

Feds propose \$100 million hydrogen prize

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WASHINGTON--Rising gas prices have sparked a new proposal in Congress that would pony up millions of taxpayer dollars to reward hydrogen energy breakthroughs.

Backed primarily by Republicans, the [H-Prize Act of 2006](#) would create three categories of prizes to be awarded over the next decade, including a \$100 million berth for "transformational changes in technologies for the distribution or production of hydrogen that meet or exceed far-reaching objective criteria." It would be up to the U.S. Department of Energy to designate an independent, non-governmental organization to set the contest's rules and pick its judges.

Smaller awards of up to \$1 million would be distributed every other year to inventions in four categories: hydrogen production, storage, distribution, and utilization. In alternate years, one prize of up to \$4 million would go to those who achieve prototypes of hydrogen-powered vehicles or other products that meet certain predetermined benchmarks.

"To those that missed the national security implications of our current posture and reliance on a fuel source that we don't control, I would encourage them to think beyond the possibility that maybe the market can come up with a solution to that," Rep. Bob Inglis, a South Carolina Republican and the bill's chief sponsor, said at [a morning hearing](#) here of the U.S. House of Representatives Science Committee. "Perhaps there's a role for government in getting us as quickly as possible beyond that danger point."

The measure draws inspiration from what supporters deem a proven track record of breakthroughs driven by prizes. They credited a \$25,000 prize offered in 1919 by French businessman Raymond Orteig for bringing stardom to then-unknown pilot Charles Lindbergh and his pioneering transatlantic airplane flight--and more importantly, igniting the nation's interest in aviation. More recently, 26 teams from seven countries competed for [the \\$10-million Ansari X-Prize](#), granted to the first privately funded team to devise a three-person, reusable spacecraft that could fly to 100 kilometers above the Earth.

X-Prize Foundation CEO Peter Diamandis said prizes work because, if done well, they attract a flurry of outside attention from people in a variety of fields who aren't necessarily inclined to deal with the bureaucracy involved in federal research grants. "That allows the most brilliant, sometimes the most radical, thinkers to enter and solve the problems we have," he told the politicians.

President Bush has already made research on viable [hydrogen fuel-cell cars](#) a major part of his energy policy agenda. Congress earmarked \$136 million specifically for such research in 2006, down from \$149 million in 2005.

The technology's expense, however, remains a major hurdle. According to researchers at the U.S. Department of Energy, hydrogen would cost three or four times more than gasoline. Fuel cells cost at least five times as much as standard combustion engines and aren't nearly as durable. It's also proving tough to build hydrogen storage systems that can hold enough fuel to travel more than 300 miles without taking up too much space in the vehicle.

"We need independent scientific breakthroughs in each of these three areas," David Greene, a corporate fellow at the Department of Energy's Oak Ridge National Laboratory, told politicians.

Greene said he believed the prizes would "increase the likelihood" of such advancements occurring but strongly cautioned the committee against using those incentives as a substitute for research and development investments. The existing bill contains

a section that says the prizes "shall not be considered" such a substitute.

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But some members suggested that's an impossible goal given the current federal budget situation. "Neither president nor Congress is going to be able to find the money for such a prize without taking money out of other vital energy research and development programs," said Rep. Judy Biggert, an Illinois Republican. All told, the bill calls for \$55 million each year between 2007 and 2016 to run the program.

"One of the things we hear about is the huge profits made by the oil and gas industry, so why not use the profits to pay for something such as a prize?" Biggert asked Phillip Baxley, president of Shell Hydrogen, who testified at the committee hearing in favor of the bill. The bill does not prohibit private companies or individuals from contributing to the prize money and, in fact, suggests such an approach.

Baxley said Shell would be interested in sponsoring a prize but suggested the initial federal "seed money" would put a spotlight on the importance of hydrogen research.

Rep. Brad Miller, a North Carolina Democrat, said he was concerned about singling out hydrogen when the nation should be exploring myriad ways to ensure its energy independence. Perhaps an "E-Prize," or energy prize, would be more appropriate, he suggested.

"Why are we not doing more about conservation?" he asked. "Are we biasing our energy approach by focusing this prize and so much that we're doing on the hydrogen economy?"

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