

## Linda Wetzel

---

**From:** Linda Wetzel  
**Sent:** Wednesday, May 09, 2012 4:44 PM  
**To:** ee@njcleanenergy.com  
**Subject:** Request for Comments: Small CHP/FC Program - Language Change Request  
**Attachments:** Language Change Request - Small CHP Fuel Cell Program - UTC Power.pdf  
  
**Importance:** High

The OCE has received the attached proposal from UTC Power regarding lease term language for small CHP systems. It was presented at yesterday's EE meeting for consideration.

Please submit any comments you have regarding the proposal to [publiccomments@njcleanenergy.com](mailto:publiccomments@njcleanenergy.com) by COB on Wednesday, May 16, 2012.

Linda

---

**From:** Ward, Lisa UTPWR [<mailto:LISA.WARD@UTCPower.com>]  
**Sent:** Friday, May 04, 2012 11:31 AM  
**To:** Linda Wetzel  
**Cc:** Rozanova, Valentina (Woodbridge,NJ-US)  
**Subject:** Small CHP/FC Program - Language Change Request - UTC Power  
**Importance:** High

Hi Linda,

As I briefly mentioned at the EE meeting a couple of weeks ago, we are running into an issue with the lease term language for fuel cell projects we are developing in New Jersey.

Our fuel cell lease agreement, offered through UTC Power or a third party, has a typical duration of ten (10) years. The ten year timeframe is equal to the design life of our cell stack and therefore, is the first time our product will need to be overhauled (i.e. fuel cell stack replacement). Once the cell stack has been replaced on or after ten years, our 400kW product will continue to be operational for another ten years, for a total product life of twenty (20) years.

The ten and twenty year durations do not fit easily with the required fifteen (15) year lease agreement specified within the small CHP/FC application, section 7 under terms and conditions. UTC Power would like to request a language update – our suggested language is attached.

This language change would not only benefit UTC Power but additional fuel cell manufacturers as well. All other fuel cell manufacturers have cell stack life expectancies of less than 10 years. Expanding the definition to be “at least 10 years” would provide these manufacturers with the opportunity to sign lease agreements based on their cell stack design life (i.e. a FC with a 5 year cell stack design life could also sign a 10 year lease, which would include two replacements; a FC with a 3 year cell stack design life could sign a 12 year lease, which would include three replacements, etc.).

I would be happy to answer any questions you have. I appreciate the opportunity to submit this request and hope it is strongly considered and accepted.

Thank you,

7. Third party ownership (or leased Fuel Cell equipment), such as those procured under Power Purchase Agreements, are permitted with the following provisions:

- In order to ensure the equipment-Fuel Cell remains on site and is in operation for the term of the agreement, a binding agreement (or lease) with a duration of at least ten (10) 15-years is required between the parties. An executed copy of this agreement shall be provided to the Market Manager within sixty (60) days of receipt of the Approval Letter from the Market Manager. ~~prior to commitment of incentives.~~ In order to ensure the Fuel Cell remains fully operational during the energy savings accrual period, the agreement shall include a clause to allow assignment or buyout of the agreement, should the recipient of the incentive sell the property where the Fuel Cell is installed. ~~should include an assignment (or equivalent) clause state that the equipment could be transferred to new owners should the property be sold or otherwise have a buyout provision so the equipment remains on-site and stays operational so the projected energy savings can accrue.~~ The intent is to provide incentives for generating equipment, which is installed and functioning for the duration of its useful life. Under the Program, only permanently installed equipment is eligible for incentives and this must be physically demonstrable to the Market Manager, upon inspection, prior to receiving an incentive. This can be demonstrated by electrical, thermal and fuel connections in accordance with industry practices for permanently installed equipment and be secured to a permanent surface (e.g. foundation). Any indication of portability, including but not limited to temporary structures, quick disconnects, unsecured equipment, wheels, carrying handles, dolly, trailer or platform will deem the system ineligible.
- The customer/applicant will be allowed to sign over the Fuel Cell incentive to the third party owner.
- All other Pay for Performance Program rules apply.