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Ideal Power Applauds California Public Utilities Commission Action on Self-Generation Incentive Program

New Reform Allocates 75% of the SGIP Budget to Energy Storage

AUSTIN, TX -- (Marketwired) -- 07/06/16 -- Ideal Power Inc. (NASDAQ: IPWR), a developer of innovative power conversion technologies, is pleased to support the recent decision by the California Public Utilities Commission (CPUC) to modify the Self-Generation Incentive Program (SGIP) to allocate 75% of new funding to energy storage and modify the program rules to bolster the competitive environment for the leading behind-the-meter energy storage market in the U.S. The CPUC displayed strong leadership in resolving the 2016 SGIP delay, enabling approximately \$70 million of new energy storage projects submitted in February 2016 to proceed. Additional SGIP funds are expected to be made available later this year under the modified program rules of which approximately \$35 million are expected to be allocated to energy storage projects.

"The temporary road block to deploying energy storage projects utilizing the California SGIP incentive funds has been cleared," said Dan Brdar, Ideal Power CEO. "We appreciate the CPUC's diligence on this matter and look forward to the commencement of SGIP application processing as there are numerous projects that we expect to use our power conversion systems. Additionally, we believe the \$276 million of energy storage projects submitted for SGIP funding on February 23rd is a strong indication of growing interest for energy storage."

The CPUC established a target of 1,325MW of energy storage to be implemented in California by 2020. The SGIP program goals include grid support services that utilize energy storage to reduce or shift peak demand, improve efficiency and reliability of the distribution and transmission system, lower grid infrastructure costs, provide ancillary services, and ensure customer reliability in addition to incentives for microgrids. This creates a tremendous market opportunity for Ideal Power's power conversion systems, which are based on its award-winning Power Packet Switching Architecture™ ("PPSA") and are quickly becoming the industry standard for behind-the-meter, battery energy storage systems.

The Proposed Decision:

- Frees up approximately \$36 million of SGIP incentive funding for storage
- Allocates 75% of the SGIP budget going forward to energy storage projects
- Gives priority to storage systems that are combined with renewable energy
- Structures the program on a step down basis similar to the California Solar Initiative

The full decision can be accessed on the CPUC website, linked [here](#).

About Self-Generation Incentive Program

The Self-Generation Incentive Program (SGIP) provides financial incentives for the installation of new qualifying technologies that are installed to meet all or a portion of the electric energy needs of a facility. California's \$83 million per year program provides subsidies to distributed energy resources such as CHP, wind, advanced energy storage and fuel cells. The purpose of the SGIP is to contribute to Greenhouse Gas (GHG) emission reductions, demand reductions and reduced customer electricity purchases, resulting in the electric system reliability through improved transmission and distribution system utilization; as well as market transformation for distributed energy resource (DER) technologies. For more information, please visit www.selfgenca.com.

About Ideal Power Inc.

Ideal Power Inc. (NASDAQ: IPWR) is a technology company dedicated to advancing the efficiency of electric power conversion. The company 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 solar PV, variable frequency drives, battery energy storage, mobile power and microgrids, and electric vehicle charging. The company has also developed and patented a bi-directional, bi-polar junction transistor ("B-TRAN™") which has the potential to dramatically increase bi-directional power switching efficiency and energy density. Ideal Power employs a capital-efficient business model which enables the company to address several product development projects and markets simultaneously. For more information, visit www.IdealPower.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 a demand for energy storage products will grow, 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.

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