

**Senator David P. Hinkins** proposes the following substitute bill:

**UTAH SAN RAFAEL STATE ENERGY LAB**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Christine F. Watkins**

Senate Sponsor: David P. Hinkins

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**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:**



26 None

27 **Utah Code Sections Affected:**

28 ENACTS:

29 [79-6-1001](#), Utah Code Annotated 1953

30 [79-6-1002](#), Utah Code Annotated 1953

31 [79-6-1003](#), Utah Code Annotated 1953

32 [79-6-1004](#), Utah Code Annotated 1953

33 [79-6-1005](#), Utah Code Annotated 1953



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

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

37 **79-6-1001. Definitions.**

38 As used in this part:

39 (1) "Board" means the Utah San Rafael Energy Lab Board established in Section  
40 [79-6-1003](#).

41 (2) "Director" means the director of the Office of Energy Development as defined in  
42 Section [79-6-401](#).

43 (3) "Fund" means the Utah Energy Research Fund established in Section [79-6-1002](#).

44 (4) "Lab" means the Utah San Rafael Energy Lab established in Section [79-6-1004](#).

45 (5) "Lab director" means the director appointed under Section [79-6-1004](#) to oversee the  
46 lab.

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

49 (7) "Office" means the Office of Energy Development as defined in Section [79-6-401](#).

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

51 **79-6-1002. Utah Energy Research Fund.**

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

53 (2) The fund consists of:

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

56 (b) revenues from users of the Utah San Rafael Energy Lab, deposited into the fund

57 under Subsection [79-6-1004\(2\)\(d\)](#);

58 (c) transfers, grants, bequests, and money made available from any source to

59 implement this part; and

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

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

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

65 (a) administering the Utah Energy Research Grant Program created in Section  
66 [79-6-403](#); and

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

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

70 **79-6-1003. Utah San Rafael Energy Lab Board -- Duties -- Expenses.**

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

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

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

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

76 (d) the commissioner of higher education, as described in Section [53B-1-408](#), or the  
77 commissioner's designee;

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

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

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

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

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

87 (b) Notwithstanding Subsection (2)(a), the person making an appointment shall, at the

88 time of appointment or reappointment, adjust the length of board member terms to ensure the  
89 terms of board members are staggered so that approximately half of the board is constituted of  
90 new members every two years.

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

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

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

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

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

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

100 (4) The board shall:

101 (a) foster innovation and support technological development in the energy sector by  
102 collaborating with industry leaders, researchers, entrepreneurs, investors, and other  
103 stakeholders;

104 (b) identify areas of economic growth and workforce development opportunities  
105 related to emerging energy technologies and solutions;

106 (c) seek potential investors and partners from the technology, finance, and business  
107 sectors to support innovative research and early-stage ventures focused on developing  
108 commercially viable energy technologies in the state;

109 (d) in consultation with the lab, identify and prioritize high-impact research projects for  
110 the lab aligned to the state's energy policy goals;

111 (e) develop evaluation criteria for approving project proposals, with input from the lab  
112 director, including:

113 (i) alignment with state energy policy priorities;

114 (ii) commercialization potential;

115 (iii) economic impact; and

116 (iv) other relevant factors as determined by the board;

117 (f) recommend allocation of lab resources for project proposals;

118 (g) approve providing matching grants to applicants under the Utah Energy Research

119 Grant Program created in Section 79-6-403; and

120 (h) consult with relevant stakeholders for input on energy research priorities and  
121 potential collaborations.

122 (5) A member may not receive compensation or benefits for the member's service, but  
123 may receive per diem and travel expenses in accordance with:

124 (a) Section 63A-3-106;

125 (b) Section 63A-3-107; and

126 (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and  
127 63A-3-107.

128 (6) The board shall meet at least quarterly and may hold additional meetings as  
129 necessary to review project proposals.

130 Section 4. Section 79-6-1004 is enacted to read:

131 **79-6-1004. Utah San Rafael Energy Lab established -- Lab director.**

132 (1) There is established within the office a program and facility known as the Utah San  
133 Rafael Energy Lab to facilitate innovative energy research and development projects.

134 (2) The lab shall:

135 (a) receive and evaluate project proposals;

136 (b) submit recommendations to the board for approval regarding specific project  
137 proposals based on the lab's evaluation;

138 (c) conduct innovative energy technology research and development projects that have  
139 commercialization potential and support the state's energy policy goals;

140 (d) enter into financial contracts with entities seeking to use the lab, with revenues  
141 deposited into the Utah Energy Research Fund created in Section 79-6-1002;

142 (e) assess the viability of emerging energy solutions for deployment within the state,  
143 considering:

144 (i) cost-effectiveness;

145 (ii) dispatchability;

146 (iii) sustainability;

147 (iv) reliability; and

148 (v) environmental impact;

149 (f) provide analysis and recommendations to policymakers regarding energy system

150 planning, infrastructure needs, and the value of different energy initiatives being considered  
151 within the state; and

152 (g) collaborate with universities, industry partners, entrepreneurs, community  
153 representatives, and other research entities.

154 (3) (a) The director shall appoint a full-time lab director with the consent of the board  
155 to oversee the day-to-day operations of the lab.

156 (b) The lab director shall report to the director.

157 (c) As funding allows, the office may employ staff to support the lab's operations.

158 Section 5. Section **79-6-1005** is enacted to read:

159 **79-6-1005. Project proposal solicitation and approval process.**

160 (1) The lab shall have an open project proposal solicitation process to facilitate  
161 innovative energy research and development conducted at the lab that is aligned with the state  
162 energy policy.

163 (2) The lab shall receive project proposals from:

164 (a) academics and research faculty from universities and research institutions;

165 (b) private sector companies, including technology entrepreneurs and small businesses;

166 (c) government agencies and national laboratories;

167 (d) nonprofit organizations and foundations engaged in energy research; and

168 (e) other qualified research teams.

169 (3) (a) The lab shall evaluate the feasibility, merit, and potential impact of project  
170 proposals received under Subsection (2).

171 (b) After evaluating the project proposals, the lab shall submit recommendations to the  
172 board for specific project proposals that the lab advises approving, based on the evaluation  
173 criteria.

174 (4) The board shall review the project proposals and recommendations submitted by  
175 the lab and make final decisions on approval of project proposals for funding and  
176 implementation, based on criteria developed by the board under Section [79-6-1003](#).

177 (5) The office may make rules, in accordance with Title 63G, Chapter 3, Utah  
178 Administrative Rulemaking Act, establishing detailed project proposal evaluation criteria and  
179 selection procedures.

180 Section 6. **FY 2025 Appropriation.**

181 The following sums of money are appropriated for the fiscal year beginning July 1,  
182 2024, and ending June 30, 2025. These are additions to amounts previously appropriated for  
183 fiscal year 2025.

184 Subsection 6(a). **Business-like Activities.**

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

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

192 From General Fund, One-time \$2,000,000

193 Schedule of Programs:

194 Utah San Rafael Energy Lab \$2,000,000

195 Section 7. **Effective date.**

196 This bill takes effect on May 1, 2024.