



ENVIRONMENTAL
ENTREPRENEURS

ETAAC Committee Report

Finance Subcommittee

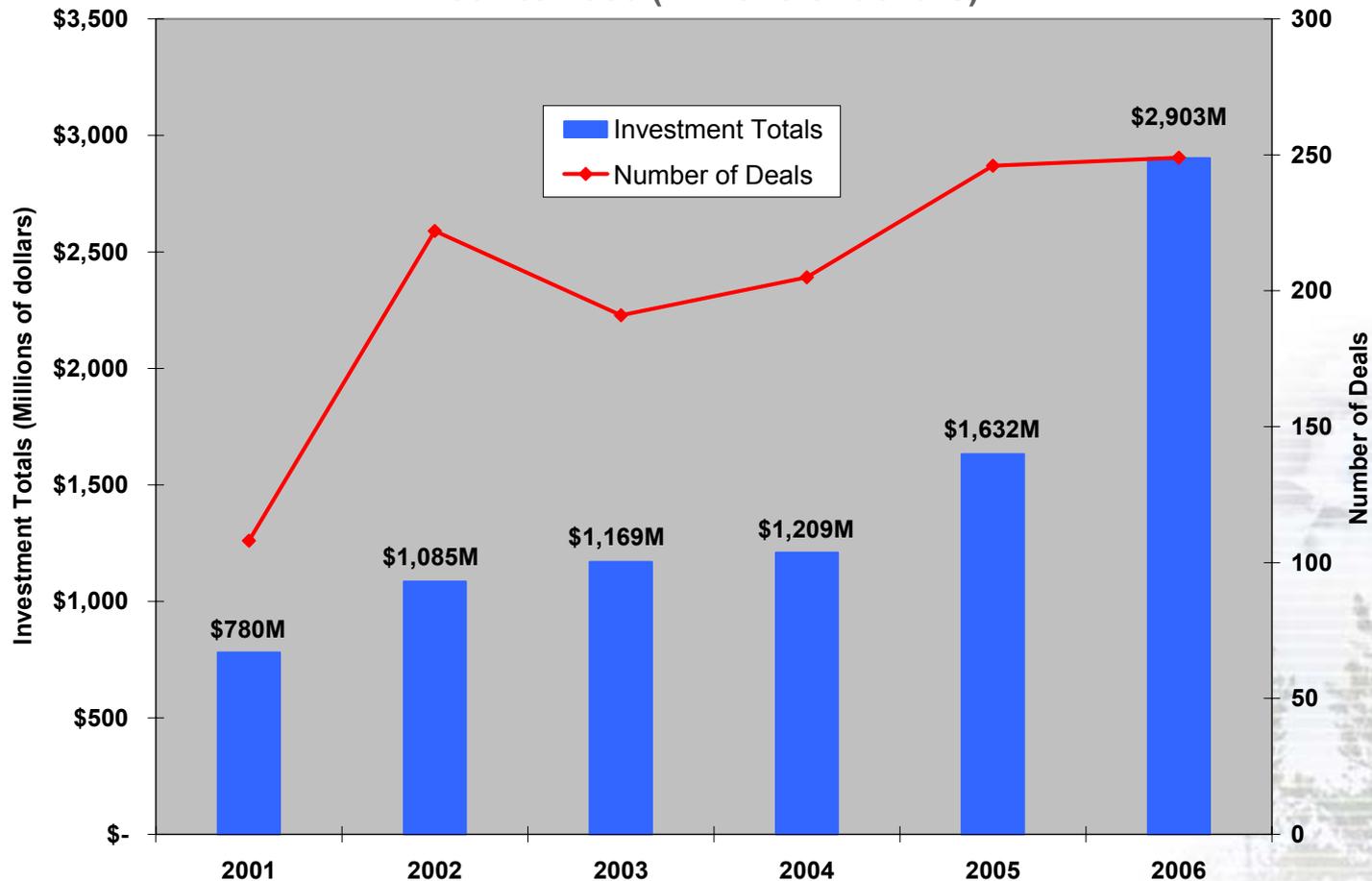
May 31, 2007

Diamond Bar, CA



