

## MASTER POWER PURCHASE AGREEMENT

This **MASTER POWER PURCHASE AGREEMENT** (this “Master Agreement”) is entered into as of \_\_\_\_\_, 2011, by and between the **LANCASTER POWER AUTHORITY**, a joint powers authority (“LPA”), and **INSTREAM ENERGY SYSTEMS**, a \_\_\_\_\_ corporation (“Instream”). The LPA and Instream are sometimes referred to in this Master Agreement collectively as the “Parties” and sometimes individually as a “Party.”

### RECITALS

A. The LPA is a joint powers authority created, existing and operating pursuant to the Joint Exercise of Powers Act (Cal. Gov’t Code § 6500 *et seq.*) The purpose of the LPA is to establish, own and operate a municipal gas and electric utility for the benefit of the residents of the City of Lancaster (the “City”), as well as for the customers, businesses and property owners within the City and/or to be served by the LPA.

B. Instream, in collaboration with BAE Systems, is in the business of developing, owning and operating utility scale renewable energy generating facilities and related infrastructure, projects and technology.

C. By this Master Agreement, the Parties desire to establish the terms and conditions upon which Instream will sell to the LPA and the LPA will purchase from Instream all electrical energy produced by a Renewable Generating Facility, whereby they agreed to work together in order to develop one (1) or more hydrokinetic turbine power plant(s) (“Projects”) that is/are capable of generating a total aggregate amount of up to 50-megawatts of electrical power (collectively, the “Renewable Generating Facilities”).

D. Subject to the terms and conditions of this Master Agreement, the LPA will work cooperatively with Instream in securing a Power Purchase Agreement (PPA) from a creditworthy Offtaker such as, but not limited to, Southern California Edison (SCE), another California IOU, or a California municipal utility seeking to meet its State alternative energy mandate. Parties recognize that a PPA must be secured by one of the Parties and mutually agreed upon prior to Instream constructing an electrical generation facility.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions herein contained, the Parties hereto agree as follows:

#### 100. DEFINITIONS.

“**CAISO Tariff**” means the California Independent System Operator Corporation Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time to time.

“**Commercial Operation**” is the status of the Generating Facility upon Seller’s satisfaction of all of the conditions set forth in Section 204 and as of the Commercial Operation Date.

**“Commercial Operation Date”** has the meaning set forth in Section 204.

**“Contract Capacity”** is the net generating capacity, in megawatts AC, of a Renewable Generating Facility deliverable to LPA at a delivery point defined in a Renewable Generating Facility implementation Agreement.

**“Contract Quantity”** is the amount of energy produced, in megawatt hours, net of Station Use, of Renewable Generating Facility guaranteed to be delivered to LPA pursuant a Renewable Generating Facility Implementation Agreement beginning on the Commercial Operation Date through the end of PPA Term Year twenty (20).

**“Default”** and **“Event of Default”** is defined in Section 401.

**“Effective Date”** means the date that this Master Agreement is approved by the LPA Board of Directors.

**“Energy Output”** means one hundred percent (100%) of the energy produced by each Renewable Generating Facility, net of Station Use, up to a maximum annual aggregate of 50 megawatts.

**“Implementation Agreement”** means an agreement entered into by and between the Parties in order to fully implement the purpose and intent of this Master Agreement and is further described in Sections 202 and 514.

**“Master Agreement”** means this Master Solar Power Purchase Agreement between the LPA and Instream.

**“PPA Term”** is twenty five (25) years to the day beginning at Commercial Operation Date.

**“PPA Term Year”** means a twelve (12) month period beginning on the first day of the calendar month following the Commercial Operation Date and each successive twelve (12) month period thereafter.

**“Prepayment”** has the meaning set forth in Section 302.

**“Project Site”** means the real property upon which a Renewable Generating Facility is constructed.

**“Offtaker”** means one or more creditworthy utility power purchasers that sell, distribute or otherwise convey energy to their customers which will purchase from the LPA in aggregate 100% of the Energy Output from the Renewable Energy Facilities.

**“Renewable Generating Facility”** means an electric generating facility constructed and operated by Instream on the Project Site pursuant and subject to the terms and conditions of this Master Agreement.

***“Schedule of Renewable Generating Facility Sites”*** means the schedule of renewable generating facility sites attached hereto as Attachment No. 1 and incorporated herein by reference.

