



FuelCell Energy
Ultra-Clean, Efficient, Reliable Power

California Public Utilities Commission Raises Clean Energy Incentive Cap to 3 Megawatts

New ruling also increases funds available for larger projects by \$96 million

DANBURY, Conn. -- April 28, 2008 -- FuelCell Energy, Inc. (NasdaqNM: FCEL), a leading manufacturer of high efficiency ultra-clean power plants using renewable and a variety of other fuels for commercial, industrial and utility customers, announced that the California Public Utilities Commission (CPUC) has raised the cap on monetary incentives for clean energy projects to 3 megawatts (MW) to qualify for funds under the state's Self-Generation Incentive Program (SGIP). To fund the existing program's expansion, the SGIP will be supplemented in 2008 and 2009 with an additional \$96 million of unspent SGIP funds from prior years. The new ruling is effective immediately.

The SGIP was created in 2001 to use distributed generation resources, like fuel cells, to reduce greenhouse gases and it currently extends through December 31, 2011. The program is administered by California's utilities and, in each of the last two years, \$83 million has been available to fund the installation of clean energy generation projects throughout California. The SGIP previously reimbursed fuel cell power plant owners \$4,500 per kilowatt for biogas-run units and \$2,500 for those operating on natural gas for installations of up to 1 MW.

Under the revised SGIP, fuel cell projects up to 3 MW are now eligible for the subsidy. The first 1 MW of a project is entitled to 100 percent of the incentive; the second MW of power is eligible for 50 percent of the incentive; and the third MW receives 25 percent of the incentive.

"By using unspent SGIP monies from prior years to support larger projects we are ensuring that this program fulfills its mission of facilitating the evolution of the next generation of distributed energy technologies," said CPUC President Michael R. Peevey. "I am optimistic that this step will advance the installation of more clean energy generation, like fuel cells, and enable California to better take advantage of clean, reliable technologies as we transition to the realities of a carbon-constrained world."

California customers have purchased over 19 MW of DFC power plants for applications as diverse as wastewater treatment, hotels, universities, correctional facility and breweries. DFC fuel cells meet or exceed all the California Air Resources Board requirements and are considered "ultra-clean" because of their low emissions. This designation reduces permitting requirements for new fuel cell installations.

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DFC fuel cells produce power electrochemically (without combustion) and in California they are considered ultra-clean because they produce near-zero NOX, SOX and particulate matter. They are 47 percent electrically efficient and, when the byproduct heat is being used for space or hot water heating, up to 80 percent efficient. This efficiency means they use less fuel -- saving on energy costs and emitting much less CO2 (a major greenhouse gas) than combustion-based power plants of similar size.

“The Commission’s decision to raise the cap and increase the funding available for larger ultra-clean power generation, like our DFC power plants, demonstrates the importance of fuel cells in California’s plan for clean energy generation,” said William Karambelas, Vice President Business Development at FuelCell Energy. “Fuel cells are ideal for large municipal wastewater facilities and other big electric load users like universities, hotels, prisons and hospitals that require highly efficient, 24/7 energy solutions.”

About FuelCell Energy Inc.

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[®] fuel cells are generating power at over 40 locations worldwide. The Company’s power plants have generated more than 200 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, trading companies and power companies around the world. The Company also receives substantial funding from the U.S. Department of Energy and other government agencies for the development of leading edge technologies such as hybrid fuel cell/turbine generators and solid oxide fuel cells. For more information please visit our website at 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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