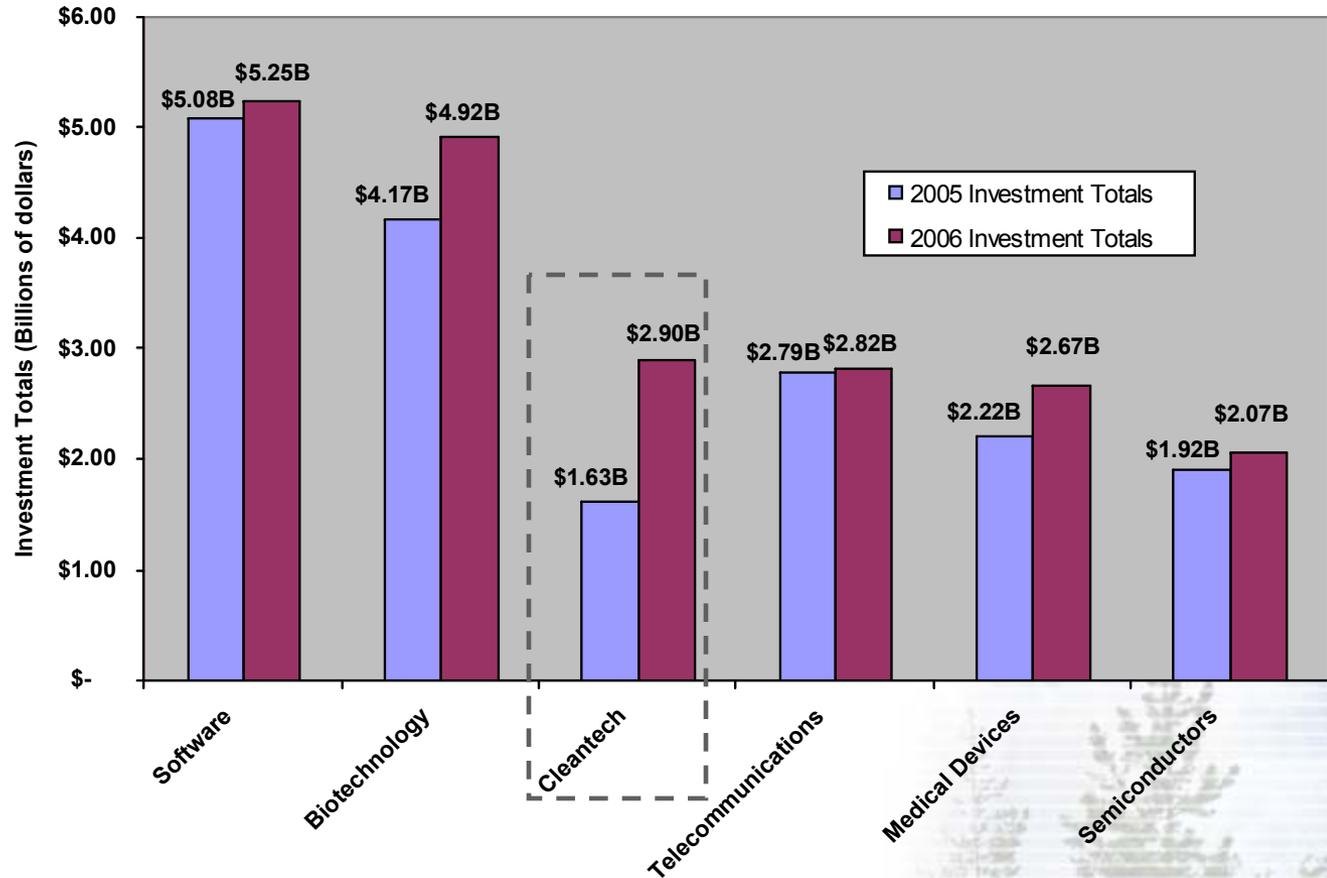
Cleantech Venture Capital Trend

Annual North American Cleantech Venture Capital Deals and Investment Totals,
2001 to 2006 (Millions of dollars)



