



**The Energy and Technology Committee**

**Public Hearing, February 21, 2017**

**Office of Consumer Counsel**

**Elin Swanson Katz, Consumer Counsel**

Testimony of Elin Swanson Katz

Presented by Joseph Rosenthal

**Governor's Bill No. 7036,  
*An Act Promoting the Use of Fuel Cells for  
Electric Distribution System Benefits and Reliability***

The Office of Consumer Counsel (OCC) has reviewed Governor's Bill No. 7036, *An Act Promoting the Use of Fuel Cells for Electric Distribution System Benefits and Reliability*. OCC supports the Bill.

This Bill would support the development of up to ten megawatts of new fuel cell generation plants in Connecticut. The primary goal is presumably economic, since the fuel cell industry has a substantial presence in Connecticut, but the Bill also aims to focus development in areas that "provid[e] distribution system benefits, including, but not limited to, avoiding or deferring distribution capacity upgrades, and enhancing distribution system reliability." Depending on the bids received in a competitive process and the value of the distribution system benefits, it is possible that implementation of the Bill would be cost-beneficial or cost-neutral for electric ratepayers. If there is a net cost, OCC would expect it to be quite minor, since the aggregate limit of ten megawatts is a small percentage of the over 7,000 megawatts installed to meet Connecticut's overall electric needs. The Bill also protects ratepayers by stating that to be selected by the Public Utilities Regulatory Authority (PURA), a proposal must "cost-effectively avoid[] or defer[] distribution system costs."

The Bill allows for flexibility on the part of PURA and potentially interested parties. Proposals may come either directly from the electric distribution companies (Eversource and The United Illuminating Companies) as a self-build option, or through power purchase agreements with third parties, or as part of an incentive plan for the development of combined heat and power systems using fuel cells, so long as the incentive plan is consistent with the Comprehensive Energy Strategy. These different approaches can lead to different outcomes in terms of the potential for legal challenge, the likelihood of development, and the assignment of risks between ratepayers and developers. If, as the session continues, the Legislature determines that it wants to be more directive about the approaches taken, OCC would be happy to provide any assistance it can based on our experience with renewable power procurements and renewable energy law.