***“Station Use”*** means the electric energy produced by a Renewable Generating Facility that is (i) used within the respective Renewable Generating Facility to power lights, motors, control systems and other electrical loads that are necessary for normal operation, and (ii) consumed within the respective Renewable Generating Facility’s electric energy distribution systems as losses.

***“WATER”*** means Water/Watershed Agency Tariff for Eligible Renewables, the SCE tariff schedule that implements Assembly Bill 1969.

## **200. RENEWABLE GENERATING FACILITY.**

**201. Project Site.** Instream shall use commercially reasonable efforts to identify, locate and develop sites within and/or without the City that may be suitable to be used as Renewable Generating Facility Sites for up to fifty (50) megawatts of Contract Capacity.

**202. Design, Construction and Operation of Renewable Generating Facility; Implementation Agreement.** The Parties shall enter into an Implementation Agreement with respect to each Renewable Generating Facility Site. The terms, conditions and requirements that shall govern the design, construction and operation of each Renewable Generating Facility shall be set forth with specificity in the applicable Implementation Agreement. The form of each Implementation Agreement shall be as agreed to by the Parties, but shall at a minimum include the following: (i) the common and legal description of the applicable Renewable Generating Facility Site; (ii) the applicable Renewable Generating Facility’s gross power rating; (iii) the applicable Renewable Generating Facility’s net power rating (i.e., the gross power rating less Station Use); (iv) the applicable Renewable Generating Facility’s annual energy production, net of Station Use, as measured by a meter approved by the California Independent System Operator Corporation; (v) the terms and conditions upon which Instream shall design, construct and operate the applicable Renewable Generating Facility; (vi) the applicable Renewable Generating Facility’s delivery point (which shall be subject to prior approval and/or subsequent modification by SCE or CAISO); and (vii) a provision requiring Instream to conform to and comply with all applicable state, federal and local laws and regulations and with SCE tariffs, CAISO Tariff, Offtaker Power Purchase Agreement and any and all other applicable contractual, tariff, legal and/or regulatory requirements; (ix) a provision indicating that Instream shall pay or provide for the payment of all costs, taxes, charges, insurance and expenses of every kind and nature against the Renewable Generating Facility Site which may arise or become due during the term of the Implementation Agreement, and which, except for execution of the Implementation Agreement, would or could have been payable by the LPA; (x) a provision establishing minimum insurance requirements; (xi) a provision incorporating by reference all of the terms, conditions and provisions of this Master Agreement; and (xii) terms, conditions, and costs for the pre-purchase amounts. Each Implementation Agreement shall be subject to approval by the LPA’s Board of Directors.

**203. Cost of Construction and Operation; Interconnection with SCE's System.** Instream shall be solely responsible for obtaining and maintaining all interconnection rights and interconnection agreements necessary in order to enable each Renewable Generating Facility to interconnect with SCE's system at the Point of Delivery. Except as and to the extent specifically set forth in this Master Agreement or an Implementation Agreement, Instream shall be solely responsible for all costs directly and/or indirectly related to the design, development, construction and operation of each Renewable Generating Facility, including, without limitation, costs related to the following: obtaining electrical service and meters; any and all applications, plan reviews and special studies; site development; the design, construction and operation of each Renewable Generating Facility; interconnection; telemetry; any and all SCE charges not offset by the Energy Output; any and all regulatory fines and/or penalties imposed or assessed with respect to the design, construction and/or operation of each Renewable Generating Facility.

**204. Commercial Operation.**

(a). Subject to the remainder of this subsection 204 (b), the Commercial Operation Date shall be a date selected by Instream upon at least three (3) Business Days Notice to LPA.

(b) The Commercial Operation Date may not occur until each of the following has been satisfied:

1. Instream has completed the installation and testing of the Generating Facility for purposes of financing, Permits, the interconnection agreement, operating agreements, the EPC agreement and manufacturer's warranties;

2. Instream has received an independent engineer's certification that the Generating Facility has been completed in all material respects (except punch list items that do not materially and adversely affect the ability of the Generating Facility to operate as intended);

3. Instream is prepared to perform (and to continue to perform) its energy delivery and related obligations in accordance with the requirements hereof;

4. Instream shall have obtained material permits;

5. The Generating Facility must be Operating in parallel with the applicable Transmission Provider's electric system;

6. Instream shall be delivering electric energy to LPA at the Delivery Point pursuant to an Implementation Agreement.

**300. SALE OF SOLAR POWER TO LPA.**

**301. Agreement to Sell and Purchase Output of Each Renewable Generating Facility.** Subject to the terms and conditions of this Master Agreement, Instream agrees to sell

to the LPA and the LPA agrees to purchase from Instream the Energy Output from each Renewable Generating Facility, pursuant to Implementation Agreements, totaling fifty (50) megawatts in aggregate.

