



News Release

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Avista Labs and SiGEN Sign Distribution Agreement

Avista Labs fuel cells now available to the United Kingdom market

Spokane, Wash. and Aberdeen, Scotland: Avista Labs, a wholly owned subsidiary of Avista Corp. (NYSE: AVA), and SiGEN, a Scottish fuel cells integrator, have entered into a collaborative agreement for the development of fuel cell systems and product sales, marking a significant milestone in the growth of the United Kingdom's fuel cell industry.

SiGEN has been appointed a non-exclusive distributor and service agent in the UK for the Avista Labs Independence™ fuel cell systems, which feature Avista Labs' patented Modular Cartridge Technology™. Under the terms of the agreement, SiGEN will purchase a small number of Independence™ fuel cells during 2003, with an increase in those numbers for 2004. The agreement runs through May 2005.

SiGEN's strategy is to develop key relationships with fuel cell systems manufacturers who have proven commercially available products and are focused and responsive to customer needs. By having access to a range of non-competing products, SiGEN is able to offer the most credible advice and system solutions best suited to customer needs.

"We are pleased to add Avista Labs fuel cells to our offering," said Dave McGrath, managing director of SiGEN. "Their Modular Cartridge Technology™ design adds reliability, which is highly desirable to our customers. This is a highly significant milestone in the commercialization path of fuel cells. Developments in the past six months have seen system availability increasing, significant price moves, with major technical advances and power capacities."

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Mike Davis, Avista Labs chief executive officer, added, "Our agreement with SiGEN opens an exciting door into the UK uninterruptible power supply market. SiGEN is making great strides in that area and we are pleased to be associated with them."

Avista Labs currently markets its three Independence™ fuel cell products for commercial and industrial back-up power solutions in the 50-watt to five-kilowatt range. Its patented modular cartridge technology™ allows Avista Labs to provide customers the ability to perform maintenance while the system continues to operate, increasing the reliability of the system. Avista Labs is in the process of completing the CE certification process on its Independence 1000™, which assures that a product complies with accepted design and safety practices and is necessary for manufacturers desiring to sell products to the European Union.

The distribution agreement is marked by SiGEN's receipt of the first Avista Labs, fully CE-compliant Independence 1000™ fuel cell system, delivered to the UK for the "SiGEN 1kW UPS". This product debuted at the All-Energy Conference in Aberdeen, Scotland in May. SiGEN announced that the first customer for this system would be AMEC, an international engineering services company named as one of the world's most respected companies in the 2002 Financial Times/PricewaterhouseCoopers survey. AMEC is planning to install the fuel cell at one of its northwest England offices.

"We expect such systems to become widespread, and we hope our lead in using this hydrogen powered, green, and efficient technology will be helpful to our own customers," said Alastair Rennie, head of renewables for AMEC.

About SiGEN

SiGEN is currently Scotland's only commercial fuel cell systems integrator. SiGEN, based in Aberdeen, offers complete fuel cell system integration services for fuel cell products. Service includes design, build and installation and commissioning. System products encompass hydrogen storage solution through to the power electronics to suit the load. SiGEN also acts as an expert distributor and authorized service agent for selected fuel cell systems manufacturers including Ballard, Avista Labs, Voller and Heliocentris.

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About Avista Labs

Avista Labs is a leader in the development and marketing of modular Proton Exchange Membrane (PEM) fuel cells. The company markets a variety of commercially available fuel cells using its patented Modular Cartridge Technology™. Additional company information can be found at www.avistalabs.com.

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is a company operating division that provides electric and natural gas service to customers in four western states. Avista's non-regulated affiliates include Avista Advantage, Avista Labs and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA" and its Internet address is www.avistacorp.com.

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