

Venture Capital Funding Quarterly

Alternative Energy · Clean Technology Energy · Environmental

3rd Quarter, 2009 – United States

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Summary

During the third quarter of 2009, a total of 35 companies received \$421 million in new venture capital financing, representing an 8% decrease in the number of companies being funded and an 8% decrease in the total amount funded to the four sectors of Alternative Energy, Clean Tech, Energy and Environmental.

Alternative Energy companies showed the only deal funding volume percentage increase of the four categories, with a 20 % increase quarter over quarter. The Clean Tech sector showed a sharp decrease in activity, with an 86% decrease in amounts funded. Energy funding amounts were also down, with an 18% funding decrease and the number of companies funded decreasing by 27%.

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. 20 companies received \$292 million in venture capital financing, which represented a 25% increase in the number of companies being funded and a 20% funding increase versus the second quarter of 2009.

Two solar companies funded during the quarter accounted for over 50% of the entire sector funding. [SolFocus](#) raised \$77 million in its series C funding round from a large syndicate of both private equity and venture capital investors. The company said it would use the funding proceeds to align its operations and engineering efforts. [Suniva](#) garnered \$75 million in its third round of funding.

Interestingly, both companies included investors [New Enterprise Associates](#) and [Apex Venture Partners](#) in their investment syndicates.

In the wind energy space, [Optiwind](#) landed \$3 million in new financing. The company is placing medium sized wind turbines on school sites, business and government locations.

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Clean Technology

Clean Technology deal volume reversed its previous upward trend by showing an 86% decrease to \$10 million in total funding among only three companies.

Half of the funding volume went to [Glycos Biotechnologies](#), which received \$5 million in new venture capital financing. Glycos is developing new ways to transform the fuels and chemicals industries by using feedstocks. [DFJ Mercury Venture Partners](#) and [Draper Fisher Jurvetson](#) made the investment along with other undisclosed investors.

In the environmentally friendly pesticide space, [Vestaron](#) raised \$1.8 million during the quarter. The company says that it is "developing a new generation of insecticides by employing peptides sourced from spiders."

Stealthy company [Bio Architecture Lab](#) secured \$3.4 million for its unknown clean technology development. [X/Seed Capital](#) made the investment and focuses on biotechnology and electronics seed stage investments.

Energy

Venture-backed Energy company fundings decreased by 18% compared to the previous quarter. The number of companies funded also decreased 27%, from 15 in the previous quarter to 11 in the current quarter.

International oil exploration and production company [Kosmos Energy](#) raised the largest round during the quarter, securing \$56.5 million from existing private equity investor [Warburg Pincus](#). The company is focused on securing energy supplies from the west African region and has raised in excess of \$165 million in the last two years.

Wilmington, MA-based [Advanced Electron Beams](#) secured \$14.2 million in its third round of institutional venture capital financing. AEB has developed technology that captures the power of electron beams and delivers its energy to industrial customers.

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[Flagship Ventures](#) led the AEB financing round, which also included a number of other noted venture capital firms. The company said it would use the funding proceeds to accelerate sales growth and develop additional applications of its technologies.

Environmental

The Environmental sector tallied only one transaction for \$2 million during the quarter, the same result as in the previous quarter. The company that received the funding, [Finite Carbon Corporation](#), says that it "provides a single source solution for creating and monetizing carbon credits." [TL Ventures](#) and [Novitas Capital](#) made the investment. The company did not disclose how the funding proceeds would be used.

Table 1

Venture Funding Activity – 3rd Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Alternative Energy	\$292 Million	+ 20 %	20	+ 25 %
Clean Technology	\$10 million	- 86 %	3	- 50%
Energy	\$117 million	- 18%	11	- 27 %
Environmental	\$2 million	--	1	--
Total	\$421 million	- 8%	35	- 8%

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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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