**302. Ownership of Green Attributes, Capacity Attributes and Resource Adequacy Benefits.** During the term of this Master Agreement, any and all Green Attributes, Capacity Attributes and Resource Adequacy Benefits earned, acquired or accumulated as the result of operating a Renewable Generating Facility shall be and are the separate property of Instream. Instream, shall, upon LPA entering into a Power Purchase Agreement with an Offtaker and written request by the LPA, promptly take any and all action necessary in order to transfer, assign and/or disclaim any interest in or title to such Green Attributes, Capacity Attributes and Resource Adequacy Benefits.

#### **400. DEFAULT AND REMEDIES.**

**401. Events of Default.** An "Event of Default" or "Default" shall occur under this Master Agreement when there shall be a breach of any condition, covenant, warranty, promise or representation contained in this Master Agreement and the breach shall continue for a period of thirty (30) days after written notice thereof to the defaulting party without the defaulting party curing such breach, or if the breach cannot reasonably be cured within a thirty (30) day period, commencing the cure of the breach within the thirty (30) day period and thereafter diligently proceeding to cure the breach; provided, however, that if a different period or notice requirement is specified for any particular breach under any other paragraph of this Master Agreement, the specific provision shall control.

**402. Remedies.** The occurrence of any Event of Default shall give the non-defaulting party the right to proceed with any and all remedies set forth in this Master Agreement, including an action for damages, an action or proceeding at law or in equity to require the defaulting party to perform its obligations and covenants under the documents executed pursuant hereto or to enjoin acts or things which may be unlawful or in violation of the provisions of such documents, and the right to terminate this Master Agreement.

**403. Force Majeure.** Subject to compliance with the notice requirements as set forth below, performance by a Party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Master Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include, without limitation, the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other party, or acts or failures to act of any public or governmental entity (except that the LPA's or City's acts or failure to act shall not excuse performance of the LPA hereunder). Subject to the timing and provisions of Section 401, in no event shall Instream's difficulty or inability to obtain and secure financing become an event of force majeure. An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other Party within thirty

(30) days of the commencement of the cause.

**404. Effective Date.** This Master Agreement shall become effective on the Effective Date and shall continue in full force and effect for a term of twenty five (25) years from the Commercial Operation Date unless otherwise agreed to in writing by the parties. Each Project listed in Attachment No. 1 shall be subject to this Master Agreement, notwithstanding provisions of this Section 404.

**405. Termination by LPA.** Subject to the timing and provisions of Section 401, the LPA may elect to terminate this Master Agreement upon giving written notice to Instream of the LPA's intent to terminate based on one or more of the following reasons:

(a) Instream fails to comply with the terms and conditions of this Master Agreement or the applicable Implementation Agreement and upon notice by the LPA, fails to take all corrective actions specified within the timeframe set forth in such notice;

(b) A change in any local, state or federal law, statute or regulation, any of which materially alters or otherwise materially affects the LPA's ability or obligation to perform the LPA's duties;

(c) Instream fails to take all corrective actions specified in any notice or demand received from any public or private utility, or local, state or federal government or regulatory agency; or

(d) Instream fails to take reasonable efforts to interconnect and operate the Renewable Generating Facility, pursuant to the terms and conditions of this Master Agreement or the applicable Implementation Agreement, within five hundred forty (540) days of the Effective Date.

(e) Instream and LPA fail, through reasonable efforts, to contract for the sale of the Energy Output of a Renewable Generating Facility to a qualified third party utility Offtaker within five hundred forty (540) days of the Effective Date.

(f) Instream and LPA fail, after reasonable efforts, to execute an Implementation Agreement for a Renewable Generating Facility within five hundred forty (540) days of the Effective Date.

**406. Termination by Instream.** Subject to the timing and provisions of Section 401, Instream may elect to terminate this Master Agreement upon giving written notice to the LPA of Instream's intent to terminate based on one or more of the following reasons:

(a) The LPA fails to comply with the terms and conditions of this Master Agreement and upon notice by Instream, fails to take all corrective actions specified within the timeframe set forth in such notice;

(b) A change in any local, state or federal law, statute or regulation, any of which materially alters or otherwise materially affects Instream's ability or obligation to perform Instream's duties; and

(c) The LPA files for relief under any Chapter of the United States Bankruptcy Code.

