



California Clean Energy Fund



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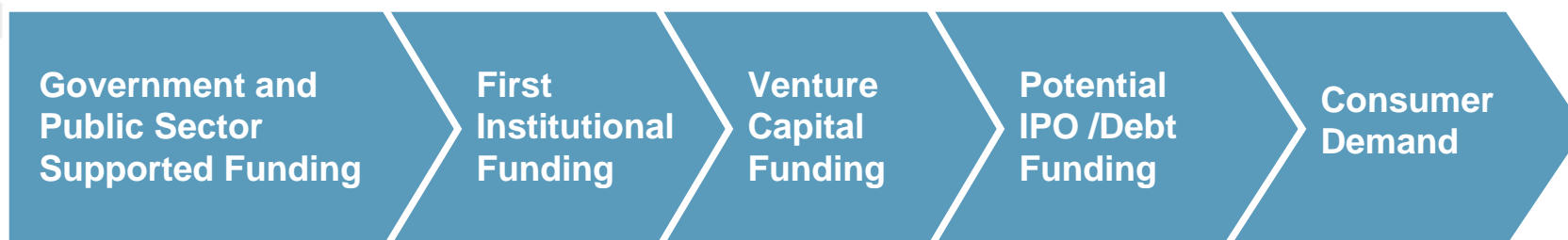
3rd Annual Member's Meeting
of the California Climate Action Registry
October 7th, 2008

Dan Adler, President



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The Continuum of Technology Development

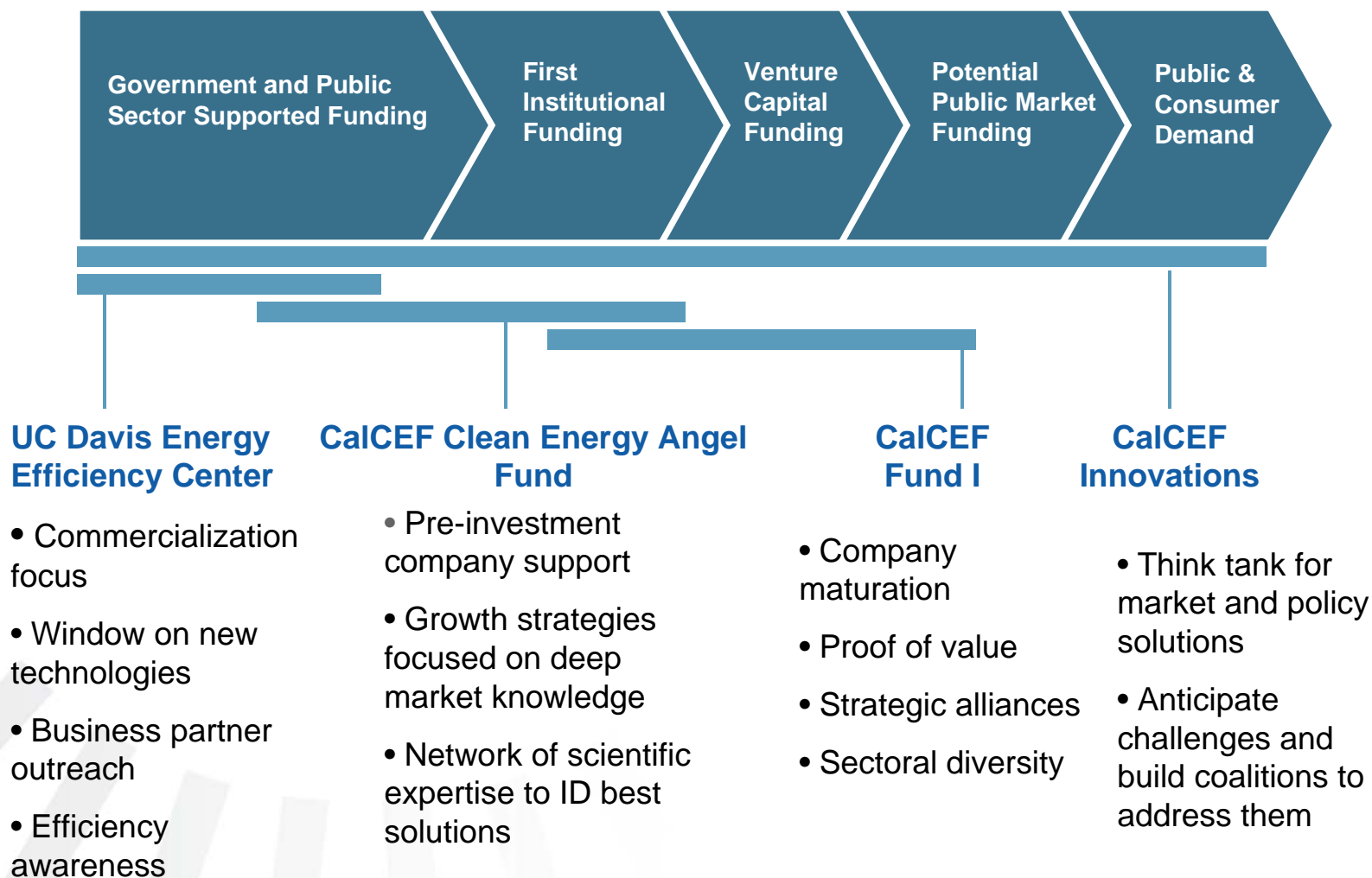


- New technologies must navigate most, if not all, of these stages
- Each stage presents different policy, technology and financial challenges
- No technologies remain unchanged through this cycle; no entrepreneur has mastered the dynamics of each stage; no financier is comfortable with the risks inherent in each category
- This process is essential to the energy challenge - and may be more difficult than for other technology types



