

# ANSONIA FUEL CELL SITUATION

## From Financial Disaster to Development Opportunity

Report to the Ansonia Board of Aldermen

June 9, 2026 | City Hall | Presented by Special Counsel Gary Hale

---

*Sources: Robinson+Cole Memorandum (Schaefer to Ritter, Dec. 23 2025); CT Siting Council Dockets 1595 & 1668; Valley Independent Sentinel (Wright, Mar. 9 2026)*

# Project Timeline: 2022 – March 2024

- **Mar 2022** Mayor Cassetti writes DEEP letter of support; Aldermen authorize HyAxiom lease — never signed.

---

- **Feb 2023** City & HyAxiom execute one-year Option to Lease for 35 N. Main St.

---

- **Oct 2023** HyAxiom files CSC Petition No. 1595. City is formally notified. City files no comments.

---

- **Jan 2024** HyAxiom extends Option to Lease to Feb. 28 2025; delivers proposed lease agreement to City.

---

- **Feb 15–16, 2024** CSC approves HyAxiom's 4.14 MW project — Declaratory Ruling valid until Feb. 16, 2027.

---

- **Feb 20, 2024** Five days after CSC approval, Cassetti administration issues new RFP for the same parcel.

---

- **Mar 12, 2024** Board of Aldermen votes unanimously to reject HyAxiom's lease agreement.

# Project Timeline: April 2024 – October 2025

- **Apr 2024** JCI pitches lease-purchase structure; promises \$11M ITC and \$500K–\$1.5M annual net revenue.

---

- **Jun 4, 2024** City & JCI execute Agreement Between Owner and Design-Builder.

---

- **Oct 5, 2024** Aldermen unanimously approve \$37M lease-purchase. Marini: no referendum required.

---

- **May 13, 2025** JCI files CSC Petition No. 1668 — for the exact same 35 N. Main St. site.

---

- **Jun 24–26, 2025** HyAxiom granted intervenor status; files Motion to Dismiss July 16.

---

- **Aug 21, 2025** CSC partially grants motion: petition "premature" given valid HyAxiom ruling.

---

- **Oct 30, 2025** CSC denies City's Motion to Reopen Petition 1595; rejects Petition 1668. Five days before Election Day.

# The Original Sin: Silence During Petition 1595

## What the Law Required

- Under CGS § 16-50I, a municipality must be formally noticed when a fuel cell petition is filed at the CSC.
- The City had a statutory window to submit comments, raise objections, or request party status.
- HyAxiom served notice on city officials in October 2023 when it filed Petition No. 1595.
- The CSC also served the City directly as part of the standard petitioner notification process.

## What Happened

- The Cassetti administration filed no comment, no objection, and requested no party status in Petition 1595.
- The CSC approved HyAxiom on Feb. 15, 2024 — the ruling became legally final without city opposition.
- HyAxiom later cited "the lack of City comments when Petition No. 1595 was pending" as the legal basis for blocking JCI's competing petition.
- The CSC agreed, finding the city's motion to reopen brought 20 months too late without legal justification.

# The JCI Deal: Promises vs. Financial Reality

**\$63.6M**

Total principal + interest  
to debt holders through 2045

**\$1.26M**

Non-existent fuel cell  
revenue booked in FY 2025–26

**\$695K**

"Surprise" debt payment  
for new mayor on 1st day

**\$2M+**

Estimated current-year  
budget shortfall

## Key accountability issues:

- City officials endorsed the \$1.5M/year revenue forecast publicly; neither the budget director nor corporation counsel disclosed the prior CSC approval in HyAxiom's favor.
- Corporation Counsel certified no referendum was required — the lease-purchase structure bypassed voter approval. No public hearings or notice. No Aldermanic Finance Committee action. No discussion. Rammed through in Zoom meeting
- S&P Global revised Ansonia's outlook from "stable" to "negative" in Dec. 2024, citing the \$37M lease-purchase as a risk factor.
- The \$11M ITC benefit was further diluted by the One Big Beautiful Bill Act (signed July 4, 2025), altering the credit structure JCI had assumed.

