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Capstone's Microturbines Eligible for Incentives Under New California Law

CHATSWORTH, Calif., Oct. 13, 2009 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq:CPST), the world's leading clean technology manufacturer of efficient microturbine energy systems, announced today that California Senate Bill 412 (SB 412) has been passed into law. Capstone's customers will be eligible for substantial cash rebates from the California Public Utilities Commission's (CPUC) Self-Generation Incentive Program (SGIP) beginning in 2010. The bill was passed by the legislature and signed by Governor Arnold Schwarzenegger on October 11, 2009.

The new law goes into effect on January 1, 2010 for qualifying Combined Heat and Power (CHP) projects that apply to receive cash rebates from the CPUC once they are approved. SB 412 provides the CPUC with more flexibility to use a variety of technologies in the program as long as the technologies meet stringent air quality standards set by the California Air Resources Board (CARB). CHP projects powered by Capstone microturbines can meet and exceed those standards.

Prior to 2008, the SGIP provided grants amounting to roughly 30 percent of a CHP project's cost. The size of the rebate in the reformulated program is expected to be similar and will be set by the CPUC in proceedings that will begin early next year. Capstone products will also be eligible for an additional incentive because it is a California-based manufacturer.

"Capstone is extremely pleased that our projects in California will benefit from SGIP incentives," said Darren Jamison, President and CEO of Capstone. "We want to thank the Governor for calling for this change in the law three years ago and Senator Kehoe for her strong leadership and the tremendous effort it took to get this bill passed."

In addition to California's global warming law, AB 32, a number of state initiatives in California should increase demand for Capstone's innovative low-emission technology. CARB has called for adding 4,000 megawatts of new CHP throughout the state by 2020 in order to achieve greenhouse gas emission reductions called for by AB 32.

The CPUC is also implementing a statewide feed-in tariff program for CHP systems that will guarantee a revenue stream for CHP operators that can sell electricity to the grid. The program will streamline interconnection for systems under one megawatt and offer customers a pay-as-you-go financing program from the utility company to install CHP.

In September, Governor Schwarzenegger issued an Executive Order to expand the state's Renewable Portfolio Standard (RPS) so that investor-owned utilities will be required to meet 33 percent of their electricity sales from renewable energy by 2020. The California Energy Commission has recommended a host of policy actions for the state to undertake in order to

fully tap the energy producing potential of digester gas from wastes, a key market for Capstone.

"California continues to be a world leader in proactive energy policy for CHP and renewable power," says Jim Crouse, Executive Vice President of Sales and Marketing. "We expect demand for our products to increase as these state programs move forward, and we will remain involved in the policy making process as an active stakeholder providing green jobs in California," added Crouse.

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 4,000 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 9001:2000 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, Singapore and Tokyo.

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 demand for our products as a result of Senate Bill 412 and compliance with certain government regulations, of Capstone products. 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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