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**UTC Power**

A United Technologies Company

**Testimony of UTC Power  
Regarding**

**Senate Bill No. 415**

***AN ACT CONCERNING THE OPERATIONS OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION, THE ESTABLISHMENT OF A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM, WATER CONSERVATION AND THE OPERATIONS OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY.***

**Before the Energy and Technology Committee  
March 16, 2012**

Senator Fonfara, Representative Nardello and members of the Committee:

UTC Power appreciates the opportunity to convey its support for ***Senate Bill No. 415, An Act Concerning the Operations of The Department of Energy and Environmental Protection, The Establishment of a Commercial Property Assessed Clean Energy Program, Water Conservation and the Operations of The Clean Energy Finance and Investment Authority.***

UTC Power, a United Technologies company located in South Windsor for the last 50 years, employs approximately 430 people in the development, design, production and service of fuel cells for use in stationary, transportation, space and defense applications. UTC Power recommends further enhancements to Senate Bill No. 415, "An Act Concerning the Operations of The Department of Energy and Environmental Protection, The Establishment of a Commercial Property Assessed Clean Energy Program, Water Conservation and the Operations of The Clean Energy Finance and Investment Authority" to ensure that a comprehensive statewide energy policy is truly achieved.

Today UTC Power is providing fuel cell solutions for stationary and transportation applications. Fuel cell technology solutions benefit customers by providing higher system efficiencies within a broad range of applications. A fuel cell converts its input fuel directly into electricity, allowing the fuel cell to operate at much higher electrical efficiencies than an internal combustion engine. More simply, a fuel cell produces a larger amount of electricity than a combustion engine with the same fuel input. UTC Power's stationary solution is a sustainable energy generation system, with a combined heat and power efficiency approaching 90%. Our stationary fuel cells operate without combustion, make minimal noise and meet the strictest air standards in the United States. Additionally, UTC Power offers a transportation fuel cell solution for heavy duty applications, such as public transit buses. Currently, our product is operating in revenue service within five buses at CT Transit and twelve buses in California at AC Transit.

We support the revision to Section 34 which increases the combined heat and power project size limit to five megawatts. Establishing an increased project size will allow end users using large amounts of energy to develop Class I renewable projects to meet most, if not all, of their energy needs. However, we recommend that the 50MW capacity limitation of the three-year pilot program be eliminated. Setting a maximum megawatt limit on the amount of CHP projects during the pilot program sends a potentially negative message about Connecticut's clean energy goals. Establishing a minimum megawatt floor

rather than setting a maximum megawatt limit may send a more positive message to the ratepayers about the clean energy goals for the state.

The language in Section 36 should include a description for the money collected from ratepayers. This money would allow the Electric Distribution Company (EDC) to recover reasonable costs and fees incurred in connection with the solicitation plan. A description of these reasonable costs should be embedded within the solicitation plan and made available to the public by the EDC. This encourages the upfront sharing of knowledge between the ratepayer and the EDC which may help avoid negative feelings about potential increases in utility rates due to clean energy implementation throughout the state of Connecticut.

We support the revision to Section 48 to include government buildings as eligible virtual net metering hosts. The expansion of virtual net metering beyond municipalities helps to increase the amount of Class I energy generation installed within the State. The increase in Class I fuel cell systems will also help to increase direct job growth in Connecticut within the energy and technology sectors and the related supply chain. Additionally, we support the revision to Section 48 which expands the definition of a "virtual net metering facility" to include facilities that are leased. However, the limitation on the number of beneficial accounts the host can designate in Section 48(d) may be counterproductive to the expanded host definition. By allowing a virtual net metering facility to designate more than five beneficial accounts, the network of customers utilizing Class I energy generation could grow significantly.

We respectfully suggest clarification to Sections 48(a)(3) and 48(a)(5) as they relate to the value of a virtual net metering credit. The definitions in this section suggest the credit could be based on the retail value of the electricity but applied against the generation service charges of a beneficial account(s). In the alternative, the beneficial meters should receive a credit against the generation portion of the bill and the rate structure should also provide a credit against the transmission element of the transmission and distribution portion of the bill. Additional clarification within Section 48(e) could help clarify the terms of the \$1MM limit for each Electric Distribution Company (EDC). We believe the goal of this \$1MM cap should be more clearly defined as a dollar limit each EDC is allowed to distribute to virtual net metering accounts rather than being viewed as a potential limit to the amount of credits in kilowatt-hours a customer is permitted to accrue.

There are additionally areas not included in SB415 that UTC Power recommends for consideration additional changes to Public Act 11-80 that would facilitate the deployment of microgrids and fuel cells.

Section 110 of P.A. 11-80 should clarify that zero emission technologies that are eligible for RECs under Sections 107 and 108 are not additionally eligible only to low emission renewable energy credits, as defined in Section 110.

Section 127 should confirm that all Class 1 equipment is eligible for utility ownership. In P.A. 11-80 and more broadly, all Class 1 technologies should be eligible for Connecticut distributed generation programs. Section 127 may reasonably be interpreted to apply solely to non-pollutant emitting projects, while Class 1 renewable energy source as defined covers a wider universe of technology. Simply using the Class 1 definition to determine eligibility for utility ownership allows both EDCs and consumers to choose the option that is most cost-effective and efficient to meet their energy requirements. SB415 should also specify that EDCs are eligible for full cost recovery on Class 1 renewable energy sources.

The Governor's order for the deployment of micro grids within the State would benefit significantly from the proposed changes to the energy policy being heard today. Each change represents an increase in the amount of Class I energy generation installed within the State, which directly affects the number of

direct jobs created and the implementation of an overall cleaner, more reliable and less expensive energy delivery system.

Thank you for the opportunity to express our desire for SB 415 to meet the State's objective of the cleanest and most cost effective energy policy possible, and to provide comments as to how the intent of SB 415 could facilitate additional positive economic impacts and job creation and retention in the State of Connecticut. We would be pleased to provide any information to the Committee and the staff in support of the consideration of this bill.