



# Capstone Turbine and Its Evolving Operational Model, Cost-Cutting and Tariff Challenges

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# Changing Energy Markets



## The Imminent Change

In Global Energy



“Change is the law of life. And those who look only to the past or the present are certain to miss the future.”

*John F. Kennedy*



Capstone Provides Behind the Meter Distributed Energy Solutions



# Capstone Turbine Advantages



## FEATURES & BENEFITS



### Inverter Based w/ One Moving Part

Low operating costs



### Patented Air Bearing Technology

No lubricants or coolants needed



### Low Emissions

No exhaust aftertreatment



### High Power Density

Compact footprint, small modular design



### Stand Alone Or Grid Connect

Supports aging utility infrastructure



### Fuel Availability

Operates on gaseous, renewable, and liquid fuels



### Free Clean Waste Heat

Thermal energy for cogeneration/trigeneration



### Remote Monitoring

View performance and diagnostics 24/7



### Scalable To Match Demand

Multiple applications and industries



### Potential Emissions Credits

Offset project costs





# Manufacturing Operations



## Precision Engineering & Craftsmanship

- Single Part moving @ up to 96krpm
- Typical Tolerances in the +/- .0001"
- Precision Balancing Techniques
- In-Process and Final Quality Testing



## Lean Manufacturing

- “Capstone Production System”
- ~40 Manufacturing Technicians
- Module-Focus, Cellular Work
- Cross-Training & Safety

# Supply Chain: Maximizing Leverage on Core Competencies



## Capstone's Core Competencies

- Advanced Assembly
- Design, System Integration & Testing
- Speed: From Order to Shipment



## Sourcing: Making Sound Decisions

- Make vs. Buy Decisions
- Decisions come down to economics
- Lowest-Cost and Shortest Lead Times
- Leveraging the Core Competencies already present in the Value Chain
- Vertical Integration and Value Added – Value Engineering (VAVE)
- Advantages of being “Nimble”

# Operations: Accomplishments & Continuous Improvement



## Goal-setting & Accomplishment

- Largely Focused on Operating Costs and Waste Reduction
- Consolidation into a Single Facility
- Changing How We Plan & Build Product
  - Lowest Cost
  - Shortest Lead Time
  - Highest Quality
- Resetting the Culture
  - Learning Culture
  - Waste Identification
  - “Family” Environment

## Cost Reduction Efforts

- Complex Materials with Long Lead Times
- Creating a Spirit of Partnership and Competition within the Supply Chain

## Tariffs & Macroeconomics

- Tariff Impact to American Manufacturing and Capstone’s Reaction
- Permanent Impact to Capstone’s Value Chain



# ESG at Capstone



## Zero-Waste Facility Goal

- We borrow the planet from our children.
- Green in every way:
  - Cash
  - Green Product
  - Green Processes
  - “Think Green” Employee Mindset
- Partnered with WasteWise to monitor and reduce, reuse & recycle.

## Community & Social Outreach



## Employee Engagement





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