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UTAH SAN RAFAEL STATE ENERGY LAB
2024 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Christine F. Watkins
Senate Sponsor: David P. Hinkins

LONG TITLE

General Description:

This bill establishes the Utah San Rafael Energy Lab and creates the Utah San Rafael Energy Lab Board.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates the Utah San Rafael Energy Lab;
- ▶ creates the Utah Energy Research Fund;
- ▶ establishes the Utah San Rafael Energy Lab Board (board);
- ▶ establishes the membership and duties of the board and the lab;
- ▶ outlines the purpose and duties of the board and the lab; and
- ▶ establishes a project proposal solicitation and approval process.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2025:

- ▶ to Department of Natural Resources - Office of Energy Development as a one-time appropriation:
 - from the General Fund, One-time, \$2,000,000

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

- 79-6-1001**, Utah Code Annotated 1953
- 79-6-1002**, Utah Code Annotated 1953
- 79-6-1003**, Utah Code Annotated 1953

28 **79-6-1004**, Utah Code Annotated 1953

29 **79-6-1005**, Utah Code Annotated 1953

30

31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section **79-6-1001** is enacted to read:

33 **79-6-1001 . Definitions.**

34 As used in this part:

35 (1) "Board" means the Utah San Rafael Energy Lab Board established in Section 79-6-1003.

36 (2) "Director" means the director of the Office of Energy Development as defined in
 37 Section 79-6-401.

38 (3) "Fund" means the Utah Energy Research Fund established in Section 79-6-1002.

39 (4) "Lab" means the Utah San Rafael Energy Lab established in Section 79-6-1004.

40 (5) "Lab director" means the director appointed under Section 79-6-1004 to oversee the lab.

41 (6) "Project proposal" means a formal written submission to the board applying for
 42 approval of a specific research initiative conducted at the lab.

43 (7) "Office" means the Office of Energy Development as defined in Section 79-6-401.

44 Section 2. Section **79-6-1002** is enacted to read:

45 **79-6-1002 . Utah Energy Research Fund.**

46 (1) There is created an enterprise fund known as the "Utah Energy Research Fund."

47 (2) The fund consists of:

48 (a) grants, entitlements, and other money received by the office from the federal
 49 government;

50 (b) revenues from users of the Utah San Rafael Energy Lab, deposited into the fund
 51 under Subsection 79-6-1004(2)(d);

52 (c) transfers, grants, bequests, and money made available from any source to implement
 53 this part; and

54 (d) money appropriated to the fund by the Legislature.

55 (3) The money in the fund shall be invested by the state treasurer according to the
 56 procedures and requirements of Title 51, Chapter 7, State Money Management Act,
 57 except that all interest or other earnings derived from money in the fund shall be
 58 deposited in the fund.

59 (4) As funding allows, the office may use money in the fund for:

60 (a) administering the Utah Energy Research Grant Program created in Section 79-6-403;
 61 and

62 (b) funding the ongoing operation of the Utah San Rafael Energy Lab, including
63 compensation for lab staff.

64 Section 3. Section **79-6-1003** is enacted to read:

65 **79-6-1003 . Utah San Rafael Energy Lab Board -- Duties -- Expenses.**

66 (1) There is established in the office the Utah San Rafael Energy Lab Board that is
67 composed of the following nine voting board members:

68 (a) the director, or the director's designee, who shall serve as the chair of the board;

69 (b) the president of the University of Utah or the president's designee;

70 (c) the president of Utah State University or the president's designee;

71 (d) the commissioner of higher education, as described in Section 53B-1-408, or the
72 commissioner's designee;

73 (e) one member, who is not a legislator, with experience in the non-regulated energy
74 industry appointed by the speaker of the House of Representatives;

75 (f) one member, who is not a legislator, with experience in energy commercialization
76 appointed by the president of the Senate;

77 (g) one member appointed by the governor who resides in a county of the third, fourth,
78 fifth, or sixth class as described in Section 17-50-501; and

79 (h) two members appointed by the office with relevant expertise in energy research and
80 development.

81 (2) (a) The term of an appointed board member is four years.

82 (b) Notwithstanding Subsection (2)(a), the person making an appointment shall, at the
83 time of appointment or reappointment, adjust the length of board member terms to
84 ensure the terms of board members are staggered so that approximately half of the
85 board is constituted of new members every two years.

86 (c) The person who appoints a member under Subsection (1) may remove an appointee
87 who was appointed by the person for cause.

88 (d) The person who appoints a member under Subsection (1) shall fill a vacancy on the
89 board in the same manner as provided in Subsection (1).

90 (e) An individual appointed to fill a vacancy shall serve the remaining unexpired term.

91 (f) Unless removed for cause under Subsection (2)(c) a board member shall serve until a
92 successor is appointed.

93 (3) (a) A majority of the board constitutes a quorum.

94 (b) A majority vote of the quorum is required for an action to be taken by the board.

