BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769	Rulemaking 14-08-013 (Filed August 14, 2014)

FUELCELL ENERGY, INC. COMMENTS ON ASSIGNED COMMISSIONER'S RULING RE DRAFT GUIDANCE FOR USE IN UTILITY AB 327 (2013) SECTION 769 DISTRIBUTION RESOURCE PLANS

In accordance with the California Public Utilities Commission ("Commission") Rules of Practice and Procedure and the November 17, 2014 Assigned Commissioner's Ruling Re Draft Guidance for Use in Utility AB 327 (2013) Section 769 Distribution Resource Plans ("Ruling"), and the November 26, 2014 ruling granting extension, FuelCell Energy, Inc. ("FCE") submits the following comments on the Ruling.[1] FCE appreciates this opportunity to comment on the pending distribution resource guidance document, which will be finalized and used in developing Distribution Resources Plans ("DRPs") under Assembly Bill 327.

FCE is a leading integrated fuel cell company that designs, manufactures, sells, installs, operates and services ultra-clean, highly efficient stationary fuel cell power plants for distributed power generation. FCE's plants are operating in more than 50 locations in nine countries and have generated more than 2.9 billion kilowatt hours of electricity. The growing installed base and backlog exceeds 300 MW. In California, the company has 19 operating facilities and an experienced, full-time sales and support team throughout the state.

FCE supports the proposed "New Framework for Distribution Planning" envisioned by the Draft Guidance Document. We agree that the benefits of the DRPs will include enhanced

[1] FuelCell Energy has not previously participated in this proceeding, but is separately filing a Motion for Party Status today. FCE respectfully requests that the Commission grant its motion.

reliability of delivery and the opportunity to introduce innovation into the utility grid.[2] In particular, FCE appreciates the explicit instruction to include consideration of natural gas fueled stationary fuel cells in developing distribution resources plans:

> Given that the statute defines distributed resources as having to be "renewable," the DRPs must first focus on the analysis of Fuel Cells, CHP and Internal Combustion engines that are fueled by renewables. That said, natural gas fueled stationary Fuel Cells, CHP and stationary I-C engines have the potential to reduce GHG emissions, and so the utilities are encouraged to expand the scope of their DRPs to include any distributed generation that can produce GHG emissions reductions over its lifecycle.[3]

While the statement that fuel cells have the potential to reduce GHG emissions is correct, FCE requests that the Commission also acknowledge the additional benefits of natural gas fueled stationary fuel cells besides their ability to reduce GHG emissions; specifically, fuel cells offer considerably lower emissions of criteria air pollutants.

Unlike stationary combustion engines or turbines, fuel cells use an electrochemical process, generating power in a manner that is virtually absent of criteria pollutants including nitrogen oxide (NO_x) that causes smog, sulfur dioxide (SO_x) that contributes to acid rain, and particulate matter (PM^{10}) that can aggravate asthma. This is an additional, and compelling, reason that natural gas fueled stationary fuel cells should be part of distributed resource portfolios in California.

On December 11, 2014, FCE announced a significant operating milestone with the generation of three billion kilowatt hours ("kWh") of electricity produced by our power plants since the first commercial installation in 2003. Compared to the average U.S. fossil-fuel power plant, 3 billion kWh of ultra-clean fuel cell power generation avoids the emission of approximately 25,600 tons of these criteria pollutants, in addition to approximately 1.9 million

[2] Draft Guidance Document p. 5.
[3] Draft Guidance Document p. 28.

tons of carbon dioxide (CO_2), which is equivalent to the carbon sequestered by about 1.4 million acres of U.S. forest.

FCE appreciates the Commission's consideration of criteria pollutant reduction as an important consideration of DRPs and looks forward to further participation in this stakeholder process.

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Respectfully submitted,

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