



FuelCell Energy

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VIA HAND DELIVERY

Mr. Thomas C. Congdon
Executive Director
Energy Coordinating Working Group – State Energy Plan
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, New York 12224

Re: Comments on State Energy Plan Interim Report

Dear Mr. Congdon:

In response to the Interim Report issued on March 31, 2009, FuelCell Energy, Inc. (“FCE”) hereby submits these comments. Initially, FCE commends the efforts of the Energy Coordinating Working Group in preparing and issuing the Interim Report. Throughout the Interim Report it states the need and benefits that can be achieved by developing renewable resources in New York State. FCE strongly supports this broad State policy. FCE recognizes the potential that renewable resources can have on aiding New York in reaching its goals. Based on the State’s initiatives for developing renewable resources, FCE’s comments on the Interim Report focuses primarily on two points: (i) the role of fuel cells in reaching New York State’s renewable portfolio standard (“RPS”) target; and (ii) benefits that fuel cells and distributed generation (“DG”) can have on the State’s long-term energy planning process.

Role of Fuel Cells in Reaching New York State’s RPS Target – An essential aspect of the Interim Report is the availability of renewable energy resources throughout New York State. Specifically, the Interim Report recognizes that the “2004 adoption of a Renewable Portfolio Standard (RPS) by the PSC launched the State on an aggressive path to substantially increase the amount of electricity generated in New York by a diverse portfolio of renewable resources including, among other things, wind, sustainable biomass, and solar energy systems.”¹ FCE recommends that in adopting and implementing guidelines and policies for the use of renewable technologies that the State Energy Plan follow the lead established by New York Public Service Commission (“Commission”). In the Commission’s RPS proceeding, it was determined that the “[c]reation of a customer-sited tier² ensures that photovoltaics, small wind systems, fuel cells and any similar technologies that may become eligible for RPS support in the future play a role in diversifying the state’s energy mix and stimulating economic development opportunities in the State.”³

Significantly, however, the Interim Report is void of any discussion regarding how fuel cells, and more broadly DG, can aid New York State in reaching its goals regarding renewable energy initiatives. For this reason, FCE recommends that the final State Energy

¹ Interim Report, p. 4-5.

² The Commission’s RPS proceeding includes a “main-tier” that is typically populated with medium to large-scale generation projects whereas the “customer-sited tier” is comprised of behind-the-meter technologies. The Commission has determined that the technologies in the customer-sited “are among the most environmentally benign of all potential generation technologies and have the added benefit of being easily deployed in urban/heavy load areas where they have a particularly high value as an alternative to conventional resources.” (Case 03-E-0188, Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard, “Order Regarding Retail Renewable Portfolio Standard” (issued: September 24, 2004), p. 46.

³ Id., at p. 47.

Plan include fuel cells as an important resource that should be included in aiding New York State in meeting its objectives for renewable resources.

Role of Fuel Cells and Distributed Generation in Long-Term Energy Planning – The Interim Report should also include an examination for how fuel cells and DG strategically located in load areas throughout New York State and specifically within New York City can be part of the State’s long-term energy planning process. As an example, fuel cells and DG can defer or eliminate the need for utilities to make transmission and distribution (“T&D”) system upgrades to accommodate increased load growth. Specifically, fuel cells and DG located at a substation, within a load area or at a customer’s site can often offset the need for the utility to make expensive enhancements to its system, or at a minimum, allow the utility to delay the installation or size of its infrastructure projects, either of which will aid in lowering the utility’s need to raise capital (and customer’s rates) to cover these projects. Investments in fuel cells and DG can have a significant contribution in lowering a utility’s capital budget, providing a utility the option to delay, or phase in, infrastructure investments and contribute to the overall reliability of the system.

Additionally, including fuel cells and DG in the State’s long-term energy planning process will result in allowing the State to meet its increasing need for electricity, improve the efficiency of the energy delivery infrastructure, improve overall system reliability, and improve the environment from reductions in greenhouse gas emissions. Moreover, including fuel cells and DG in the long-term energy planning process will allow for increased consideration of environmental justice concerns. As an illustrative example, fuel cells offer the ability to be located in close proximity to load. The primary requirement for the siting of a fuel cell unit is the availability of land. The footprint that a fuel cell unit will require is

dependent on the size of the unit. FCE's fuel cell units can be sited in almost any area where there is sufficient land and in some cases have been sited on building rooftops. These units provide clean, efficient base load generation with little or no noise and minimal environmental impact.

Fuel cell units also offer the ability to be sited at existing industrial facilities and offer a clean source of energy often utilizing an existing fuel source at the site. For example, FCE's units offer the ability to be sited at existing wastewater treatment facilities, landfills, brownfields and other industrial sites and produce electricity to serve the customer and/or nearby load. Moreover, at wastewater treatment facilities and landfills, FCE's fuel cell power plants utilize as its fuel source the biogas (i.e., methane) produced at these facilities thereby reducing the site's carbon footprint and environmental impact while simultaneously providing clean, efficient electricity

For these reasons, the final State Energy Plan should include fuel cells and distributed generation and the impact they can have on long-term energy planning.

Respectfully submitted,

FuelCell Energy, Inc.

Frank Wolak / MHB

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FW/MHB/lc