

**TO: The Hon. Ted Kennedy, Co-Chair, Environment Committee  
The Hon. Mike Demicco, Co-Chair, Environment Committee  
The Hon. Craig Miner, Co-Chair, Environment Committee**

**RE: Senate Bill No. 7  
AN ACT CONCERNING CLIMATE CHANGE PLANNING AND RESILIENCY**

Good morning. My name is Derek Phelps. I am Director of Market & Project Development for FuelCell Energy, Inc. (FCE). FCE, a Connecticut-based clean energy company headquartered in Danbury with manufacturing facilities in Torrington, respectfully submits the following comments concerning Governor's Bill No. 7, "AN ACT CONCERNING CLIMATE CHANGE PLANNING AND RESILIENCY" for consideration by the Environment Committee.

Several elements of this bill tie directly to the companion Governor's Bill, S.B. 9, recently heard by the Energy & Technology Committee, which seeks to significantly change or otherwise alter long-standing energy policy in Connecticut to further extreme climate goals.

For example, this bill seeks to significantly escalate the target goals of greenhouse gas reduction by requiring a 45-percent reduction in greenhouse gases below 2001 levels by 2030, while the companion S.B. 9 seeks to dramatically increase the renewable portfolio standard (RPS). This is no small matter, given that failure to reach these goals results in significant upward pressure being placed upon electric utility ratepayer's bills – which are already among the highest in the nation.

Furthermore, the recently released Comprehensive Energy Strategy – otherwise known as the CES – recommends the removal of fuel cells, an important contributor to clean energy in Connecticut, from Class I renewable energy status, which will put additional upward pressure on rates by requiring the purchase of out-of-state wind and solar resources that bring no economic benefits or electric resiliency and reliability to Connecticut.

The bill also proposes changes to the manner by which policy makers determine sea level changes. It seeks to insert climate change concerns into the state's 3-year Integrated Resource Plan. And it even alters the scope of the Comprehensive Energy Strategy to a more environmentally focused climate strategy.

These proposed policy changes, particularly those relating to the state's greenhouse gas emissions, are not minor. Coupled with the changes to the renewable portfolio standards in S.B. 9 and the Comprehensive Energy Strategy, they would usher in an unexpected set of changes to how an enormous number of companies, some regulated and some unregulated, set business goals. In many cases, it would require financial markets to alter how they calculate risk. And it would greatly add to our state's reputation as an unsettled and unpredictable place relative to energy policy.

It's clear that much of this bill, and that of SB 9 An Act Concerning Connecticut's Energy Future, is driven

by recommendations contained in the most recent CES that are focused on the reduction of carbon emissions and little else. Indeed, recently the focus at CT-DEEP has dramatically shifted from prior, well-balanced policy addressing energy needs, including reliability, resiliency, and fuel diversity with environmental needs, including climate change, air quality and responsible land use.

It's worth noting that the CES is prepared by the Connecticut Department of Energy and Environmental Protection, pursuant to legislation calling for them to do so. Specifically, Section 51 of Public Act 11-80, sets forth the guidelines for preparing this report, including its scope and, quite importantly, its frequency for publication. It is plainly stated within that legislation that CT-DEEP was to issue its first CES by July 1, 2012, "...and every three years thereafter." The first publication of the CES occurred in early 2013 – thus, it is clear that its next iteration was due in 2016 (if not 2015).

Yet CT-DEEP did not issue its next CES until February 8 of this year – easily two years late. And one day after the start of this year's legislative session. (This year's legislative session, it should be noted, is a short session allowing significantly less time to review such broad policy proposals.)

To be clear, this is not problematic simply because the report is late. It is problematic because by virtue of the unfortunate timing of its release, these significant proposals did not receive appropriate review and consideration prior to the start of the legislative process.

What's more, it is perhaps also worth noting that some of what is contained in the CES and proffered through SB 7 and SB 9 were not even contained within the draft document of the CES issued last summer. Had they been contained in the draft document, affected stakeholders would have been on notice and would have had the opportunity to provide input into whether they are well-reasoned and deserve implementation. Nevertheless, despite not hearing from such industry experts and the affected parties, CT-DEEP chose to incorporate those elements into its final document.

It is also important to appreciate that by their nature the energy and utilities industries are not able to easily embrace abrupt policy changes such as the ones embodied in the CES and SB 7 and SB 9, and it is unrealistic to ask that they do so. The scope of financial investments in energy projects are often immense and therefore require significant time to properly implement, less the market becomes skittish and investors abandon Connecticut projects in favor of more stable markets.

With that said, FCE specifically opposes Sections 2 and 3. These sections seek to shift the focus of the Integrated Resource Plan (IRP) and Comprehensive Energy Plan (CES) documents from energy planning and resiliency documents into environmental and ecological focused mandates. FCE believes that the clarity and quality of the work product produced by these two important reports, relative to their primary purpose, is likely to suffer if that primary purpose is shifted to serving and supporting environmental policy goals.

FCE also urges deletion of Section 10. This provision would require further reducing greenhouse gases by an additional 35-percent over the next 12 years. As explained and described above, it is clear this proposal did not receive a proper airing before being brought before the legislature through an arguably

dubious process within the CT-DEEP CES. Furthermore, FCE would point out that it is important to implement such comprehensive environmental goals in concert with other jurisdictions, most especially those whose air emissions affect ours. National and international policymakers have long understood that tackling air pollution successfully requires stakeholders, particularly within the energy sector and among multiple jurisdictions, to work together in order to affect meaningful change. Absent such effective coordination with federal and other state regulators – particularly those well south and west of Connecticut – it is likely that implementation of this proposal will not achieve measurable improvement to air quality for the betterment of our state’s residents and will only further increase the cost of energy in Connecticut.

Last, and most importantly, the overall purpose and effects of SB 7, SB 9, and the Comprehensive Energy Strategy must be viewed holistically, and not in piece parts before different legislative committees and branches of government. And economic development must be wrapped in to the conversation. FuelCell Energy employs 450 people in Connecticut and provides valuable high tech manufacturing job opportunities to the State. The effects of implementation of the CES and recent DEEP policies amount to legislating the fuel cell industry out of Connecticut – something we are sure the legislature does not intend to do.

Thank you for this opportunity to comment on SB-7 and for your consideration of our recommended changes.