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UTC Power

A United Technologies Company

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Connecticut Energy Advisory Board
c/o Gretchen Deans
805 Brook Street, Building 4
Rocky Hill, CT 06067

Re: UTC Power Comments on the Electric Distribution Companies' Procurement Plan

Dear Ms. Deans:

UTC Power appreciates the opportunity to comment on the Electric Distribution Companies' Procurement Plan for Connecticut ("the Plan") dated January 1, 2008, which was submitted to the Connecticut Energy Advisory Board (CEAB), by the Connecticut Light & Power Company ("CL&P") and the United Illuminating Company ("UI").

The CEAB's notice of Request for Written Comment and announcement of a Public Hearing requested comments on ways in which the Plan meets the statutory requirements and ways it should be modified to better conform to the statutory requirements.

UTC Power, a business unit of United Technologies Corporation, is the world leader in commercial stationary fuel cell development and deployment. Since 1991, UTC Power has installed more than 255 phosphoric acid fuel cell systems in 19 countries around the world. UTC Power's PureCell® fuel cell system provides base load power and can operate connected to or independent from the grid and can switch between modes automatically or on command. The PureCell® fuel cell system operates seamlessly during grid outages. Additionally, it is one of the cleanest power sources available today and can provide up to 90% energy efficiency.

UTC Power also develops innovative combined cooling, heating and power applications for the distributed energy market. The PureComfort® power solution is an ultra-efficient natural gas driven combined cooling, heating and power solution, capable of satisfying energy needs with or without the grid. It is flexible, environmentally benign and can reach energy efficiencies up to 90 percent. The Pure Comfort® system can operate in two modes: in parallel with the grid, shutting down in the event of a grid failure or in dual mode, operating in parallel with the grid and then operating independently from the grid in the event of a grid outage.

Section 51 of Connecticut Public Act No. 07-242 "An Act Concerning Electricity and Energy Efficiency" directed the electric distribution companies in consultation with the CEAB to "review the state's energy and capacity resource assessment and develop a comprehensive plan for the procurement of energy resources, including, but not limited to, conventional and renewable generating facilities, energy efficiency, load management, demand response, combined heat and power facilities, distributed generation and other emerging energy technologies to meet the

projected requirements of their customers in a manner that minimizes the cost of such resources to customers over time and maximizes consumer benefits consistent with the state's environmental goal and standards." The statute also mandates that the procurement plan shall consider among other items, "the extent to which generation needs can be met by renewable and combined heat and power facilities."

The Plan submitted by The Companies includes views on the challenges in meeting the Connecticut and regional Renewable Portfolio Standards, but fails to provide any quantitative assessment of the potential for in-state renewable resources or the estimated costs and benefits of developing in-state renewable projects, such as the benefits of increasing energy independence, energy security and deferral of other energy infrastructure investments.

Another major failure is that the Plan does not mention, much less assess in a constructive way, the important role that distributed generation and CHP can and should play in Connecticut's energy future as contemplated by the Statute.

The failure to mention or seriously assess CHP is problematic for several reasons:

1. The statute explicitly required the consideration of combined heat and power yet there is no mention of these systems and the potential contribution they can make to meeting Connecticut's energy resource needs. Deployment of high efficiency CHP assets offers a near term, cost effective approach that minimizes reliance on natural gas (due to the greater potential system efficiencies) with lower emissions and can supplement other efforts to ensure resource adequacy. Without even addressing these resources, the plan can not be said to have comprehensively addressed the potential solutions for Connecticut's energy future.

2. CHP offers substantial benefits with regard to reduced energy consumption and resulting environmental impacts.

High Efficiency: UTC Power's PureComfort® system and PureCell® fuel cell system achieve energy efficiencies of up to 90 percent; this is substantially better than the 33 percent efficiency levels typical of central power stations.

Low Emissions: The high efficiency levels of CHP systems translate into lower emissions since greater energy productivity is achieved with the same energy input.

Flexibility: CHP technology can operate in two modes: in parallel with the grid, shutting down in the event of a grid failure, or in dual mode, operating in parallel with the grid and then operating independently from the grid in the event of a grid outage. CHP, therefore, provides particularly high value to customers who need reliable, uninterrupted power or to facilities that deliver essential public services, like health care or public safety services.

Ability to Meet Varied Customer Needs: Combined cooling, heating, and power technology can provide: domestic hot water at any commercial facility; sub-cooling for a grocery store's refrigeration system; or, reheating for dehumidification at a hospital.

Therefore, reliable and innovative CHP technologies should be a central part of the way customers, municipalities and states plan to meet their energy needs and energy efficiency goals.

3. The Plan notes that "Natural gas prices are volatile and uncertain, and likely to remain fairly high relative to levels experienced in the 1990s" (page ES-2). It also states that "to substantially change the region's dependence on gas would take a long time and entail exceptional effort and expense" (page ES-2). Given this reality, combined heat and power resources that offer high efficiency should be given serious consideration, especially those that offer ultra-low emissions, efficiency levels greater than 80 percent and are capable of meeting customers' power, heating

and cooling requirements. Promoting CHP installations that provide cooling capacity will provide increased environmental value by reducing customers' needs for grid power to serve air conditioning loads during peak summer periods.

4. In addition to Connecticut's statutory recognition of the important role of CHP, the state of California has recently required that utility long term planning promote CHP to the maximum extent possible. California's AB 1613 Section 2842 states: "The commission, in approving a procurement plan for an electrical corporation pursuant to Section 454.5, shall require that the electrical corporation's procurement plan incorporate combined heat and power solutions to the extent that it is cost effective compared to other competing forms of wholesale generation, technologically feasible, and environmentally beneficial, particularly as it pertains to reducing emissions of carbon dioxide and other greenhouse gases". Connecticut's planning should take the same serious and deliberate approach to CHP.

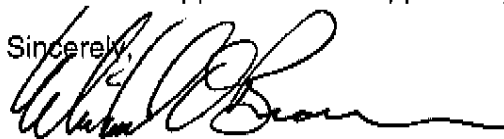
Given the mandated inclusion of CHP in the resource assessment and the significant benefits noted above, we urge that the Companies be directed to undertake an assessment of all available resources that meet the stated requirements for the Plan and the Plan be modified to include an assessment of the contribution of CHP to the Connecticut and regional energy resource procurement plan.

UTC Power is also concerned about the Plan's perceived assumptions regarding the static nature of technology over the time horizon identified in the analysis. For example, the Plan notes "Connecticut has relatively limited amounts of economically attractive renewable resource options and New England states on the whole may not achieve their aggregate renewable targets over the next decade." (Page ES-3). It appears the plan assumes that no advancements in technology or cost effectiveness will occur over the next ten years or even in the longer timeframe of 2030 which is used as the outer bound of the assessment. This assumes no performance improvements for any energy technology and no increased volumes with resulting lower prices.

UTC Power takes exception to this view. We plan to launch a new Class I renewable resource fuel cell product later this year for deliveries beginning in 2009 that will offer a fuel cell stack that has ten years of life, doubling the life of our existing best in class technology, cutting the life cycle cost of a fuel cell, at a cost that we believe will make this technology competitive with the grid delivered electricity and with the potential to be over double the energy efficiency of the current electric grid in Connecticut. We expect strong market acceptance for this product with increasing volume that will further enhance the cost competitiveness of this base load Class I renewable resource. We, therefore, recommend that the Plan be modified to take into consideration the dynamic nature of technology advancement.

UTC Power appreciates the opportunity to provide comments on this important matter.

Sincerely,



Michael O. Brown

Vice President Business Development & General Counsel