trying to identify what the industry needs and then develop public policy that begins to meet those needs. CT started to get traction when they began to talk in terms of jobs and economic development. Similar experience in MN. Environment and climate have also become powerful drivers.
3. Need a pool of capital that is quicker and easier to access (anything more than 6-8 months is unworkable for industry). What about launching Energy Independence Bonds at the federal level to provide a large enough pool of capital.
4. Need better ways to “match-make” between pools of capital that are available and projects seeking that capital.
5. Carbon credits could be a vehicle for states/regions to encourage and finance the H₂/FC industry. VCs see this as very attractive. This could provide the capital for deploying hydrogen and fuel cell technologies.
6. Need legislative changes to reduce barriers to DG (interconnection standards and standby charges, etc.) Need to get utilities on board, and the rest of this would take care of itself. Connect with Hydrogen Utility Group on this.
7. It would be a huge help to industry if the state/regional initiatives could be the repository for WHO industry needs to talk to when doing a project in their state or region (e.g., codes and standards, fire marshal, etc.).
8. Could DOE funding that already flows to State Energy Offices help fund the emergence of public-private hydrogen and fuel cell coalitions, so that these efforts truly are public- and privately-funded?
9. Need more international coalitions, so that there can be a greater exchange of information about what’s going on. What’s working; what’s not working in R&D, etc. People are spending time in different countries duplicating effort.
10. We need more products and fewer props in this industry.