

## **U.S. Cleantech Venture Capital Investment Grew Significantly Last Year**

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U.S. venture capital (VC) investment in cleantech companies increased by 8% to \$3.98 billion in 2010 from \$3.7 billion in 2009, and deal total increased by 7% to 278, according to an Ernst & Young LLP analysis based on data from Dow Jones VentureSource. VC investment in cleantech in the fourth quarter of 2010 reached \$979 million, with 72 financing rounds - flat in terms of deals and down 14% in terms of capital invested compared to the fourth quarter of 2009.

"In comparison to the early days of cleantech, the 2010 US VC investment results reflect a turning point in the industry due to improving credit and capital markets, the deployment of stimulus spending and increasing corporate cleantech adoption," says Jay Spencer, Ernst & Young LLP's Americas cleantech director.

The energy and electricity-generation market segment raised \$1.32 billion in 2010, the most VC funding for the year, which was largely attributed to investments in follow-on solar deals and a second generation of solar companies, according to the report. Investments in solar in 2010 increased by 77% to \$1.58 billion.

In the fourth-quarter of 2010, solar investments reached \$279.17 - an increase of 129% compared to the same period last year. The largest deal for all of the fourth quarter of 2010 was completed by Abound Solar, a Fort Collins, Colo.-based provider of photovoltaic modules, which raised \$111.18 million. Another notable deal in this segment was solar cell developer SoloPower Inc. of San Jose, Calif., which raised \$51.57 million.

In addition to sub-sector trends, 2010 US cleantech investment was marked by a resurgence of seed round investment, Ernst & Young says. Seed rounds accounted for a large number of deals - 18 - for 2010, a 125% increase in comparison to eight seed round deals in 2009. The share of investment dollars going to second rounds increased from 18% in 2009 to 26% in 2010. Later-stage deals received \$2.37 billion, or 62% of the money invested in this period.

At the federal government level, the \$858 billion tax-cut bill recently signed by President Obama will extend grants for renewable energy projects for a year, a potential boost for developers seeking financing, the report adds. California legislators further set the stage for significant cleantech investment and adoption. The state's regulators approved a rule that would require utilities to get a third of their power from renewable sources by 2020, the most ambitious standard in the US.

The western U.S., led by California, continued to dominate national cleantech investment in 2010. The Mountain Region, Pacific Northwest and California collectively completed 154 deals equaling \$2.76 billion in 2010. The Northeast, Mid-Atlantic and Southeast regions of the U.S. jointly secured 74 deals, which amounted to \$625.79 million.

SOURCE: [Ernst & Young](#)