



**FuelCell Energy**  
Ultra-Clean, Efficient, Reliable Power

## **FOR IMMEDIATE DISTRIBUTION**

### **FuelCell Energy to Supply 4.5 Megawatts of Power Plants for Renewable Directed Biogas Project in San Diego, California**

#### ***Unique Solution for Generating Renewable Power***

**Danbury, CT – November 4, 2010** – FuelCell Energy, Inc. (NASDAQ: FCEL) a leading manufacturer of ultra-clean high efficiency power plants using renewable and other fuels for commercial, industrial, government, and utility clients, today announced the sale of 4.5 megawatts (MW) of power plants to BioFuels Fuel Cells, LLC, a California renewable energy company owned by New Energy Capital and BioFuels Energy, LLC. Three fuel cell power plants, including a 2.8 MW DFC3000, a 1.4 MW DFC1500 and a 300 kilowatt DFC300, will be installed at three different locations in the San Diego, California area and will utilize purified biogas from the Point Loma wastewater treatment plant as the primary fuel source for the generation of ultra-clean electricity. The City of San Diego will convert a waste problem into a revenue stream through this directed-biogas project.

The biogas generated at the Point Loma Wastewater Treatment Plant represents a revenue source for the City of San Diego and a renewable fuel source for generating clean electricity with fuel cell power plants. This project incorporates a unique solution that purifies the biogas on site, and then injects the biogas into an existing gas pipeline to supply fuel cells at two different locations in the San Diego area. Termed ‘directed biogas’, this project will represent the first time that a FuelCell Energy power plant will be fueled by renewable biogas generated at a distant location.

“The citizens of San Diego will benefit from this project as we protect our air quality while also generating revenue for the City,” said Jerry Sanders, Mayor of the City of San Diego. “This is yet more proof that San Diego is leading the charge in the exciting world of clean energy technology.”

Fuel cells generate electricity cleanly and efficiently using an electrochemical process that does not involve combustion. The lack of combustion eliminates almost all pollutants such as NO<sub>x</sub> or particulate matter. The fuel cells will replace the current gas flaring, a combustion based process that releases NO<sub>x</sub>, SO<sub>x</sub> and particulate matter and will replace electricity currently purchased from the electric grid. This project will eliminate the emission of approximately 68,100 pounds of pollutants annually, which is equivalent to removing approximately 1,136 cars from the road.

The three fuel cell power plants will be configured to utilize the byproduct heat from the electrical generation process. Fuel cells can achieve up to 90 percent efficiency when the byproduct heat is used in a combined heat & power (CHP) configuration. This results in additional cost savings for the clients as the fuel cell provides both clean electricity and high-quality usable heat.

The 2.8 MW DFC3000 will be installed at the University of California – San Diego to supply power to the campus electrical grid. On-site power generation allows the University to gain greater control over its power supplies by generating power around-the-clock with the fuel cell. The University will utilize the byproduct heat from the fuel cell energy generation process as a continuous power source for 320 tons of chilling capacity to cool campus buildings, increasing the overall efficiency of the power plant and generating cost savings for the University.

“Our new biogas-fed fuel-cell project will improve the reliability and flexibility of the campus power grid and it will also be an important step toward achieving the university’s goal of climate neutrality by 2025,” said Gary C. Matthews, Vice Chancellor of Resource Management and Planning, University of California – San Diego. “This fuel cell also will become a vital part of our living laboratory on campus in which students and faculty eager to help develop a greener economy are working side by side with green-tech companies and campus energy managers.”

The 1.4 MW DFC1500 will be installed at the South Bay Water Reclamation Plant in San Diego, CA. This municipal facility is a pump station that does not generate biogas on site. The fuel cell power plant will provide reliable base-load power around-the-clock, replacing power purchased from the electric grid. Byproduct heat will be used for heating needs at the pump station, increasing the overall efficiency of the power plant.