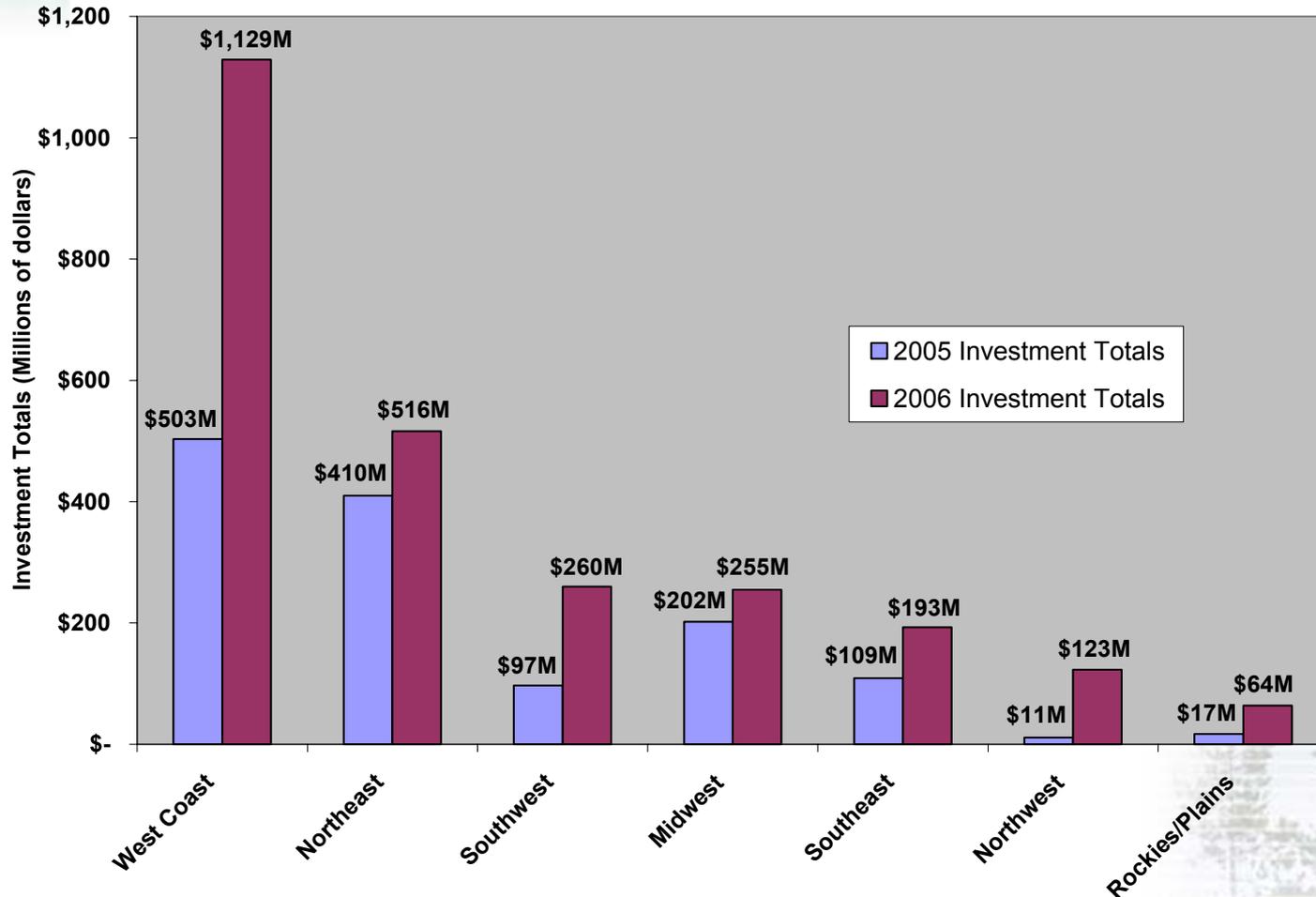
Cleantech is Now the Third Largest VC Investment Category in North America

- Fastest growing category
- Participation from over 400 investment companies
- Includes nearly every major player