# Regulatory Gridlock: Two Approvals, One Site

## Petition 1595 — HyAxiom ✓

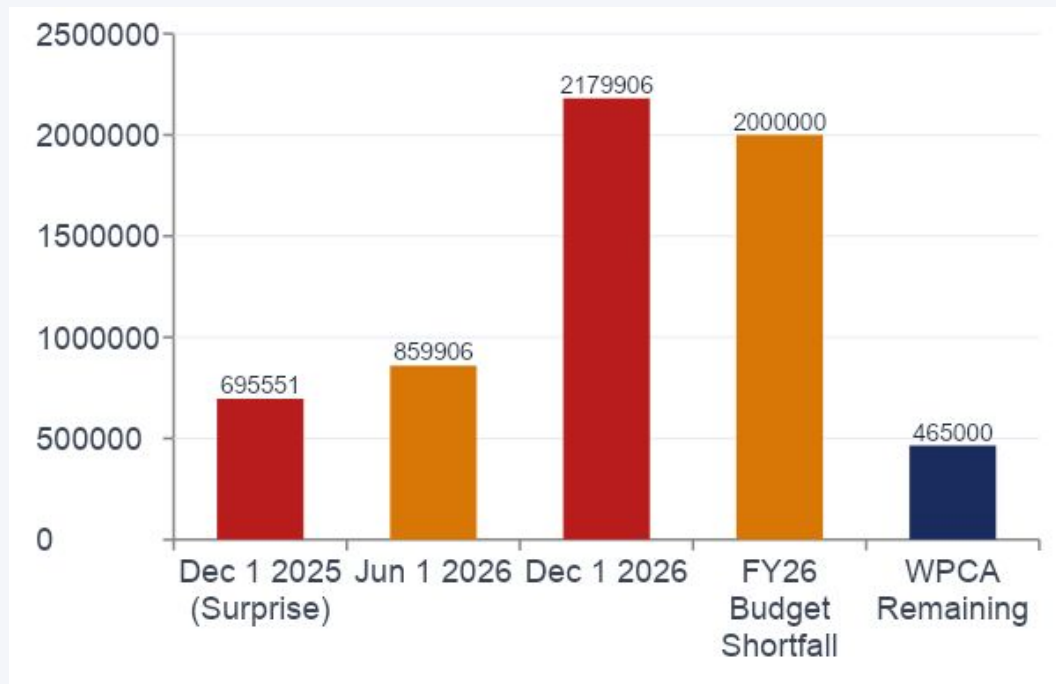
- Filed: October 2023
- CSC Approved: February 15, 2024
- 4.14 MW facility at 35 N. Main St.
- 20-year SCEF power agreement with United Illuminating
- Declaratory Ruling valid until February 2027
- City filed NO comments during proceeding

## Petition 1668 — JCI / City ✗

- Filed: May 13, 2025
- HyAxiom intervened June 26, 2025
- Motion to Dismiss granted Aug. 21, 2025
- Extension denied Oct. 7 — HyAxiom withheld consent
- City substituted as petitioner Oct. 8, 2025
- CSC rejected petition Oct. 30, 2025

*"We're not here to solve a root dispute between a town and HyAxiom." — CSC Member Bill Syme, Oct. 30 2025*

# What the Tyszka Administration Inherited



## Budget & Fiscal Impact

- Hamilton Consulting: "nearly all of the \$41M WPCA proceeds spent, ~\$465K remaining."
- FY 2025–26 budgeted \$1.26M in fuel cell revenue — none materialized.
- Additional \$5.25M in "use of future revenue" partly attributed to fuel cell project.
- Mayor Tyszka omitted \$3.04M in JCI payments from FY 2026–27 budget pending renegotiation.
- Proposed 2.27-mill tax increase (28.55 → 30.82 mills) driven in part by fuel cell hole.
- S&P outlook revised to "negative" Dec. 5 2024; bond rating remains at risk.

