ClearEdge Power
195 Governors Highway
South Windsor, CT 06074
(860) 727-2200 Fax: (860) 727-2319

Testimony of ClearEdge Power
Regarding

House Bill No. 6360
AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY

Before the Energy and Technology Committee
March 7, 2013

Senator Duff, Representative Reed and members of the Committee:

ClearEdge Power appreciates the opportunity to convey its support for ***House Bill No. 6360, An Act Concerning Implementation of Connecticut's Comprehensive Energy Strategy.***

ClearEdge Power, a company located in South Windsor, CT and Hillsboro, OR employs approximately 444 people in the development, design, production and service of fuel cells for use in stationary power and transportation. ClearEdge Power supports the proposed changes within House Bill No. 6360, "An Act Concerning Implementation of Connecticut's Comprehensive Energy Strategy".

Today ClearEdge Power is producing fuel cells for stationary applications for energy generation with system efficiencies approaching 90%. Through the use of combined heat and power, our stationary fuel cells produce no combustion, minimal noise and ultra-low criteria air pollutants.

We support the revision in Section 5(3) to General Statute 16-244u which expands the definition of "customer host" to include leased or long term contracted virtual net metering facilities. By allowing third parties to lease or sign long term agreements with customer hosts of virtual net metered facilities, the State is favorably expanding the number of consumers who can use in-state Class I generation. We also support the expansion of eligible virtual net metering facilities beyond municipalities to include state and agricultural facilities. However, we strongly support the definition of "customer host" in Section 5(2) which specifies that all "in-state retail end users of an electric distribution company" are eligible to participate in the virtual net metering program. By allowing all retail end users of an EDC to participate, commercial and industrial businesses would be included. This would drastically expand the number of Connecticut businesses that could install and use Class I generation, which would decrease energy costs for Connecticut consumers and rapidly increase in-state job growth. If the commercial and industrial sector is left out of virtual net metering, the number of jobs realized by the State could be much lower than desired. The virtual net metering policy would also be inconsistent when compared to other commendable policies, namely the renewable energy credit program, potential property tax and also potential submetering law expansions.

Contact: Katrina Fritz
Email: katrina.fritz@clearedgepower.com
Website: www.clearedgepower.com

We support the revision in Section 5(4)(A) to General Statute 16-244u which increases the value of an unassigned virtual net metering credit. The definition in this section suggests an unassigned credit value equal to the generation portion of the electric rate plus eighty percent of the distribution portion. Increasing the value of the unassigned credit, which carries over to the next billing cycle, will allow virtual net metering facilities to maximize their on-site generation which also maximizes the environmental benefits for the State.

We support the increase in the number of beneficial host accounts for microgrids in Section 5(7)(B)(d). However, the limitation on the number of beneficial accounts the host can designate in Section 121(6)(d) of Public Act 11-80 may be counterproductive to the expanded host definition. By allowing a non-microgrid virtual net metering facility to designate more than five beneficial accounts, the network of customers utilizing Class I energy generation could grow significantly. The increase in Class I fuel cell systems will help to increase direct job growth in Connecticut within the energy and technology sectors and the related supply chain.

The language suggested in Section 5(7)(B)(e) is commendable. Increasing the statewide virtual net metering cap to $10MM will further advance the amount of clean generation within the State. This cap increase also accounts for the financial success of microgrids. Many of the microgrid proposals received by the Department of Energy and Environmental Protection through their Project Feasibility Application (PFA) suggested projects that would operate continuously under normal conditions, essentially as virtual net metering facilities. Due to the large amounts of generation proposed by some of these projects, the previous virtual net metering cap would have been easily exceeded, thus potentially making some of the microgrid projects unviable. For these reasons, a $10MM cap is a good starting point and likely required for successful microgrid deployment. The State should strongly consider eliminating the cap once the program establishes active participants and can be considered a definite success.

In additional support of microgrids, we also support the language in Section 8 which allows any state or municipal entity that owns or leases Class I generation as part of a microgrid to distribute the energy to buildings across a public highway or street. This will vastly expand the microgrid configurations allowed and should be commended.

To further expand the amount of Class I generation capacity, we support the language update in Section 6(a) to General Statute 16-19ff which allows submetering for commercial, industrial and mixed-use residential buildings that receive electric or thermal energy from a Class I resource. Allowing Connecticut consumers with multiple on-site meters to assign the energy produced by their Class I generator to fully maximize its output.

Although new language is not proposed in HB 6360 regarding utility ownership of Class I generation we recommend language be included to increase the 10 megawatt limit. Through the development of microgrids, the topic of ownership continues to resurface and without an increase in the amount of Class I generation the utilities can own, several high-quality microgrids may not come to fruition. Establishing a minimum megawatt floor or setting an ownership range above 10 megawatts may send a more positive message to the ratepayers about the clean energy goals for the state.

Contact: Katrina Fritz
Email: katrina.fritz@clearedgepower.com
Website: www.clearedgepower.com

The goals within Public Act 12-148 and Public Act 11-80 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 HB 6360 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 HB 6360 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.

Contact: Katrina Fritz
Email: katrina.fritz@clearedgepower.com
Website: www.clearedgepower.com