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Cleantech Funding Soars

Two research firms track record funding in clean energy.

August 11, 2006

Private equity and venture capital investments in clean energy grew sharply in the second quarter, according to two studies.

Global private equity and venture capital surged to more than \$2 billion, tripling from the first quarter and more than doubling from the second quarter of 2005, said a study released Thursday by New Energy Finance.

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London-based New Energy Finance said the growth in private equity amounts to a strong rebound after a decline in the first five months, when private equity deals averaged \$409.8 million per month, compared with \$474 million per month in 2005 (see *Cleantech Private Equity Slows*).

Venture capital investment in clean energy also continued to grow, driven by solar incentives in California, according to Michael Liebreich, chief executive of New Energy Finance.

Recipients of some of the largest of those deals included thin-film solar company Nanosolar, which raised \$75 million in June, and solar concentrator company SolFocus, which raised \$25 million in July (see *Nanosolar Gets \$100M for PV and SolFocus Soaks Up \$25M*).

The last two years have seen an extraordinary ramp-up in the value of the solar power sector, mostly driven by "extremely—some would say 'overly'—generous" tariffs paid for solar electricity in Germany, Mr. Liebreich wrote in the report. "Now it's California's turn to drive the market."

California's solar initiative, established in January, will bring \$3.2 billion of subsidies to the sector with the goal of creating "a million solar roofs," or about 3 gigawatts of energy generation, he said (see *California Solar Gets \$2.9B*).

New Energy Finance expects venture capital and private equity deals will continue to grow, totaling more than \$100 billion from 2006 to 2012, with "just under" \$64 billion coming from private equity.

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Interest in energy is at a record high, even as stock prices decline, said Robert Wilder, chief executive of WilderShares....

People call him weekly with new energy ideas and places to invest, he said.

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