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**Testimony of ClearEdge Power
Regarding**

Senate Bill No. 203

AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES

**Before the Energy and Technology Committee
March 5, 2013**

Senator Duff, Representative Reed and members of the Committee:

ClearEdge Power appreciates the opportunity to convey its support for *Senate Bill No. 203, An Act Concerning Property Tax Exemptions for Renewable Energy Sources*.

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 Senate Bill No. 203, "An Act Concerning Property Tax Exemptions for Renewable Energy Sources".

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 language in SB 203 which would exempt Class I generation from Connecticut State property tax. Current property tax law allows municipalities to assess Class I distributed generation equipment as real property. This assessment introduces a financial burden to clean energy projects that extends the payback period and decreases the internal rate of return drastically and in some cases, causes projects to be abandoned completely.

Understanding the financial position of Connecticut municipalities, we would also support language for statewide property tax abatement for Class I generation. We cannot make a specific recommendation regarding the level of reduction in the assessment fee percentage, as this should be more widely examined based on the differences in municipality mil rates and current assessment fee percentages. The recommendation for a more holistic Class 1 property tax approach would allow Class I project developers to successfully move forward with installing new, clean energy generation while the municipalities still receive revenue for the installation of the new equipment.

We would make one recommendation related to third party developers of Class I generation. The host site would typically be the benefactor of a property tax exemption when they are not the true "owner"

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of the equipment, only the consumer. Any property tax abatement or exemption should be clearly extended to include third party owned generation.

Thank you for the opportunity to express our desire for SB 203 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 203 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.