

Venture Capital Funding Quarterly

Alternative Energy · Clean Technology Energy · Environmental

2nd Quarter, 2008 – United States

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Summary

During the second quarter of 2008, a total of 60 companies received \$1.3 billion in new venture capital financing. This represented a 298% increase in funding amounts over the previous quarter and a 67% increase in the number of companies funded.

The significant increases in funding amounts can be attributed to large funding events in the Alternative Energy category. During the quarter, four companies received fundings of at least \$100 million or more. Energy companies also showed significant gains in both dollar amounts funded and the number of companies funded.

Funding Activity

Alternative Energy

Alternative Energy companies, which typically include solar, biofuels, wind power, hydrogen and other non-fossil fuel energy developers, continued to receive the lion's share of funding in the clean technology space. 36 companies received a little over \$1 billion in venture capital financing, which represented a 257% increase in the number of companies being funded and a 383% increase in the dollar amounts funded over the first quarter of 2008.

Solar energy service provider [SunEdison](#), based in Beltsville, Maryland, raised the largest round, receiving \$161 million in a combination of equity and debt to support its operational expansion needs. Another solar service provider, [BrightSource Energy](#), also received a large round of \$115 million to expand its service posture.

In the biofuels space, [Range Fuels](#) closed on a total of \$158 million among two tranches in its series B round. Range Fuels converts biomass into ethanol using what it calls "emerging clean energy technologies."

Clean Technology

Clean Technology deal volume showed a 37% increase to \$71 million in total funding among 7 companies. [Powerspan Corp.](#) and the [Hanger Network](#) secured \$50 million and \$10 million respectively, which accounted for most of the dollar volume activity during the quarter.

Powerspan is commercializing its carbon dioxide (CO₂) capture technology for electric power plants that use coal. This is also referred to in some quarters as "clean coal technology."

With its series B funding of \$10 million, the Hanger Network continues to enjoy the support of its existing investors, [Sigma Partners](#), [Kodiak Venture Partners](#) and new investor [ABS Ventures](#), who have invested \$18 million to date. The company sells EcoHangers, which are shirt hangers that are made from 100% recycled paper instead of plastic, wood or steel.

Energy

Venture-backed Energy companies closed the quarter with a solid showing, raising \$172 million among 16 startups, an increase of 273% and 60% respectively.

Battery technologies continue to receive support, as evidenced by a \$15 million third round of funding for [Firefly Energy](#). Firefly uses carbon graphite foam grid technology to increase the performance and reliability of lead acid batteries. The company has received over \$26 million in venture capital funding to date. [CFX Battery](#) and [Carbon Micro Battery](#) also received funding during the quarter.

[WiTricity](#) received follow-on funding in the amount of \$4 million from Argonaut Private Equity and Stata Venture Partners. The Belmont, Massachusetts-based company is developing technology to transmit energy wirelessly.

[Hyperion Power Generation](#) received funding of an undisclosed amount during the quarter. Hyperion is developing a uranium hydride nuclear reactor, which it says is a safer technology, with no moving parts to break down or corrode. The [Altira Group](#) made the investment.

Environmental

The environmental sector showed only one transaction for the quarter, a \$29 million funding round for [ECORE International](#). Ecore takes scrap tire rubber, and finds ways to reuse and recycle the rubber and innovative ways. [Element Partners](#) made the investment, with Michael DeRosa as lead partner and board member.

Table 1

Venture Funding Activity – 2nd Quarter 2008

| Industry | Total Amount Funded | % Change Vs. Prior Quarter | Number of Companies Funded | % Change vs. Prior Quarter |
|--------------------|----------------------|----------------------------|----------------------------|----------------------------|
| Alternative Energy | \$1.032 Billion | + 383 % | 36 | + 257 % |
| Clean Technology | \$71 Million | + 37 % | 7 | - 13 % |
| Energy | \$172 Million | + 273 % | 16 | + 60 % |
| Environmental | \$29 Million | - 43 % | 1 | - 75 % |
| Total | \$1.3 Billion | + 298 % | 60 | + 67 % |

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Notes

This report was prepared by the staff of VentureDeal, LLC.

The information source used was the VentureDeal.com database. VentureDeal is a venture capital database that provides the latest information about venture-backed technology companies, venture capital firms and transactions in the United States.

The database obtains transaction and company information from a wide variety of reputable public and private sources. While this report is free of charge, users may view the individual transactions supporting the totals herein by subscribing to VentureDeal.

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