# Outside Counsel: Efforts Made — and Ignored

*Robinson+Cole (Atty. Jonathan Schaefer) engaged September 9, 2025 — after HyAxiom had already prevailed on its Motion to Dismiss.*

## Actions Taken by Schaefer

- Explored all strategic options with city officials immediately upon engagement.
- Arranged for City to substitute as petitioner (replacing JCI) in Petition 1668.
- Filed Motion to Reopen & Reverse Petition 1595 on changed-conditions grounds.
- Made repeated calls to HyAxiom counsel (McDermott) seeking negotiated resolution — calls unanswered.
- Sent four follow-up emails to city officials between Oct. 30 and Dec. 5 regarding remaining strategic options.
- Identified possible path: re-engage HyAxiom under its valid Siting Council approval.

## City's Response to Counsel

- City officials never responded substantively to Schaefer's four post-decision follow-up emails.
- City Attorney Marini was preparing a Superior Court complaint against HyAxiom — a separate track Schaefer was not part of.
- In December, city officials sought IRS/tax help and NRES disqualification advice — both outside R+C's scope — and then did not follow up on either.
- The incoming Tyszka administration had to start from scratch because no strategic plan was left in place.

# Mayor Tyszka Directs Special Counsel to Seek a Solution

## The Mandate

- Upon taking office December 1, 2025, Mayor Frank Tyszka inherited a \$63.6M debt obligation, a rejected CSC petition, and no strategic plan from the prior administration.
- Mayor Tyszka directed Special Counsel Gary Hale to assess the full legal and regulatory landscape and identify a path to resolve the regulatory impasse and protect Ansonia taxpayers.
- The mandate: find a solution that avoids a financial disaster — without a cash bailout from the state — and turns a stranded liability into a real development opportunity.

## Attorney Gary Hale — Special Counsel

- Former Connecticut State Senator - 17th District (1987-1993); Co-Chair, Committee on Energy & Public Utilities; Vice-Chair - Finance Committee
- Nearly four decades of active engagement in Connecticut energy policy
- Partner in a renewable energy company that has developed more than \$50 million in clean energy projects — direct operational knowledge of fuel cell policy
- Retained by Mayor Tyszka as Special Counsel. Asked to lead the city's effort to resurrect the mishandled fuel cell project

# Diagnosing the Gridlock: What Stood in the Way

By late 2025, three structural obstacles blocked any path to revenue at 35 N. Main St.:

1

## HyAxiom's Valid CSC Declaratory Ruling

HyAxiom held the only legally valid site approval through Feb. 16, 2027. No competing project could break ground at 35 N. Main St. until HyAxiom's ruling was resolved — through negotiation, expiration, or legislative action.

2

## \$63.6M JCI Contract Obligation

Ansonia was contractually bound to Johnson Controls regardless of whether the fuel cells were ever built. The Ansonia Fuel Cell Statutory Trust locked in twice-yearly payments through 2045 without a working plant.

3

## Duplicative Competing Projects

Two separate CSC petitions, two developers, two fuel cell designs — all for the same parcel. State regulators had explicitly declined to referee the dispute. A legislative solution was the only mechanism to consolidate both tracks.

# March 26, 2026: Meeting with Governor Lamont & His Staff

A direct meeting at the Governor's office brought together the City's full team to brief the Lamont administration and secure executive support for a statutory fix to the regulatory impasse.

## Attendees

- Governor Ned Lamont & Senior Staff
- Mayor Frank Tyszka — City of Ansonia
- Senator Jorge Cabrera — CT State Senate
- Representative Kara Rochelle — CT House of Representatives
- Gary Hale — Special Counsel to the Board of Aldermen
- Thomas S. Hamilton — Financial Advisor, Hamilton Consulting LLC

## Key Outcomes

- Governor's team received full briefing on both CSC petitions and the \$63.6M JCI obligation.
- Administration signaled support for a legislative vehicle to resolve the regulatory impasse.
- Senator Cabrera and Rep. Rochelle agreed to champion the Ansonia amendment in the budget bill.
- Framework agreed: replace two competing projects with a single consolidated solution favorable to the City.
- Governor Orders Staff to Assist SC Hale in Shoring Up the Project

# Financial Consequences of the Fuel Cell Project

- Ansonia entered into a \$37 million lease-purchase agreement before securing a viable path to project operation.
- The financing structure required substantial payments regardless of whether the facility was constructed or producing revenue.
- Fuel cell equipment remains unused while taxpayers continue funding scheduled payments.
- Nearly \$5 million will have been paid by December 1, 2027, without an operational project.
- The project was cited by S&P Global Ratings in its decision to revise Ansonia's outlook from Stable to Negative.
- The financial burden represents approximately \$660 for every household in Ansonia.

