County of Santa Clara
Office of the County Executive

CE10 022806

DATE: February 28, 2006

TO: Board of Supervisors

FROM: Peter Kutras Jr.
County Executive

SUBJECT: Approve the project description for the Fuel Cell Demonstration Project.

RECOMMENDED ACTION

Approve the project description for the Fuel Cell Demonstration project.

FISCAL IMPLICATIONS

During the FY 2006 Federal earmark process the county submitted, and was granted, an earmark for a Hydrogen Fuel Cell Demonstration project. The Federal earmark totals $1.5 million. At the current time the local match is yet to be determined, but has a range of between $350,000 to $1.5 million. The exact value of the match will be determined by the Department of Energy after they receive additional information regarding this project. Proceeds from litigation against the Williams Energy Company will yield $1.5 million in FY 2007 that can be used to satisfy this match if necessary. These funds are restricted and must be used to fund energy conservation projects.

REASONS FOR RECOMMENDATION

During the Finance and Government Operations Meeting of February 2, 2006, Facilities and Fleet staff provided a status report on the Federal earmark for the Fuel Cell Demonstration project. Staff attended a meeting in Washington, D.C. and learned that the match requirement might be greater than originally anticipated. At that time, committee members requested information regarding this earmark, and the process that led to the Board approving its submission. That information was provided to the Board in an off–agenda memo dated February 9, 2006. In that memo we indicated that a project description was required by February 28, 2006, and would be agendized for Board approval on that date.

BACKGROUND

In September of 2004, Supervisor Beall introduced the Santa Clara County Fuel Cell Advancement Initiative. This initiative was designed to begin the investigation of the benefits of Hydrogen Fuel Cells. Subsequently, the Board approved – as part of the FY 2006 Federal Earmark process – the submission of an earmark request for a Fuel Cell Demonstration project. Funding in the amount of $1.5 million was approved in the Federal budget for this project.

On February 1, 2006, during a meeting in Washington, D.C. with the Department of Energy to discuss this project, it was learned that an official project description was to be submitted by February 28, 2006, to move the project forward. During the same meeting, it became clear that the project match could be greater than the original estimate of $750,000. This was discussed with the Finance Committee on February 2, 2006, and we committed, at that time, to bring the Project Description forward for Board approval. The project description is as follows:

Planar Solid Oxide Fuel Cell Project, Santa Clara County

This project would fund one or more solid oxide fuel cell (SOFC) power generation projects at least one of which would be a planar SOFC project at suitable sites located on Santa Clara County Property. The specific sites will be selected based on the best application of solid oxide fuel cell technology and would provide high quality, reliable, and clean power for County facilities; allow educational opportunities for County school children on the benefits of fuel cells and clean energy; and provide the potential for producing hydrogen for County

vehicles. Sites being considered include recreation facilities such as Vasona Park, which is co–located with the Youth Science Institute; facilities that operate 24–7 such as Elmwood Jail and the County 911 Communications Center; or County health and hospital facilities.

The submission of this project description does not commit the County to this project, but allows the project to continue moving forward. Additional information related to a project application has to be completed with final approval not occuring until May 31, 2006.

Based on issues and concern raised during the Finance Committee meeting, discussion of the project description and any updated information including the required local match is appropriate at this time.