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California Passes Energy Storage Bills, Allocating an Additional \$187 Million for New Energy Storage Projects Through 2019

State Raises Energy Storage Target for 2020 to 1,825MW

AUSTIN, TX -- (Marketwired) -- 09/29/16 -- (NASDAQ: IPWR) -- With the passing of Assembly Bill 1637, California doubled the incentives for energy storage projects throughout the state for calendar years 2017-2019. The newly signed bill by Governor Jerry Brown allocates an additional \$187 million for energy storage projects under California's Self-Generation Incentive Program (SGIP) with the funding expected to be made available equally over the three-year period.

The California legislature is expanding SGIP funds to increase deployment of distributed generation and energy storage systems. The integration of those resources into the electrical grid is expected to improve the efficiency and reliability of the distribution and transmission system, reduce emissions of greenhouse gases, mitigate peak demand and reduce ratepayer costs.

In addition to Assembly Bill 1637, two other bills impacting energy storage were signed by Governor Brown. Assembly Bill 2868 increases the previously established target for energy storage to be implemented in California by 2020 from 1,325MW to 1,825MW. In Assembly Bill 2861, the State authorized the California Public Utilities Commission (CPUC) to create an objective, expedited dispute-resolution process for distributed, behind-the-meter energy resources attempting to establish an interconnection to an investor-owned utility (Edison, PG&E, or SDG&E) grid. This dispute resolution process is expected to reduce the time for approval and interconnection costs for energy storage and distributed generation projects connected to the grid.

"California continues to lead not just the United States but also the world in the implementation of battery storage. We believe the CPUC's decision to increase funding will be a primary driver for accelerating growth in energy storage," commented Dan Brdar, CEO of Ideal Power, Inc., (NASDAQ: IPWR), a developer of innovative power conversion technologies.

Ideal Power's power conversion systems are based on its patented Power Packet Switching Architecture™ ("PPSA™"), a revolutionary approach to power conversion that uses 100% indirect power flow to deliver a bi-directional, fully isolated conversion while eliminating a

majority of the bulky passive components, such as the separate isolation transformer and bulk capacitors, that are used in traditional power conversion systems.

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 is also developing and has patented a bi-directional, bi-polar junction transistor ("B-TRAN™") which has the potential to dramatically increase bi-directional power switching efficiency and power 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, which include our statements that the SGIP funding is expected to be available equally over the three-year period and that we believe the CPUC's decision to increase funding will be a primary driver for accelerating growth in energy storage, 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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