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FuelCell Energy Sells Three DFC300 Power Plants to Eastern Municipal Water District in California

Sale of ultra-clean power plants to Moreno Valley facility continues FuelCell Energy's momentum powering wastewater treatment operations

DANBURY, Conn. – Nov. 20, 2007 --FuelCell Energy, Inc. (NasdaqNM: FCEL), a leading manufacturer of 24/7, high efficiency, ultra-clean power plants for commercial, industrial and utility customers, today announced the sale of three DFC300™ power plants to Eastern Municipal Water District (EMWD) in California. The power plants will supply 750 kilowatts (kW) of the electricity needed to run the EMWD wastewater processing facility while reducing local greenhouse gas emissions by 10,400 tons annually.

Using anaerobic digesters for biosolids treatment, EMWD generates methane gas. The DFC power plants will purify 100 percent of this gas and use it for fuel. DFC units do not burn fuel, but transform it electrochemically into hydrogen, water and electricity. Because no combustion is involved and because the units are more efficient than traditional power plants, DFC fuel cells emit near-zero pollutants and much less CO₂ than other power generators in their size class. DFC fuel cells' low emissions will also help the District meet California's CARB 07 requirements - some of the most stringent in the country.

EMWD is in southern California's Moreno Valley and processes 11.5 million gallons of wastewater per day from 190,000 homes and businesses in the area. Treatment of this waste stream is an around-the-clock operation, entailing energy-intensive processes such as disinfecting effluent, removing biosolids and reclaiming usable water.

"Our ability to reduce air emissions and operating and maintenance costs were key factors in our decision to install FuelCell Energy fuel cells," said Charlie Bachmann, Assistant General Manager of Engineering, EMWD. "In looking at the alternatives, including availability of grant funding through Southern California Edison's Self-Generation Incentive Program, our engineering team determined that DFC fuel cells were a cost-effective and environmentally friendly co-generation technology that meets the needs of our critical wastewater operations."

The EMWD power plants will also capture heat generated by the DFC fuel cells and use this thermal energy in the wastewater treatment process itself. By eliminating a boiler and the gas-fired machinery that previously were used as heat sources, the new power plant further reduces air pollution and greenhouse gas emissions.

FuelCell Energy's fuel cells operate with an electrical efficiency of 47 percent, much higher than traditional fossil fuel power plants that average 30 to 35 percent. When the DFC power plant's heat is also used, system efficiency can be as high as 80 percent. This added efficiency results in less fuel being consumed to generate a kilowatt of power or a BTU of heat, saving money and substantially reducing greenhouse gases.

“Municipalities throughout the U.S. are struggling to deal with the need to process ever growing amounts of wastewater,” said William Karambelas, FuelCell Energy Vice President of Business Development. “We can help them handle waste more cost effectively while generating ultra-clean power more efficiently.”

Fuel cells running on digester gas are categorized as renewable in California, qualifying them for the same treatment as either solar or wind power. Unlike solar and wind power, however, DFC fuel cells operating on biogas deliver ultra-clean power 24/7, meaning less dependence on costly and polluting grid electricity. FuelCell Energy’s products are gaining market share in California and currently California orders and installations represent 43 percent of its worldwide business. Wastewater treatment customers in California are 40 percent of FuelCell Energy’s California backlog and installed base.

DFC fuel cells operate on a variety of fuels, including biogas, anaerobic digester gas, and gas from food and beverage operations.

The California Self-Generation Incentive Program will provide \$3.375 million for this project through Southern California Edison. Alliance Power will serve as project manager and is expected to install the three power plants in the first half of 2008.

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 50 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 US 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, the risk that commercial field trials of the Company’s products will not occur when anticipated, general risks associated with product development, manufacturing, changes in the utility regulatory environment, potential volatility of energy prices, rapid technological change, and competition, 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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