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Microturbines Eligible for California's Self Generation Incentive Program (SGIP)

CHATSWORTH, Calif., Sept. 20, 2011 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq:CPST), the world's leading clean-technology manufacturer of microturbine energy systems, announced today that microturbines are now eligible for California's Self Generation Incentive Program (SGIP), an incentive program designed to promote the deployment of distributed generation technologies that reduce greenhouse gases.

Under the program, which was modified by a California Public Utilities Commission decision published on September 16, microturbines used in renewable projects are eligible for up to \$3,000 per kilowatt. Natural gas-fired microturbines used in combined heat and power (CHP) systems are eligible for up to \$600 per kilowatt. Incentives will be paid fifty percent initially with the balance paid over a 5-year period.

Capstone products are eligible for an additional premium of 20% as California manufactured products, thanks to a provision of the legislation (California Senate Bill 412) that ushered in the changes to SGIP.

Natural gas powered systems will need to demonstrate greenhouse gas reductions over a 10 year period. The Public Utilities Commission requires a strict and ongoing monitoring, measuring and verification process in order to prove emissions performance. Not all Capstone natural gas CHP systems will be able to qualify for the program.

Additionally, waste heat generators are also eligible for incentives under the SGIP, qualifying for up to \$1,250 per kilowatt. Capstone is the exclusive Original Equipment Manufacturer ("OEM") partner with General Electric to sell the zero emission Clean Cycle waste heat recovery generator for all microturbine applications and for landfill applications below 500 kilowatts.

The SGIP will now require projects to have a 10-year factory warranty in place in order to be eligible for incentives. Capstone's Factory Protection Plan allows customers to fix their maintenance costs over a customized time frame and provide optimal performance over the life of the system.

"Capstone is very pleased to see its products included in this valuable incentive program," said Jim Crouse, Executive Vice President of Sales and Marketing. "Capstone products are a valuable tool in the fight against both climate change and air pollution."

"Microturbine projects in California have favorable economics without incentives," said Steve Acevedo, President of Regatta Energy Solutions, Capstone's Southern California distributor. "However, some customers were waiting for clarity from the state in order to

proceed with their projects, and now they can move forward."

In addition to the decision, the California Legislature passed Assembly Bill 1150 on September 10, allowing SGIP money to be raised for an additional three years through 2014. The program collects \$83 million annually from ratepayers through their electricity bills, with the average cost to the ratepayer of less than \$5 per year. The SGIP will operate until 2016.

About Capstone Turbine Corporation

Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq:CPST) is the world's leading producer of low-emission microturbine systems, and was the first to market commercially viable microturbine energy products. Capstone Turbine has shipped over 6,000 Capstone MicroTurbine(R) systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. Capstone Turbine is a member of the U.S. Environmental Protection Agency's Combined Heat and Power Partnership, which is committed to improving the efficiency of the nation's energy infrastructure and reducing emissions of pollutants and greenhouse gases. A UL-Certified ISO 9001:2008 and ISO 14001:2004 certified company; Capstone is headquartered in the Los Angeles area with sales and/or service centers in the New York Metro Area, Mexico City, Nottingham, Shanghai and Singapore.

The Capstone Turbine Corporation logo is available at <https://www.globenewswire.com/newsroom/prs/?pkgid=6212>

This press release contains "forward-looking statements," as that term is used in the federal securities laws, about increased sales of our products under the incentive program, the advantages of our products and their use with the General Electric Clean Cycle package. Forward-looking statements may be identified by words such as "expects," "objective," "intend," "targeted," "plan" and similar phrases. These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone's filings with the Securities and Exchange Commission that may cause Capstone's actual results to be materially different from any future results expressed or implied in such statements. Capstone cautions readers not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Capstone undertakes no obligation, and specifically disclaims any obligation, to release any revisions to any forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

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