Media Contact:
Leslie Weise
Vice President
Cool Energy, Inc.
(303) 442–2121
lweise@coolenergyinc.com

FOR IMMEDIATE RELEASE

COOL ENERGY TO WORK WITH XCEL ENERGY ON STIRLING ENGINE PILOT AND FIELD TEST OF SOLAR HEATING AND POWER SYSTEM

SolarHeart® Stirling Engine Continues to Exceed Performance Milestones

BOULDER, CO, July 22, 2010 – Cool Energy, Inc., a developer of clean energy heat and power generating systems, today announced that Xcel Energy will be providing research and analytical support for the first planned pilot field installation of the SolarFlow® System in a commercial building located in Boulder, Colorado.

The SolarFlow System is a combined heat and power (CHP) generation system sized for residential and small commercial buildings that uses solar energy as its only input "fuel." The system has several novel features, including energy storage and a control system that maximizes customer value by optimally apportioning the system's energy output between heat and electricity depending on the season and weather conditions (both current and forecasted). Core to the system is Cool Energy's low-temperature SolarHeart® Engine, a specialized Stirling engine powered electric generator that the system activates whenever the electricity produced is more valuable than the heat consumed. Under laboratory conditions of a temperature differential of 210ºC, the third generation SolarHeart® Engine to be used for this field test recently generated over 2000 watts of electric power, and reached a thermal to electrical conversion efficiency of over 16%, exceeding expectations and further validating Cool Energy's engine development methodology.

"We are pleased to have Xcel Energy's interest in and support for the SolarFlow System pilot. Having such features as thermal storage and smart grid-compatible control of the energy produced, a significant scale deployment of the system has the potential for improving a utility's overall operational efficiency," said Sam Weaver, CEO and President of Cool Energy. "The system will not only provide substantial financial relief for homeowners, but also offset the need for utilities to add more generation facilities that are particularly costly during peak consumption periods."

"Xcel Energy is pleased to be involved in the benefits evaluation of Cool Energy's innovative solar thermal system," said Dennis Stephens, the utility's director of smart grid investments. "The energy

industry is particularly interested in the potential to provide dispatchable power on demand at times when energy consumption is high. Cool Energy is developing innovative solutions for the energy challenges our nation is facing, including new technologies for providing power with minimal environmental impact."

About Cool Energy, Inc.

Cool Energy is a clean energy technology development company that has developed the SolarHeart® Engine, an innovative and proprietary low temperature Stirling engine for conversion of solar thermal energy and waste heat to electricity.

Winner of the 2009 Clean Tech Open regional *Sustainability Award*, Cool Energy has received grant funding from the National Science Foundation, Department of Energy, and the State of Colorado Governor's Energy Office. More information is available at www.coolenergyinc.com or by calling (303) 442–2121.

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