(d) Instream and LPA fail, through reasonable efforts, to contract for the sale of the Energy Output of a Renewable Generating Facility to a qualified third party utility Offtaker within five hundred forty (540) days of the Effective Date.

(e) Instream and LPA fail, after reasonable efforts, to execute an Implementation Agreement for a Renewable Generating Facility within five hundred forty (540) days of the Effective Date.

(g) LPA is unable to receive funding for the pre-purchase.

**407. Attorneys' Fees.** In addition to any other remedies provided hereunder or available pursuant to law, if any party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder or under any of the documents executed pursuant hereto, the prevailing party shall be entitled to recover from the other party its costs of suit, including without limitation expert witness fees, and reasonable attorneys' fees.

**408. Remedies Cumulative.** No right, power, or remedy given by the terms of this Master Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative.

## **500. GENERAL PROVISIONS.**

**501. Time is of the Essence.** Time is expressly made of the essence with respect to the performance of each and every obligation and condition of this Master Agreement.

**502. Indemnification.** Instream agrees to protect, defend, and hold harmless the LPA and its officers, employees, agents, attorneys and representatives from any and all claims, liabilities, expenses, or damages of any nature, including attorney's and expert witness fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of this Master Agreement or any Implementation Agreement by Instream, Instream's agents, officers, employees, subcontractors, customers, invitees, or independent contractors hired by Instream, except for claims, liabilities, expenses, or damages which are due to the sole negligence of the LPA, or any of its officers, employees, agents and representatives.

The LPA agrees to protect, defend, and hold harmless Instream and its officers, employees, agents and representatives from any and all claims, liabilities, expenses, or damages of any nature, including attorney's and expert witness fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of this Master Agreement or any Implementation Agreement by the LPA, the LPA's agents, officers, employees, subcontractors, customers, invitees, or independent contractors hired by the LPA, except for claims, liabilities, expenses, or damages which are due to the negligence of Instream, or any of its officers, employees, agents and representatives.

**503. Notices.** Any approval, disapproval, demand, document or other notice (“Notice”) which any party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, (iii) facsimile transmission, or (vi) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice. Service shall be deemed conclusively made at the time of service if personally served; upon confirmation of receipt if sent by facsimile transmission; the next business day if sent by overnight courier and receipt is confirmed by the signature of an agent or employee of the party served; the next business day after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by express mail; and three (3) days after deposit thereof in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail.

LPA: Lancaster Power Authority  
44933 Fern Avenue  
Lancaster, Ca. 93534  
Attn: Mark Bozigian  
Fax No.: (661) 723-6141

Instream: Instream Energy Systems  
275-1575 West Georgia Street  
Vancouver BC V6G 2V3  
Attn: Patrick Earle  
Fax No.: 1 604 569 2829

Such addresses may be changed by Notice to the other party(ies) given in the same manner as provided above.

**504. Transfers and Assignments.** The qualifications and identity of Instream are of particular concern to the LPA. It is because of those qualifications and identity that the LPA has entered into this Master Agreement with Instream. Therefore, Instream shall not make any total or partial sale, grant, transfer, conveyance or assignment of the whole or any part of this Master Agreement without prior written approval of LPA, except as expressly set forth herein. Notwithstanding the foregoing, LPA approval of an assignment of this Master Agreement, or any part thereof, shall not be required in connection with any transfer to an entity or entities in which Instream retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

**505. Successors and Assigns.** Whenever the term “Instream” is used in this Master Agreement, such term shall include any of Instream’s approved assignee(s) or transferee(s), or any other permitted successors and assigns as herein provided.

**506. Non-Liability of Officials and Employees of the LPA.** No member, elected or appointed official, or employee of the LPA shall be personally liable to Instream or any successor in interest in the Event of Default or other breach or for any amount which may

become due to Instream or its successors, or for performance of any obligations under the terms of this Master Agreement.

**507. Relationship of the LPA and Instream.** It is hereby acknowledged and agreed that the relationship between the LPA and Instream is not that of a partnership or joint venture or other investor partner and that neither shall be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided in this Master Agreement, the LPA shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of any Renewable Generating Facility.

