



FuelCell Energy
Ultra-Clean, Efficient, Reliable Power

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Clean Power Generation and High Efficiency of Fuel Cells Drive Purchase of 1.4 Megawatt DFC1500 Power Plant by California Water District

Danbury, CT – September 27, 2010 – 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 today announced the sale of a 1.4 megawatt DFC1500 fuel cell power plant to the Rancho California Water District in southern California. Electricity from the fuel cell will power a pumping station located in Temecula, California. FuelCell Energy will service the power plant under a multi-year service agreement. The plant will use natural gas as fuel and is expected to be operational by late 2011.

Increasingly stringent exhaust permitting requirements at both the State and Federal level caused the Rancho California Water District (RCWD) to evaluate alternatives to the existing internal-combustion natural gas powered engines used at their Ace Bowen pumping station. The analysis included an evaluation of the economics, compliance with future expected emissions regulations, protection against energy price volatility, reliability/redundancy, maintenance simplicity, and noise considerations. RCWD chose electric pumps powered by a DFC1500 fuel cell power plant as the fuel cell emits virtually no pollutants, generates higher electrical efficiency, and offers the most attractive economics compared to the alternatives considered.

“RCWD’s 2010 Strategic Plan included an objective to evaluate the use of renewable and efficient energy systems when economically appropriate. The favorable cost profile of the fuel cell power plant and the ability to meet current and future emissions requirements drove this purchasing decision,” said Corey Wallace, Engineering Manager, Rancho California Water District. “The high efficiency of the fuel cell will decrease the amount of natural gas that we purchase, generating savings, and the estimated lifecycle costs of the fuel cell power plant, when coupled with available financial incentives, are lower than the alternatives considered.”

Fuel cells generate power without combustion resulting in the generation of clean electricity. Due to the lack of combustion, the fuel cell emits virtually zero pollutants such as NO_x, SO_x or particulate matter. This clean power generation will help the District meet the stringent emission regulations issued by the South Coast Air Quality Management District (SCAQMD), the local air pollution control agency. SCAQMD reports that its region, including Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties, is the smoggiest region of the U.S.

The fuel cell electrical generation process is highly efficient, resulting in fuel savings for customers and lower greenhouse gas emissions compared to combustion based power sources. Fuel cells are 47 percent efficient versus 34 percent efficiency estimated by the District for lean burn reciprocating engines, one of the alternatives considered. The higher efficiency of the fuel cells will reduce the amount of natural gas purchased.

The District's Ace Bowen pumping station requires a reliable source of power that is available around the clock, and the fuel cell will deliver reliable base load power.

"The Rancho California Water District performed a rigorous analysis of the many different power generation alternatives available and in the end, chose a fuel cell power plant from FuelCell Energy," said Phong Nguyen, Director Business Development, FuelCell Energy, Inc. "Our fuel cell solution meets the needs for clean and efficient power generation offered in an economically compelling and quiet manner."

Rancho California Water District serves more than 140,000 people in a service area spanning 100,000 acres located in southwest Riverside County, California.

About FuelCell Energy

DFC® fuel cells are generating power at over 50 locations worldwide. The Company's power plants have generated over 550 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

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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