

Venture Capital Funding Quarterly

Alternative Energy · Clean Technology Energy · Environmental

2nd Quarter, 2009 – United States

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Summary

During the second quarter of 2009, a total of 38 companies received \$457 million in new venture capital financing, representing a 3% increase in the number of companies being funded and a 20% increase in the total amount funded to the four sectors of Alternative Energy, Clean Tech, Energy and Environmental.

Clean Technology companies showed the largest deal funding volume percentage increase of the four categories, with a 287% increase quarter over quarter. The Alternative Energy sector showed a modest decrease, with a 4% decrease in amounts funded. Energy funding amounts were up significantly, with a 51% increase and the number of companies funded increasing sharply by 88%.

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 the largest share of funding of the four industry sectors. 16 companies received \$244 million in venture capital financing, which represented a 27% decrease in the number of companies being funded and a 4% funding reduction versus the first quarter of 2009.

Two solar companies funded during the quarter accounted for nearly 50% of the entire sector funding. [CaliSolar](#) raised \$60 million from both private equity and venture capital investors. The company is a photovoltaic cell company that markets its products to the largest solar installations in the industry. [Solazyme](#) secured \$57 million from a syndicate of investors for its technology that harnesses photosynthetic microbes to develop sunlight driven biochemical pathways.

In the wind energy space, [Southwest Windpower](#) garnered \$10 million from a syndicate that included corporate investors. The company said it would use the funding proceeds to help it expand into new markets.

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Clean Technology

Clean Technology deal volume continued its previous upward trend by showing a 287% increase to \$69 million in total funding among only six companies.

The majority of funding volume went to [Powerspan](#), which received \$50 million in its series D round of venture capital financing. Powerspan said it would use the funding to begin to commercially deploy its carbon dioxide capture technology for coal fired power plants.

Also in the same space of minimizing pollution from coal-fired power plants, [CoalLogix](#) secured \$11.5 million to establish manufacturing and R&D facilities for its technologies. Its subsidiaries provide selective catalytic reduction systems to reduce nitrogen oxide emissions from processing coal.

At the series A stage, [AquaGenesis](#) garnered an undisclosed amount of funding. The company is adapting industrial sector high purity water technologies for residential, commercial and food and beverage applications.

Energy

Venture-backed Energy company fundings increased dramatically by 51% compared to the previous quarter. The number of companies funded also increased 88%, from 8 in the previous quarter to 15 in the current quarter.

Lithium Ion battery company [A123Systems](#) raised the largest round during the quarter, securing \$69 million from corporate investor General Electric. The company did not say how it would use the funding proceeds, but has recently received a number of high profile contracts for its battery production potential.

Energy management company [Powerit](#) secured \$6 million from a syndicate of venture capital and strategic investors. Powerit said it would use the funding proceeds to speed up its growth into industrial markets.

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[Deeya Energy](#) landed \$30 million in its series C round of venture capital financing. A large syndicate of well-known venture capital firms provided the funding. Deeya sells energy storage cells for power grid, wind and solar energy grid systems.

Environmental

The environmental sector tallied only one transaction for \$2 million for the quarter versus \$11 million in the previous quarter, for an 82% decrease in funding amounts. The company that received the funding, [Project Frog](#), says that it "integrates sustainability and customization into quick to deploy, high performance building environments." Rockport Capital Partners made the investment. The company did not disclose how the funding proceeds would be used.

Table 1

Venture Funding Activity – 2nd Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Alternative Energy	\$244 Million	- 4 %	16	- 27%
Clean Technology	\$69 million	+ 287%	6	+ 50%
Energy	\$142 million	+ 51%	15	+ 88%
Environmental	\$2 million	- 82%	1	- 67%
Total	\$457 million	+ 20%	38	+ 3%

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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 funds and venture capital financing 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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