

Venture Capital Funding Quarterly

Alternative Energy · Clean Technology Energy · Environmental

3rd Quarter, 2008 – United States

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Summary

During the third quarter of 2008, a total of 49 companies received \$1.3 billion in new venture capital financing, the same deal volume as the second quarter of 2008.

Clean Technology companies showed the largest percentage increase in funding amounts of the four categories, with a 31% increase in deal volume. The Energy sector showed the biggest decline, with a 20% decrease in amounts funded. Alternative Energy funding amounts were flat, while the number of companies funded fell by 31%.

Funding Activity

Alternative Energy

Alternative Energy companies, which usually include solar, biofuels, wind power, hydrogen and other non-fossil fuel energy developers, continued to receive by far the largest share of funding of the four industry sectors. 25 companies received a little over \$1 billion in venture capital financing, which represented an 18% decrease in the number of companies being funded and no funding amount change versus the second quarter of 2008.

Solar energy company [NanoSolar](#), based in San Jose, California, raised the largest round, receiving \$300 million in its series B round to allow it to accelerate production expansion for its San Jose and Berlin factories. Another solar service provider, [SolarReserve](#), received a large round of \$140 million to support development of its new solar energy projects domestically and internationally.

In the wind energy space, [FloDesign Wind Turbine Corporation](#) closed on a new round of \$6 million, led by [Kleiner Perkins Caufield & Byers](#). FloDesign is developing advanced wind turbines for electric energy production purposes.

Clean Technology

Clean Technology deal volume continued its upward trend by showing a 31% increase to \$93 million in total funding among eight companies. Much of the funding was for series B or later funding rounds, with four of the eight companies receiving \$70 million out of the \$93 million total.

[Quench](#) and [Miox Corporation](#) raised \$26 million and \$19 million, for their series B and series C rounds respectively.

Quench, a water cooler company, has developed what it says is "our exclusive Ultraviolet Light, seven step purification process..." Miox has created technology around mixed-oxidants that enables users to purify water in remote locations. The company says mixed oxidants are safer and better than standard chlorination approaches.

Energy

Venture-backed Energy company fundings dropped by 20% compared to the previous quarter. The number of companies funded also dropped 25%, from 16 the previous quarter to 12 in the current quarter.

Boston, Massachusetts-based [Focal Energy](#) raised a \$35 million round of funding during the quarter. Focal invests in "income generating assets in the distributed energy and infrastructure sectors in India."

Also on the international front, [Kosmos Energy](#) secured \$15.6 million from Warburg Pincus. Kosmos is focused on finding and developing oil reserves in the west African region.

[Ionova Technologies](#) received \$75,000 in grant funding from the Maryland TEDCO. Ionova is developing what it calls 3-D Nanofilm technology that dramatically increases the energy storage capability of lithium ion batteries and supercapacitors.

One of the largest funding rounds of the quarter went to [PowerGenix](#), which received \$30 million from a syndicate of venture capital firms. PowerGenix has developed a "high energy density, high cycle life and low cost nickel zinc (NiZn) battery that is specifically designed to utilize existing nickel-cadmium (NiCd) manufacturing processes, techniques and equipment, thereby significantly reducing time-to-market, and eliminating costly equipment design steps." The company has raised over \$57 million to date.

Environmental

The environmental sector tallied four transactions, three of which were series A rounds totaling \$27.5 million out of the \$30 million for the quarter. Mobile handset recycler [ReCellular](#) received a \$15 million series A financing round from [Investor Growth Capital](#). The company said it would be able to expand its operations as a result of the funding.

Table 1

Venture Funding Activity – 3rd Quarter 2008

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Alternative Energy	\$1.03 Billion	0 %	25	- 31 %
Clean Technology	\$93 Million	+ 31 %	8	+ 14 %
Energy	\$138 Million	- 20 %	12	- 25 %
Environmental	\$30 Million	+ 3 %	4	+ 300 %
Total	\$1.3 Billion	0 %	49	- 18 %

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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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