**508. LPA Approvals and Actions.** The LPA shall maintain authority of this Master Agreement and the authority to implement this Agreement through the LPA's General Manager (or his or her duly authorized representative). The General Manager and his or her duly authorized representative(s) shall have the authority to make approvals, issue interpretations, waive provisions, request issuance of warrants and make payments authorized hereunder, make and execute further agreements (including agreements necessary in order to fully implement this Master Agreement) and/or enter into amendments of this Agreement on behalf of the LPA so long as such actions do not materially or substantially add to the costs, responsibilities, or liabilities incurred or to be incurred by the LPA as specified herein, and such interpretations, waivers and/or amendments may include extensions of time to perform. All material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the LPA Board of Directors. Further, the General Manager shall maintain the right to submit to the LPA Board of Directors for consideration and action any non-material or non-substantive interpretation, waiver or amendment, if in his or her reasonable judgment he or she desires to do so. Notwithstanding the foregoing, each Implementation Agreement shall be submitted to the LPA Board of Directors for consideration and action.

**509. Counterparts.** This Master Agreement may be signed in multiple counterparts all of which together shall constitute an original binding agreement. This Master Agreement is executed in three (3) originals, each of which is deemed to be an original.

**510. Integration.** This Master Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Master Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Master Agreement and shall be of no further force or effect. Each party is entering into this Master Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such party deems material.

**511. Titles and Captions.** Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Master Agreement or of any of its terms. References to Section and Paragraph numbers are to sections and paragraphs in this master Agreement, unless expressly stated otherwise.

**512. Interpretation.** As used in this Master Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the

words “without limitation.” This Master Agreement shall be interpreted as though prepared jointly by both Parties.

**513. No Waiver.** A waiver by any party of a breach of any of the covenants, conditions or agreements under this Master Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Master Agreement.

**514. Implementation of Master Agreement.** The Parties acknowledge that, due to the long term nature of this Master Agreement, it may be necessary and/or appropriate at some time in the future, or from time to time, for the Parties to enter into various “Implementation Agreements” or to otherwise execute additional documentation to clarify and implement the provisions of this Master Agreement. Each Party agrees to cooperate in good faith to negotiate and enter into such various Implementation Agreements as may be determined to be reasonably necessary and/or appropriate by either Party in its reasonable discretion.

**515. Modifications.** Any alteration, change or modification of or to this Master Agreement, in order to become effective, shall be made in writing and in each instance signed by a duly authorized representative on behalf of each party.

**516. Severability.** If any term, provision, condition or covenant of this Master Agreement shall be held, to any extent, invalid or unenforceable, the remainder of this Master Agreement shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

**517. Computation of Time.** The time in which any act is to be done under this Master Agreement is computed by excluding the first day and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term “holiday” shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

**518. Legal Advice.** Each party represents and warrants to the other the following: they have carefully read this Master Agreement, and in signing this Master Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Master Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Master Agreement; and, they have freely signed this Master Solar Power Purchase Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Master Agreement, and without duress or coercion, whether economic or otherwise.

**519. Cooperation.** Each Party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Master Agreement including, but not limited to, Implementation Agreements, releases or other agreements.

**520. Conflicts of Interest.** No member, elected or appointed public official or employee of the LPA shall have any personal interest, direct or indirect, in this Master Agreement, nor shall any such member, elected or appointed public official or employee participate in any decision relating to this Master Agreement which affects his personal interests, his economic interests, or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

**521. Non-Exclusive Relationship.** Each Party expressly reserves the right to contract for the service(s) and/or product(s) that is/are within the scope of this Master Agreement with as many additional clients, persons or other entities as that Party, in its sole discretion, sees fit.

**600. CONFIDENTIALITY.**

**601. Obligation to Maintain Confidentiality.** Each Party agrees not to disclose any other Party's Confidential Information without such Party's prior written consent; provided, however, a Party may disclose another Party's Confidential Information to the Party's officers, directors, employees, and Advisors and to its affiliates and the officers, directors, employees, and Advisors of its affiliates (collectively, "Representatives") who need to know such Confidential Information and agree to maintain the confidentiality of the Confidential Information in accordance with the terms hereof. In addition, each Party may disclose Confidential Information received by it hereunder to any potential developer, contractor, funding source, trustee or any power or transmission provider or purchaser or any other entity that may participate in or be affected by the development, construction, financing, ownership or operation of the Proposed Project and who agree to maintain the confidentiality of the Confidential Information in accordance with the terms hereof.

