

**STAFF REPORT**  
**Lancaster Power Authority**

NB2
4/26/11
MVB

Date: April 26, 2011

To: Chairman Parris and Power Authority Members

From: Robert C. Neal, Director of Public Works

Subject: **Memorandum of Understanding with Instream Energy Systems to Develop Hydrokinetic Power Generation Systems**

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**Recommendation:**

Approve a Memorandum of Understanding (MOU) with Instream Energy Systems (Instream) to work cooperatively to develop hydrokinetic power generation systems, which will provide renewable energy.

**Fiscal Impact:**

This MOU does not obligate the Lancaster Power Authority (LPA) to financial outlay. It does commit staff to dedicate time to a proposed public-private partnership, and it offers an expectation that the LPA will share in the revenues that may derive from hydrokinetic power generation operations. All additional agreements with Instream will be presented to the LPA for approval.

**Background:**

Several weeks ago the Chief Executive Officer of Instream Energy Systems presented a concept plan that would develop a complete hydrokinetic power solution consisting of arrays of vertical axis hydrokinetic turbines (VAHTs) which are simple, low cost devices that convert the kinetic energy in moving water into electricity. The modular nature of the system means that it has the potential to offer a low-cost renewable energy solution that can be scaled to the physical characteristics of a waterway and to individual customer requirements.

The concept proposes that the LPA and Instream will work together to develop VAHTs where feasible, preferably on land owned or controlled by the LPA. In general terms, Instream will develop, own, operate, and promote the VAHTs. The LPA will provide site control, permitting assistance, and other utility services for the VAHTs. Instream, with the LPA's assistance and guidance, will dedicate resources to work with public and private utilities, governmental and quasi-governmental entities to expedite permitting and the construction of interconnections to the VAHTs. The LPA will encourage Instream, if the VAHTs are proven successful, to open office, manufacturing, assembly, and repair facilities within the City and share in the financial returns on the installation of VAHTs with the LPA.

CJL:lcs

**Attachment:**

Memorandum of Understanding