



## **California Self-Generation Incentive Program Supporting Deployment of Fuel Cell Power Plants Extended to 2015**

### **Additional Legislation Planned to Further Support Ultra-Clean Distributed Generation**

DANBURY, Conn., Oct. 21, 2009 (GLOBE NEWSWIRE) -- FuelCell Energy, Inc. (Nasdaq:FCEL), a leading manufacturer of high efficiency ultra-clean power plants using renewable and other fuels for commercial, industrial, government and utility customers, announced that California Governor Arnold Schwarzenegger has signed legislation (SB412) that extends the availability of incentives for clean energy technologies, including the company's ultra-clean stationary fuel cell power plants, through 2015.

The Self-Generation Incentive Program (SGIP) provides funds for a predetermined set of clean power technologies, including fuel cells, that generate electricity on-site where it is needed. This type of clean local power production, or "distributed generation," alleviates demands on the grid while complying with California's strictest-in-the-nation air quality standards. Approximately 15 megawatts (MW) of FuelCell Energy's Direct FuelCell(R) (DFC(R)) power plants in California have received support since the program's inception in 2001. More than 9 MW of these systems, or roughly 60 percent of FuelCell Energy's products in California, use renewable biogas as their fuel.

"California has always led the way in the deployment of clean energy technologies," said Jeff Cox, Senior Policy Advisor of FuelCell Energy. "Extension of the SGIP is a prime example of California's continuing commitment to improving air quality and reducing harmful emissions. Our fuel cell power plants are the most efficient, ultra-clean distributed generation available in their size range, which makes them a great solution for California."

The SGIP was created in 2001 to encourage on-site production of electricity with generation technologies that help reduce greenhouse gases while also relieving demand on the state's utility grid. The program is administered by California's investor owned utilities -- Pacific Gas & Electric, Southern California Edison, Southern California Gas Company and the California Center for Sustainable Energy in the San Diego area. With over 1,400 separate projects and \$750 million in incentives paid to participants, the program continues to be the largest distributed generation initiative in the nation. By the end of 2008, it was responsible for lowering greenhouse gas emissions by over 175,000 tons of CO<sub>2</sub> -- the equivalent of taking over 29,000 cars off the road for an entire year.

SGIP fuel cell projects are eligible for incentives of \$4,500 per kilowatt when running on renewable biogas and \$2,500 per kilowatt when operating on natural gas, up to 3 MW in size. The incentive amounts are tiered, with the first MW receiving 100 percent of the incentive, the second MW receiving 50 percent and the third MW 25 percent.

California also enacted legislation creating new feed-in tariffs -- a mechanism for utilities to buy energy that customers produce on-site. Two such initiatives -- AB1613, signed in 2008 and SB32, in 2009 -- provide additional incentives in the state and would be expected to increase demand for ultra-clean forms of generation like Direct FuelCell units. The California Public Utilities Commission currently is drafting contracts that will be made available to interested participants.

FuelCell Energy's DFC systems operate continuously at full output and serve customers with around-the-clock baseload electrical demands. Wastewater treatment plants, food processors and refrigerated warehouses rely on DFC power plants to reduce their operating costs and provide added reliability. California's new feed-in tariffs will enable customers in broader market segments without continuous electrical demands to benefit from the DFC technology. Excess energy not used at the customer facility can be sold back to the utility.

#### About FuelCell Energy

FuelCell Energy is the world leader in the development and production of stationary fuel cells for commercial, industrial, municipal and utility customers. FuelCell Energy's ultra-clean and high efficiency DFC(R) fuel cells are generating power at over 55 locations worldwide. The company's power plants have generated over 340 million kWh of power using a variety of fuels including renewable wastewater gas, biogas from beer and food processing, as well as natural gas and other hydrocarbon fuels. FuelCell Energy has partnerships with major power plant developers and power companies around the world. The company also receives funding from the U.S. Department of Energy and other government agencies for the development of leading edge technologies such as fuel cells. For more information please visit our website at [www.fuelcellenergy.com](http://www.fuelcellenergy.com)

This news release contains forward-looking statements, including statements regarding the Company's plans and expectations regarding the continuing development and commercialization of its fuel cell technology. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that could cause such a difference include, without limitation, general risks associated with product development, manufacturing, changes in the utility regulatory environment, potential volatility of energy prices, rapid technological change, competition, and the Company's ability to achieve its sales plans and cost reduction targets, as well as other risks set forth in the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained herein speak only as of the date of this press release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based.

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