

February 21, 2017

**To: The Honorable Gary A. Winfield
The Honorable Paul M. Formica
The Honorable Lonnie Reed
Co-Chairs, Energy and Technology Committee**

**Re: GOVERNOR'S BILL NO. 7036
AN ACT PROMOTING THE USE OF FUEL CELLS FOR ELECTRIC
DISTRIBUTION SYSTEM BENEFITS AND RELIABILITY**

FuelCell Energy, Inc. (FCE), a manufacturer of ultra-clean high efficiency fuel cell power systems with worldwide headquarters in Danbury and manufacturing in Torrington, is pleased to provide these comments with respect to Governors Bill 7036.

FCE employs more than 400 people in the State of Connecticut in the fields of research, development, manufacturing, installation, and servicing of CT-grown clean energy technology. We have installed more than 300 MW of power plants across three continents, all of which originated here in CT. In Connecticut the hydrogen and fuel cell industry supports approximately 3,400 total jobs, and 600 supply chain companies; produces \$726 million in total revenue and investment; and yielded \$40 million in state and local tax revenue in 2015.

FCE is highly supportive of the goal of this bill, which allows electric distribution companies to acquire new fuel cell generating capacity for the purpose of providing distribution system benefits while avoiding or otherwise deferring expensive distribution system upgrades. We are especially supportive of the provisions that seek to make efficient use of existing sites and other infrastructure.

Supporting considerations:

1 – Fuel Cells are valuable resources. Fuel cell power plants offer a reliable, predictable and cost effective in-State resource. With their compact footprint and high power density, they are the ideal Class I resource to be sited in locations where resiliency and local power are needed and are a fundamental part of Connecticut's energy portfolio. The fact that fuel cells can provide predictable power without emissions of local concern such as NO_x, SO_x and particulates makes their installation in urban areas even more valuable.

2- The bill advances least cost investment in CT electric infrastructure. There remains unfinished work to bring Connecticut's grid to an optimum state of security, reliability and resiliency. Fuel cells planned and installed by the utilities under this bill

offer a means to advance achievement of an optimum grid by combining the best attributes of efficient predictable power, location and interconnection investment.

3- This bill advances a host of state policy goals. In addition to providing clean and resilient power at key locations the bill will support home-grown high tech manufacturing, compliance with our state's Renewable Portfolio Standards (RPS) goals, and provide sales tax revenue to the State and much-needed revenue to struggling municipalities through new local property tax payments. This bill will help solidify Connecticut's position as a world leader and supporter of fuel cell technologies.

4 – Utility installations have been successful to date. Fuel cell-based projects undertaken by Avangrid as a result of PA 11-80 have been completed in Woodbridge, in concert with a microgrid being installed, in New Haven adjacent to a substation at the harbor, and in Bridgeport as part of a revitalization of the Seaside Park landfill. All these installations were accomplished within budgets provided to PURA and on schedule. Additional installations that will be enabled under HB 7036 can be modeled after these successes and deliver cost effective power and provide resiliency at key locations in both Eversource and Avangrid service areas.

5 – The process of selection and review is mature. As a result of the utility efforts under PA 11-80, there exists an established format for defining and presenting qualified projects to PURA. This experience with selection and review offers lessons learned and can yield quality and cost effective utility proposals without a protracted review process.

6 - This bill complements other energy procurement. Though it opens a means for utility participation in the development of key installations, it does not preclude the competitive processes of direct procurements allowed for under PA 13-303 and PA 15-107. The bill offers an incremental and complementary means for the Connecticut to obtain clean in-state resources.

Recommendation

To the extent that this proposal seeks to make appreciable improvements to grid resiliency and derive the various benefits described above, utility-scale projects of the nature contemplated in this proposal must be relatively substantial in nature.

FCE strongly suggests expanding the aggregate fuel cell generating capacity that the electric distribution companies are allowed to acquire from ten megawatts in aggregate to an allocation of up to 30 megawatts. This will ensure a reasonable set of project options, ability to diversify location, and ability to define the most cost effective project sizes.

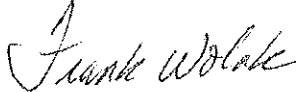
FCE further suggests a mechanism by which, if the projects are demonstrated to be successful in providing grid resiliency in a cost-effective manner, the utilities be permitted to expand the program on an annual basis through 2020.

Summary

The system upgrades and improvements that can be achieved under this proposal, including grid resiliency and economic development are wide and varying. Accordingly, FCE wishes to make clear its enthusiastic support for this proposal.

FuelCell Energy appreciates the opportunity to provide these comments, and if desired, we would be delighted to provide proposed language. Thank you, very much.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Frank Wolak".

Frank Wolak
Vice President, Government Business
FuelCell Energy, Inc.
Phone 413 537-6536