95 (4) The board shall:

- 96 (a) foster innovation and support technological development in the energy sector by
 97 collaborating with industry leaders, researchers, entrepreneurs, investors, and other
 98 stakeholders;
- 99 (b) identify areas of economic growth and workforce development opportunities related
 100 to emerging energy technologies and solutions;
- 101 (c) seek potential investors and partners from the technology, finance, and business
 102 sectors to support innovative research and early-stage ventures focused on
 103 developing commercially viable energy technologies in the state;
- 104 (d) in consultation with the lab, identify and prioritize high-impact research projects for
 105 the lab aligned to the state's energy policy goals;
- 106 (e) develop evaluation criteria for approving project proposals, with input from the lab
 107 director, including:
- 108 (i) alignment with state energy policy priorities;
- 109 (ii) commercialization potential;
- 110 (iii) economic impact; and
- 111 (iv) other relevant factors as determined by the board;
- 112 (f) recommend allocation of lab resources for project proposals;
- 113 (g) approve providing matching grants to applicants under the Utah Energy Research
 114 Grant Program created in Section 79-6-403; and
- 115 (h) consult with relevant stakeholders for input on energy research priorities and
 116 potential collaborations.
- 117 (5) A member may not receive compensation or benefits for the member's service, but may
 118 receive per diem and travel expenses in accordance with:
- 119 (a) Section 63A-3-106;
- 120 (b) Section 63A-3-107; and
- 121 (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
 122 63A-3-107.
- 123 (6) The board shall meet at least quarterly and may hold additional meetings as necessary to
 124 review project proposals.
- 125 Section 4. Section **79-6-1004** is enacted to read:
- 126 **79-6-1004 . Utah San Rafael Energy Lab established -- Lab director.**
- 127 (1) There is established within the office a program and facility known as the Utah San
 128 Rafael Energy Lab to facilitate innovative energy research and development projects.
- 129 (2) The lab shall:

- 130 (a) receive and evaluate project proposals;
131 (b) submit recommendations to the board for approval regarding specific project
132 proposals based on the lab's evaluation;
133 (c) conduct innovative energy technology research and development projects that have
134 commercialization potential and support the state's energy policy goals;
135 (d) enter into financial contracts with entities seeking to use the lab, with revenues
136 deposited into the Utah Energy Research Fund created in Section 79-6-1002;
137 (e) assess the viability of emerging energy solutions for deployment within the state,
138 considering:
139 (i) cost-effectiveness;
140 (ii) dispatchability;
141 (iii) sustainability;
142 (iv) reliability; and
143 (v) environmental impact;
144 (f) provide analysis and recommendations to policymakers regarding energy system
145 planning, infrastructure needs, and the value of different energy initiatives being
146 considered within the state; and
147 (g) collaborate with universities, industry partners, entrepreneurs, community
148 representatives, and other research entities.
- 149 (3) (a) The director shall appoint a full-time lab director with the consent of the board to
150 oversee the day-to-day operations of the lab.
151 (b) The lab director shall report to the director.
152 (c) As funding allows, the office may employ staff to support the lab's operations.
- 153 Section 5. Section **79-6-1005** is enacted to read:
154 **79-6-1005 . Project proposal solicitation and approval process.**
- 155 (1) The lab shall have an open project proposal solicitation process to facilitate innovative
156 energy research and development conducted at the lab that is aligned with the state
157 energy policy.
158 (2) The lab shall receive project proposals from:
159 (a) academics and research faculty from universities and research institutions;
160 (b) private sector companies, including technology entrepreneurs and small businesses;
161 (c) government agencies and national laboratories;
162 (d) nonprofit organizations and foundations engaged in energy research; and
163 (e) other qualified research teams.

- 164 (3) (a) The lab shall evaluate the feasibility, merit, and potential impact of project
 165 proposals received under Subsection (2).
- 166 (b) After evaluating the project proposals, the lab shall submit recommendations to the
 167 board for specific project proposals that the lab advises approving, based on the
 168 evaluation criteria.
- 169 (4) The board shall review the project proposals and recommendations submitted by the lab
 170 and make final decisions on approval of project proposals for funding and
 171 implementation, based on criteria developed by the board under Section 79-6-1003.
- 172 (5) The office may make rules, in accordance with Title 63G, Chapter 3, Utah
 173 Administrative Rulemaking Act, establishing detailed project proposal evaluation
 174 criteria and selection procedures.

175 Section 6. **FY 2025 Appropriation.**

176 The following sums of money are appropriated for the fiscal year beginning July 1,
 177 2024, and ending June 30, 2025. These are additions to amounts previously appropriated
 178 for fiscal year 2025.

179 Subsection 6(a) **Business-like Activities**

180 The Legislature has reviewed the following proprietary funds. Under the terms and
 181 conditions of Utah Code 63J-1-410, for any included Internal Service Fund, the
 182 Legislature approves budgets, full-time permanent positions, and capital acquisition
 183 amounts as indicated, and appropriates to the funds, as indicated, estimated revenue
 184 from rates, fees, and other charges. The Legislature authorizes the State Division of
 185 Finance to transfer amounts between funds and accounts as indicated.

186 ITEM 1 To Department of Natural Resources - Office of Energy Development

From General Fund, One-time	\$2,000,000
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188 Schedule of Programs:

Utah San Rafael Energy Lab	\$2,000,000
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190 Section 7. **Effective date.**

191 This bill takes effect on May 1, 2024.