



FuelCell Energy

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VIA HAND DELIVERY

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: Supplemental Comments of FuelCell Energy on State Energy Plan

Dear Mr. Congdon:

FuelCell Energy, Inc. (“FCE”) submits these supplemental comments in response to the New York State Energy Planning Board’s August 7, 2008 issuance of the Final Scope of 2009 New York State Energy Plan (“Final Scope”). In response to the Final Scope, FCE provides the following supplemental comments regarding the benefits that distributed generation (“DG”) can have on creating a State Energy Plan that meets the current energy policies of the State and the impact that DG can have on environmental justice issues.

In response to the Draft Scope of 2009 New York State Energy Plan issued on May 30, 2008, FCE submitted comments on July 8, 2008. A copy of FCE's initial comments is enclosed for your convenience. In its initial comments, FCE proposed four additional areas that should be examined as part of the State Energy Plan planning process. In response to the Final Scope, FCE offers this letter as its supplemental comments on issues that should be addressed in the 2009 State Energy Plan.

I. Policy and Program Recommendations

The Final Scope states that it will address the issues of the 2009 State Energy Plan through the development of Assessments and Issue Briefs. The Final Scope then continues by outlining the various Assessments and Issue Briefs that will be completed in preparation for the 2009 State Energy Plan. FCE commends the efforts of the Energy Coordinating Working Group ("ECWG") in drafting the Final Scope. FCE offers these supplemental comments for consideration on the State's long-term energy policy. As originally discussed in FCE's initial comments, New York State's energy policy should include additional use of distributed generation. A policy objective of increased DG will result in allowing the State to meet its growing need for electricity, improve the efficiency of the energy delivery infrastructure, improve overall system reliability, reduce the need for expensive infrastructure projects, improve the environment from reductions in greenhouse gas emissions and aid the State in achieving its goals on other important policy initiatives (e.g., the New York State Public Service Commission's ("Commission") Renewable Portfolio Standard ("RPS") and Energy Efficiency Portfolio Standard ("EPS") proceedings).

A State policy of increased DG is required in order to make the initiative successful. A State policy of increased DG will allow for the creation of a streamlined DG interconnection procedure, development of utility incentives for DG, additional funding incentives and higher funding caps on existing programs that are available from the New York State Energy Research and Development Authority (“NYSERDA”)¹ utilizing funds collected from the Commission’s RPS and EPS proceedings, and a coordinated long-term plan where DG can be utilized to meet growing electrical load and to reduce utility’s investments in transmission and distribution (“T&D”) upgrades. Additionally, a State policy of DG should support technologies that reduce the generator’s impact on the environment (e.g., the generator’s SOx and NOx emissions and CO2 output), provide continuous power (i.e., energy AND capacity) and can be located in dense urban environments where the need for DG is the greatest. Without a State policy that mandates the increased use of DG, achieving the above goals will be difficult, if not impossible, to accomplish and lack the coordination that will result from a policy on increased DG throughout New York State.

II. Environmental Justice

The Final Scope states that environmental justice will be one of the issues examined in the State Energy Plan. FCE supports the concept of environmental justice

¹ As an example, NYSERDA currently offers funding for fuel cells under PON 1150. Due to a cap of \$1 million for large-scale fuel cells (i.e., 25 kW and larger), this program is not able to reach its maximum potential with the installation of fuel cells larger than 25 kW. Fuel cell power plants are able to offer significant advantages in achieving a State policy of increased DG. FuelCell Energy, for example, produces fuel cell units that range in size from 300 kW to 2.4 MW and that have the ability to be scalable up to 50 MW.

and the need for responsible development of energy facilities throughout New York State. Specifically, FCE recognizes the impact to local communities and its residents from the siting of an energy facility. FCE has been installing its fuel cell units at various sites throughout the world and offers the following comments on how DG and fuel cell units can assist in addressing the issue of environmental justice in New York State. As an initial matter, FCE units offer the ability to be located in close proximity to load. The primary requirement for the siting of a FCE unit is the availability of land. The footprint that a FCE plant will require is dependent on the size of the unit. FCE's 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 energy with little or no noise and minimal environmental impact. The advantages of fuel cells compared to traditional DG and other power generation is significant.

FCE 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. FCE's fuel cells located at these sites also reduce the load on the grid and thereby reduce the need for additional T&D investments and upgrades in the area.

As discussed herein and in FCE's initial comments, the State Energy Plan should develop a policy to encourage the development of distributed generation. Additionally, the State Energy Plan should include an analysis that fuel cells are able to address a number of concerns raised in the environmental justice Issue Brief. If you have any questions on these supplemental comments or FCE's initial comments, please contact me.

Very truly yours,

FuelCell Energy, Inc.

John A. Franceschina

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Enclosure

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