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CalCEF Strategies and Programs - Close the Gaps in Clean Energy Finance





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Clean Energy Investing - Trends and Statistics

Newsflash: World Economy Disintegrates

In Other News: CleanTech Investing Breaks Records

- \$2.8 Billion in venture capital invested in Q3
- More than 2x Q2 figures, which were themselves a record
- 2008 already up 50% from all of 2007
 - Source: Greeentech Media
- **Why?** Investors are seeing the long-run value *and necessity* of these technologies - because of the leadership shown by the CCAR and you.



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Cleantech Investing - leading sectors

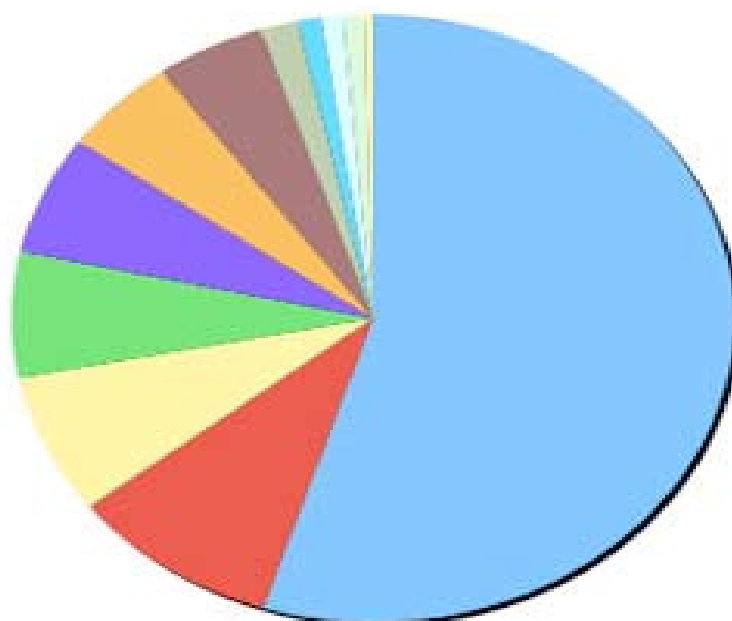
Leading sectors are clear:

- **Solar** technologies raised \$1.5 billion in Q3 - versus \$1.05 B in all of 2007
 - 26 deals, versus 71 for 2007's invested capital
 - **Approximates ALL of the cleantech VC investment from 2005**
- **Biofuel** innovations - \$150 million
 - Active interest in algal biofuels - @\$100 million in Q3, versus \$4 million Q3 2007
 - Compare to 2006 trend - approx. \$1 billion to corn ethanol alone
 - Source: Cleantech Group
- **Energy Efficiency/Demand-Side Management** - \$272 million
 - Historically underappreciated by VCs
 - How to handle cost-effective EE in an additionality framework?



The Right Mix for Innovation?

Total 3Q VC Funding



- Solar
- Energy Efficiency and Smart Grid
- Geothermal
- Automotive, Transport
- Water Technology
- Ethanol and Biofuels
- Wind Energy
- Batteries and Fuel Cells
- Carbon and Energy Storage
- Green Building
- Green IT and Lighting
- Others



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“The New, New Economy”...

Investor interest in battery technology is surging:

- \$1.15 B in 2007, from \$153 M in 2003 (McKinsey & Co)
- All the auto majors have strategic alliances with battery providers
- Opportunities to provide solutions in transportation, renewables storage and consumer electronics - **VCs love multiple markets.**





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Trends Positive - Except for that Depression thing

I. 2008 saw a total of \$150 B invested across Cleantech (New Energy Finance)

- But - Climate change requires an order-of-magnitude increase. Where will that money come from?

II. High energy prices and climate awareness spur creative thinking

- But - Everybody is broke and panicked. How can we progress in this market?

III. Venture investors still have billions to deploy

- But - Growth and scale require debt financing to flow. When will that happen again?

IV. VCs are still raising lots of money

- But - What will the picture be in Q4 and beyond?



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Trends - Depressing and Otherwise

V. Bipartisan support is possible next year

- But - turn of the fossil power plants, stop driving and farming - and CA still doesn't get to 80% reductions. How can we make progress without getting discouraged by the scale of our challenge?

VI. Clean energy technologies are getting cheaper and more effective every day

- But - wait, that's encouraging.

VII. Human ingenuity is boundless, and the profit potential is immense along the way

- But - nothing. Green the recovery, make money and save the planet. Time to get serious.



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