

Testimony of Bloom Energy
before the Energy and Technology Committee on
Senate Bill 9 An Act Concerning Connecticut's Energy Future

March 1, 2018

Chairpersons Formica, Reed and Winfield, Ranking Member Ackert, and members of the Energy and Technology Committee, Bloom Energy Corporation appreciates the opportunity to testify today with regard to S.B. No. 9, An Act Concerning Connecticut's Energy Future.

Bloom Energy is a provider of solid oxide fuel cell technology that generates electricity using a resilient and environmentally advantageous non-combustion process. Bloom provides primary power for high reliability requirement customers and advanced micro-grids including the micro-grid that serves the Parkville neighborhood right here in Hartford.

With support from the LREC program, Bloom Energy has developed over thirty fuel cell projects in Connecticut. Our customers in Connecticut include telecommunications firms like AT&T and Comcast, manufacturers like LeGrand, and retail stores like Home Depot, Walmart, Ikea, and the Danbury Fair Mall. These LREC projects create energy cost savings for customers, contribute to sustainability goals, and in many cases allow important facilities to continue operating indefinitely in the event of an outage of the electric grid.

In our view the Connecticut LREC program is one of the most successful distributed generation programs in the nation. Over the course of the last six years, very high quality projects have been developed, while LREC prices have decreased over time.

The LREC program has leveraged millions of dollars of investor funds from around the world into clean energy infrastructure in Connecticut.

We are concerned that the perspective on distributed generation reflected in the Connecticut Comprehensive Energy Strategy may have a tendency to undervalue, or not value at all, important system and societal benefits including avoided or deferred transmission and distribution costs, reduced line losses, increased resiliency and energy security, strengthened community preparedness and many other values. Whether it was initially intended or not, the LREC program has advanced all of those interests to a degree that has not been achieved by any other program in any other state. Meanwhile, in the years since the enactment of the LREC program, our society has become even more dependent upon an un-interrupted supply of kilowatt-hours while the risks of severe weather and cyber events involving energy infrastructure continue to grow.

It is therefore critically important that the Legislature tread carefully when considering any proposed changes to this successful program.

With respect to Section 5 of the Bill we would like to make three significant points today. First, the existing LREC program should not be dismantled or discontinued in any way until after a new program is enacted and fully in place. Uncertainty is the enemy of investment and there are entire ecosystems of financing mechanisms, developer relationships, legal analyses, and other processes that would have to be developed in order to make a new program predictable and effective.

Second, the funding levels should be clarified and specified by the Legislature at the individual program level. Rather than an overall funding pool of \$35 million annually, the Bill should be amended to break that figure down into designated amounts for each specific program. Toward that end, we recommend that a successor program to the LREC, if any, be funded in an amount at least equal to the current LREC funding.

Thirdly, it is important to craft the legislation in a way that does not result in unintended consequences. There is a body of law arising under a 1978 federal statute known as "PURPA" that in some situations precludes states from utilizing a feed-in-tariff structure unless the participating resources are what is known as a "Qualifying Facility." At the time the PURPA regulations were adopted in 1978 "qualifying facilities" were thought to be the most efficient and cleanest forms of distributed generation on the market - but that is no longer the case. As a result it is important that Connecticut avoid adopting a feed-in-tariff model that has the perverse effect of incenting less efficient and dirtier generators while excluding more efficient and cleaner generators solely due to the operation of an outdated federal law.

It may be that the S.B. 9 proposal does not conflict with this federal jurisdictional principle because it applies to "behind the meter" projects, but a safe response to this risk would be to add a sentence to the Bill to clarify that "in no event shall eligibility for any electric distribution company tariff authorized pursuant to this Section be made contingent upon federal 'Qualifying Facility' status" or something to that effect.

Finally, a few points with respect to Section 1 of the bill that deals with the Connecticut Class I Renewable program. The Class I Renewable program is an important tool when electric loads exceed the 2MW limit that is built into the existing LREC program and the proposed successor tariff. While we very much appreciate that Section 1 of the Bill was intended to expand and extend the RPS program, for our customers the future of the Class I renewable program may now have been cast into doubt by a statement that was included in the final Comprehensive Energy Strategy document.

In a fluid market for an environmental commodity a policy suggestion alone can have a serious chilling effect on the market and, again, uncertainty is the enemy of investment. S.B. 9 could be amended to address this situation by confirming that no such changes are expected or by clarifying that projects developed prior to any future change would remain eligible thereafter.

I appreciate the opportunity to testify today and would be pleased to answer any questions.