West Coast Growth Accelerating

Cleantech Investment by Region, 2005-2006



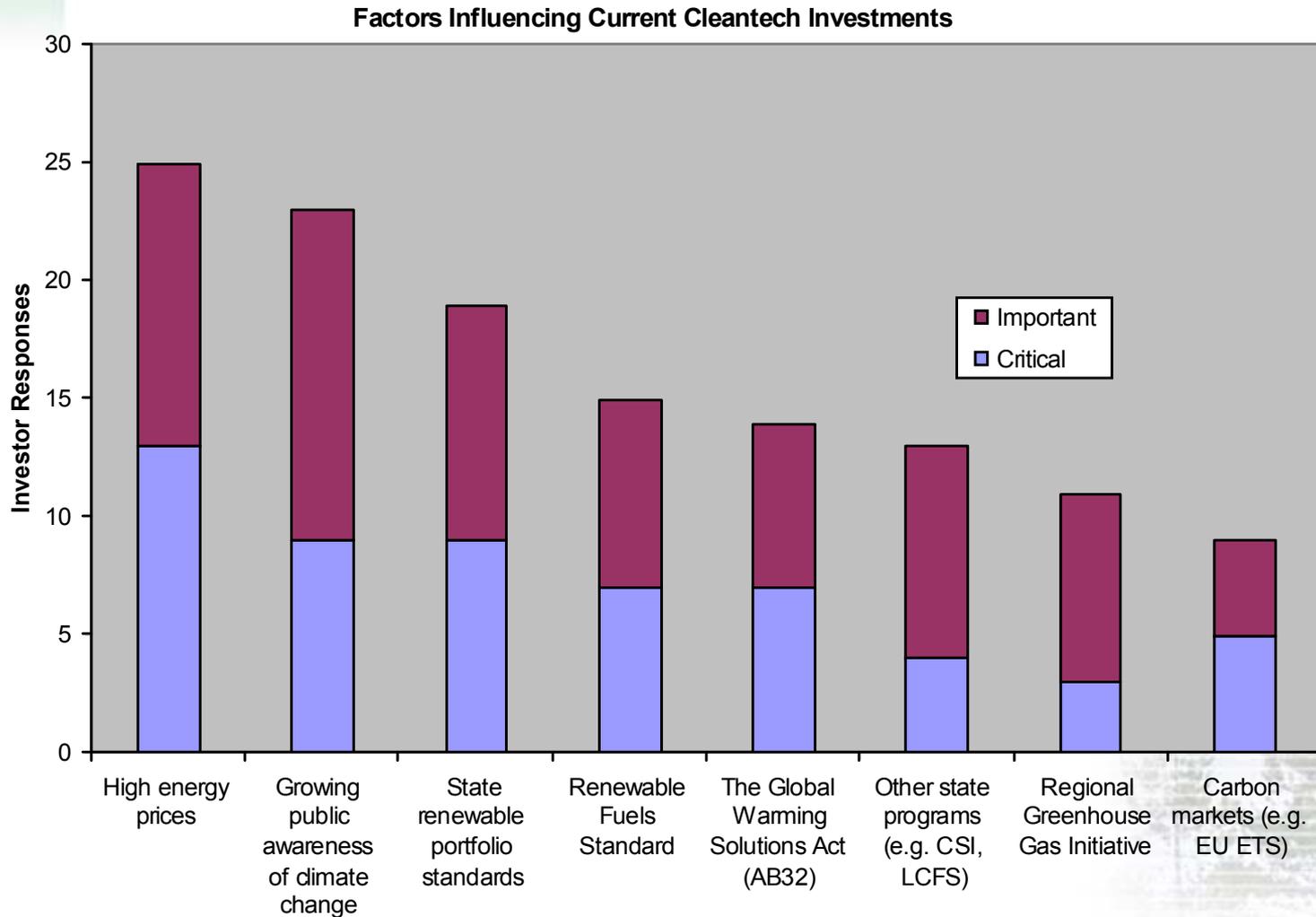
Factors Influencing Growth

- Higher energy prices
- Experienced entrepreneurial talent moving to Cleantech
- Technology advances due to public/private R & D
- Climate change
- State and national policies
- Capital market acceptance of investment category



Influence of Public Policy on Cleantech

Results from opinion poll of March 2007



ETAAC Report: Financial Section

- Overall Goal: Identify financial structures that can:
 - (1) accelerate the reduction of greenhouse gas emissions
 - (2) create a net improvement in California economy and jobs over business-as-usual
 - (3) result in more competitive energy bills over business-as-usual



Suggested Ideas To Date

- State financed, direct incentives
 - Best use of proceeds if allocations are auctioned
 - Tax bias, revenue neutral for lower carbon (e.g. AB1190)
 - Lending programs for energy efficiency/renewables (e.g. City of Berkeley)
- Encouraging private investments in projects
 - Increasing use of ESCOs
 - Structure for White tags (energy efficiency credits)
 - Structuring permit allocation scheme to encourage efficiency
 - Policies that encourage investment in emerging technologies
 - California and non-California Offset projects, including avoided deforestation
 - Education/training programs for appraisers, building managers
 - Smart meters and submetering of buildings
- State projects and purchasing as early adopter
 - State as early purchaser of efficiency credits (Carl Moyer style)
- California's competitiveness for attracting new manufacturing
 - Buy California campaign
 - Incentive structures to attract energy efficient manufacturing

Process and Timeline

- **Ideas will be evaluated against 3 Criteria:**
 - **Efficiency:** maximize emissions reductions
 - **Leverage:** maximize private capital investment
 - **Feasibility:** difficulty of implementation
- **June:** Continue to gather ideas and force rank according to 3 criteria
- **July & August:** Research ideas and report initial conclusions at September meeting