# The Legislative Solution: Senate Bill 477

On May 6, 2026, the Special Counsel drafted an amendment to Connecticut Senate Bill 477, which was adopted — championed by Senator Jorge Cabrera and Representative Kara Rochelle — to "help struggling Ansonia revive a failed and ruinously expensive fuel cell project."

## What the Amendment Accomplishes

### **Consolidates the Two Projects & Makes the State of CT the Project's Energy Customer**

Replaces Petition 1595 (HyAxiom) and Petition 1668 (JCI) with a statutory framework for a single, unified fuel cell development at 35 N. Main St.. State of CT as Project's Energy Consumer Gives Strength to the Financial Foundation

### **Resolves the Regulatory Deadlock - Ansonia Will Now Have Two Functioning Projects Rather Than One Stalled in Litigation**

Provides a legislative pathway around the CSC's inability under state law to adjudicate the inter-party contract dispute — the barrier the agency explicitly declined to resolve.

### **Unlocks the Site for Revenue and the Entire Area for Future Clean Light Industry & Energy: More Taxpayers, Not More Taxes**

Restores 35 N. Main St. viable as an energy development site without requiring a new CSC petition from scratch —

### **Financial Relief Mechanism**

Creates the framework for renegotiating or restructuring the City's \$37M JCI obligation in light of the changed regulatory and legislative landscape.

# A Victory Without Modern Precedent

*Connecticut has no recent precedent for a state legislature directly intervening to resolve a regulatory deadlock between two private fuel cell developers and a municipality — and doing so in a single budget amendment.*



## **Regulatory Deadlock — Broken**

Two competing CSC petitions that the agency refused to reconcile are superseded by a single statutory solution. The legal impasse that took over a year and multiple filings to create is resolved in one legislative act.



## **One Project Replaces Two**

The amendment eliminates the destructive competition between HyAxiom's SCEF project and JCI's NRES project, creating a path to a single, viable, CSC-compliant fuel cell facility at 35 N. Main St.



## **City Protected Financially**

The legislative framework gives Ansonia the leverage to renegotiate its JCI obligation and pursue genuine energy revenue — turning a projected \$63.6M liability into the foundation of a real development deal.

# A Turning Point for Ansonia

*The May 6, 2026 legislative amendment did not happen by accident.*

It was the product of a deliberate engagement strategy: a frank briefing to Governor Lamont and his staff, legislative leadership by Senator Cabrera and Representative Rochelle, and the financial credibility brought by Thomas Hamilton's independent analysis — all in service of Mayor Tyszka's commitment to transparency and fiscal accountability.



**Nov. 4, 2025**

Election: Tyszka defeats  
Cassetti 2,637–1,858



**Mar. 26, 2026**

Governor's meeting:  
Lamont, Tyszka, Cabrera,  
Rochelle, Hale, Hamilton



**May 6, 2026**

SB 477 Amendment  
passed — regulatory  
deadlock resolved

*The Mayor & Board of Aldermen now hold the authority — and the obligation — to ensure that the legislative victory translates into a real development deal with real accountability.*

# Acknowledgments & Key Partners



## Executive Support

Governor Ned Lamont & Senior  
Executive Staff

Provided critical support for the legislative  
vehicle to resolve the regulatory impasse.



## Legislative Champions

Representative Kara Rochelle  
Senator Jorge Cabrera

Spearheaded the SB 477 Amendment in  
the budget bill to protect Ansonia  
taxpayers.



## Strategic Analysis

Thomas S. Hamilton, Hamilton  
Consulting LLC

Delivered the essential financial credibility  
and impact analysis for the City.