The 300 kilowatt DFC300 fuel cell will be located at the Point Loma Wastewater Treatment Plant and will generate the power required for the biogas purification process. Biogas generated from the wastewater treatment process will fuel the DFC300 power plant and provide directed biogas to the existing gas pipeline.

The City of San Diego estimates the project will generate \$2.6 million of revenue over ten years from payments made by BioFuels Energy for the biogas. In addition, the City expects to save \$780,000 in electricity costs to power the South Bay Water Reclamation Plant under a ten year power purchase agreement with BioFuels Energy.

“This project is a perfect example of far-sighted government working with industry to creatively solve waste problems for the City of San Diego in an economically compelling manner,” said R. Daniel Brdar, Chairman and Chief Executive Officer of FuelCell Energy, Inc. “The use of directed biogas allows customers at distant locations to generate clean power while decreasing their carbon footprint and reducing pollutants.”

“We have been working closely with the City of San Diego, the University of California San Diego, and the California Center for Sustainable Energy for two years on this project and believe this is a model that can work for other municipalities to generate revenue and renewable electricity from their waste streams,” said Frank Mazanec, Managing Director of BioFuels Energy, LLC. “This project was made feasible with the California Public Utilities Commission’s approval allowing directed biogas to be transmitted in the existing natural gas pipeline system,” said Ken Frisbie, Managing Director of BioFuels Energy, LLC.

The project is being financed by the issuance of bonds authorized by the California Pollution Control Authority, equity and debt investments from the New Energy Capital Cleantech Infrastructure Fund and the North Sky Capital CleanTech Alliance fund, and grants under both the California Self-Generation Incentive Program (SGIP), which promotes the installation of

clean distributed generation power sources, and the U.S. Treasury investment tax credit. US Bancorp provided tax credit financing, representing their first fuel cell project.

“The City, the State of California, and our contractors and partners have worked hard to launch one of the most innovative renewable energy projects in the country,” said Scott Brown, Managing Director of New Energy Capital.

BioFuels Energy LLC will own all three of the fuel cell power plants. FuelCell Energy will service the power plants under a long term service contract and the units are expected to be operational by the summer of 2011.

The Point Loma Wastewater Treatment Plant in San Diego, California treats approximately 175 million gallons of wastewater per day generated in a 450 square mile area by more than 2.2 million residents.

#### ***About BioFuels Energy LLC***

BioFuels Energy LLC, based in Encinitas, California, develops innovative renewable energy projects utilizing waste resources from municipal landfills and wastewater treatment facilities.

#### ***About New Energy Capital Cleantech Infrastructure Fund, L.P.***

NECCIF invests in small and mid-sized projects utilizing proven clean energy, clean water, energy efficiency and waste management technologies. It is managed by New Energy Capital Partners, LLC ([www.newenergycapital.com](http://www.newenergycapital.com)), which has invested in renewable energy and efficiency projects since 2004. The Fund was created in partnership with the CleanTech Alliance Fund, which will co-invest alongside NEC in projects targeting attractive returns and the creation of American jobs. The CleanTech Alliance Fund is managed by Piper Jaffray Private Capital in Minneapolis, MN.

#### ***About U.S. Bancorp***

With assets of over \$7 billion, U.S. Bancorp Community Development Corporation (USBCDC) finances community development and affordable housing projects through the use of New Markets Tax Credits, Historic Tax Credits, Low-Income Housing Tax Credits, and Investment Tax Credits in Renewable Energy. USBCDC is a subsidiary of U.S. Bank, the 5th largest commercial bank in the United States, whose parent company is U.S. Bancorp (NYSE: USB). With \$282 billion in assets, the company operates more than 3,000 banking offices and over 5,300 ATMs in 24 states, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

#### ***About FuelCell Energy***

DFC® fuel cells are generating power at over 50 locations worldwide. The Company’s power plants have generated over 600 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, commercialization and financing of its fuel cell technology and business plans. 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 regulatory environment, customer strategies, 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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