**602. Use of Confidential Information.** Each Party agrees not to use Confidential Information other than for the purpose of evaluating, negotiating, or implementing the Proposed Project. Nothing in this Agreement shall constitute an obligation of a Party to disclose Confidential Information to the other Party.

**603. Disclosure Pursuant to Legal Requirements.** Notwithstanding any provision to the contrary contained herein, a disclosure by a Party that otherwise would be prohibited by this Agreement shall be permitted if such disclosure is compelled by a judicial, regulatory, administrative body of competent jurisdiction, or by law, but then only if in conformance with the following provisions:

a. The disclosing Party shall:

i. take all reasonable steps to preserve the privileged nature and confidentiality of Confidential Information, including requesting that Confidential Information not be disclosed to non-Parties or the public;

ii. give the other Party prompt notice of any legal process and, to the extent practicable, gives the other Party the opportunity to seek an appropriate protective order or to pursue such further legal action as may be necessary to preserve the privileged nature and confidentiality of Confidential Information; and

iii. provide reasonable assistance to and cooperation with the other Party to preserve the privileged nature and confidentiality of Confidential Information.

b. If LPA receives a request for records concerning the Proposed Project under the California Public Records Act or the Federal Freedom of Information Act, it shall:

i. give notice to Instream of the request within three (3) business days of receipt, along with a copy thereof;

ii. consult and reasonably cooperate with Instream concerning the request and LPA's anticipated response thereto, including identifying particular records which LPA believes may be subject to disclosure;

iii. provide Instream with the opportunity to respond and comment on the records identified by LPA under Section 7.2.2 which response Instream shall provide within five (5) business days after such identification of records. If Instream objects to the disclosure of a record, Instream shall cite the statutory basis for such objection. LPA shall not disclose such record; provided, however, that if the person requesting the records files a legal action to compel disclosure, Instream shall reimburse LPA for any and all costs incurred by it in defending such action, including costs and attorney's fees, and for plaintiff's costs and attorneys' fees paid by LPA if awarded by the court in a final judgment on the action.

**604. Delivery of Confidential Written Materials.** Any written materials conveyed under this Agreement, which the disclosing Party believes constitute Confidential Information, shall be clearly marked "CONFIDENTIAL."

**605. Return of Written Materials.** Upon request by a Party, the other Party shall return all written Confidential Information to the requesting Party or, at the election of the requesting Party, shall destroy such written Confidential Information. Upon receipt of such a request, fifteen (15) days shall be allowed for the Party receiving the request to assemble and return or, if so elected in accordance with this paragraph, to destroy all written Confidential Information in the possession of the Party receiving the request. The receiving Party shall not be deemed to have retained or failed to destroy any Confidential Information which is in electronic form if such information is deleted from local hard drives so long as no attempt is made to recover such information from servers or back-up source. Notwithstanding the foregoing, the either Party may retain a printed or electronic set of Confidential Information in the offices of its legal counsel solely for purposes of enforcement of agreements and compliance with applicable regulatory requirements. Each Party's legal counsel shall make such retained set of Confidential Information available for review at its offices by the other Party's legal counsel upon reasonable notice. Any obligation to destroy records under this Agreement shall be consistent with and subject to applicable provisions of state and federal law.

**606. Publicity.** Until a formal Implementation Agreement has been signed, both by Instream and LPA, neither Party shall issue any press release or otherwise publicize or disclose to any third party (except consultants or other third parties, that the LPA may rely upon for evaluating such agreements) the details of the corroborative work undertaken as part of this Master Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld. This paragraph shall not apply to any statements made by either Party in connection with, or at the time of, the approval of this Master Agreement.

IN WITNESS WHEREOF, the LPA and Instream have executed this Master Agreement as of the date and year first set forth above.

**LPA:**

**LANCASTER POWER AUTHORITY,**  
a joint powers authority

By: Mark Bozigian

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Its: Executive Director

**ATTEST:**

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Secretary

**APPROVED AS TO FORM:**

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Legal Counsel

**Instream:**

**Instream Energy Systems**  
A \_\_\_\_ corporation

By: Ken Miller

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Its: President and CEO

**ATTACHMENT NO. 1**

**SCHEDULE OF RENEWABLE GENERATING FACILITY SITES**

	Initial Generation Sites	
APN	Location	Area (acres)
<b>Phase I</b>	<b>TBD</b>	