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Ideal Power and EnerDel Sign Strategic Alliance Agreement for Mobile Hybrid Power Systems

Anticipate Diesel Fuel Savings of Over 70 Percent With 2 Year Payback

AUSTIN, TX and INDIANAPOLIS, IN -- (Marketwired) -- 09/09/14 -- Ideal Power Inc. (NASDAQ: IPWR), a developer of a disruptive power conversion technology, and EnerDel, Inc., a manufacturer of advanced, lithium-ion batteries and energy storage systems for electric grid, transportation and industrial applications, announced that they have signed a Strategic Alliance Agreement. EnerDel is developing a new line of Mobile Hybrid Power Systems (MHPS) that will integrate Ideal Power's 30kW hybrid converter, EnerDel's lithium-ion batteries, and proprietary control systems with a diesel generator. EnerDel's new 3rd generation MHPS is designed for both remote and grid-tied microgrid applications that depend on diesel generators as the primary power source and is expected to be commercially available later this year.

EnerDel's 2nd generation Mobile Hybrid Power System (MHPS) offers up to a 70% reduction in diesel fuel consumption compared to stand-alone generators, and has been tested by the United States Army Corps of Engineers' Engineer Research and Development Center (USACE-ERDC) in Champaign, Illinois. EnerDel expects its 3rd Generation MHPS to further reduce diesel consumption and costs, while offering other benefits to commercial, industrial, utility and government customers. The new MHPS will be a family of modular products starting from a 30kW - 40kWh base system sold by EnerDel worldwide.

"EnerDel established a Strategic Alliance with Ideal Power for their innovative hybrid converter products, which we expect to improve efficiency, size, weight, cost and flexibility of our Mobile Hybrid Power Systems (MHPS)," stated Michael Canada, Chief Executive Officer, EnerDel. "We have tested Ideal Power's hybrid converter product and it has exceeded our performance expectations. Our 3rd Generation MHPS products with Ideal Power will be available in a family of modular 30kW MHPS products with both trailer and skid mounted options."

The International Energy Agency (IEA) estimates developing countries will need to double their electrical power output by 2020. Demand for energy, especially electricity, is growing rapidly in developing economies -- faster than the rate of expansion of conventional electricity grids in industrialized countries. Navigant Research forecasts that 80 percent of total growth in energy production consumption by 2035 will be in developing nations, and

suggests that microgrids will be the primary generation source to support this growing electricity demand [1]. They forecast worldwide capacity of energy storage systems for microgrids will grow from 817 megawatt-hours (MWh) in 2014 to 15,182 MWh by 2024 [2].

Today, diesel generators are the primary electrical generation source for remote microgrids. Adding energy storage is expected to dramatically reduce the use of expensive diesel fuel, improve microgrid system efficiency, and improve the integration of intermittent renewable energy sources [1]. A 70 percent reduction in diesel fuel consumption is expected to be achieved by integrating batteries with remotely located diesel generators and even further fuel reductions may be obtained by adding photovoltaics to the energy mix. EnerDel expects a 2 year payback period on its MHPS in initial applications largely due to cost savings on fuel purchases and fuel delivery expenses.

Dan Brdar, Chief Executive Officer of Ideal Power commented by saying, "We are pleased to be an integral part of EnerDel's innovative solution of combining low cost batteries and diesel generators to dramatically improve the economics of small diesel generators. This opens significant new markets for our products such as islands, remote communities, mining and defense applications that are dependent on expensive diesel fuel for electricity."

About Ideal Power Inc.

Ideal Power Inc. (NASDAQ: IPWR) has developed a novel, patented power conversion technology called Power Packet Switching Architecture™ (PPSA). PPSA improves the size, cost, efficiency, flexibility and reliability of electronic power converters. PPSA can scale across several large and growing markets, including commercial Battery Energy Storage Systems (BESS), electrified vehicle charging, and solar photovoltaic generation. Ideal Power utilizes a capital-efficient business model to commercialize our technology through the use of contract manufacturing, product licensing, and market distribution channels. Ideal Power has won multiple grants including one from the Department of Energy's Advanced Research Projects Agency - Energy (ARPA-E) to commercialize bi-directional power switches, which are expected to improve power density by thirty percent and reduce efficiency losses by fifty percent. For more information, visit www.IdealPower.com.

About EnerDel, Inc.

EnerDel, Inc. is a privately-held company headquartered in Indianapolis. It manufactures advanced, lithium-ion batteries and energy storage systems for electric grid, transportation and industrial applications. The company's prismatic cell design and modular stacking architecture combine to provide customers with production-ready solutions that address their power and energy storage needs. For additional information, visit www.EnerDel.com.

Safe Harbor Statement

All statements in this release that are not based on historical fact are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. While management has based any forward looking statements included in this release on its current expectations, the information on which such expectations were based may change. These forward looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties and other factors, many of which are outside of our control that could cause actual results to materially differ from such statements. Such risks, uncertainties, and other factors include, but are not limited to, whether the patents for our

technology provide adequate protection and whether we can be successful in maintaining, enforcing and defending our patents, whether demand for our products, which we believe are disruptive, will develop and whether we can compete successfully with other manufacturers and suppliers of energy conversion products, both now and in the future, as new products are developed and marketed. Furthermore, we operate in a highly competitive and rapidly changing environment where new and unanticipated risks may arise. Accordingly, investors should not place any reliance on forward-looking statements as a prediction of actual results. We disclaim any intention to, and undertake no obligation to, update or revise forward-looking statements.

References:

- [1] Executive Summary: Remote Microgrids - Commodity Extraction, Physical Island, Village Electrification, and Remote Military Microgrids: Global Market Analysis and Forecasts, Navigant Research, 3Q 2013
- [2] Energy Storage to Become a Key Part of Microgrid Deployments in the Decade Ahead, Navigant Research, February 4, 2014

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