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Funding Roundup: Spain's Iberdrola to Invest \$8B in U.S.

Despite moaning and handwringing around biofuels, DuPont jumped into a \$140 million joint venture and several startups got cash.

by: Michael Kanellos and Rachel Barron

► May 19, 2008

For years, U.S. technology companies have looked at Europe as a prime export market. In greentech, the cycle is being reversed. Iberdrola, the huge, Spain-based utility, said Sunday it would invest up to \$8 billion in projects in the United States over the next two and a half years. The company already operates American wind parks and other facilities; the new investments will effectively double Iberdrola's U.S. footprint. By the end of this year, the company expects its wind capacity to grow from 2.4 gigawatts to 3.6 gigawatts. Earlier this year Iberdrola placed orders for approximately 200 wind turbines from General Electric. The turbines, to be delivered in 2010, will be added to wind parks in the United States. If Iberdrola hits its goals, it will control 15 percent of the U.S. wind market. Although uncertainty surrounding investment and production tax credits has spooked some would-be investors in the U.S., proponents of the American market say alternative energy credits will be inevitable after the next presidential election. Until then, here are some of the greentech companies that have scored funding or announced they are pursuing it in the last week:

Biofuels

- Chemical giant [DuPont](#) and Danish-food-processing conglomerate [Danisco](#) announced they would invest \$140 million in a joint venture that will make ethanol and other fuels from agricultural waste products. The companies said they hope to have a pilot plant open by 2009 and a commercial plant in operation by 2012. Earlier this year another set of established corporations, Chevron and Weyerhaeuser, joined together to create biofuel joint venture Catchlight Energy.
- Colo.-based [Gevo](#), which wants to make biobutanol, raised \$17 million in a third round of funding Wednesday. Gevo is part of the microbe mafia that Khosla Ventures has built in the past three years; new investors in this round include the Malaysia Life Sciences Capital Fund. For years butanol has been used as a solvent, but it also can be consumed as a fuel. Unlike ethanol, butanol can be transported in conventional pipelines. Gevo employs biological, rather than thermochemical, processes to transform plant matter into fuel. [GreenFuel Technologies Corp.](#) raised \$13.9 million from Access Private Equity, Draper Fisher Jurvetson and Polaris Venture Partners. The company has developed a system that captures carbon dioxide from smokestacks, feeds it to algae in bioreactors and then turns the algae into fuel (see [GreenFuel Nearly Finished with Phase One for First Commercial Factory](#)). While GreenFuel has managed to capture CO₂ and grow algae, it has had trouble with the fuel development and costs on a prototype in Arizona have exceeded expectations. Last year technology veteran and GreenFuel investor Bob Metcalfe stepped in as CEO. [Xconomy](#), however, has reported that GreenFuel has landed a deal to build a plant in Europe. The company has now raised more than \$73 million since 2001.

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- ▶ [SunEthanol](#) received a \$100,000 grant from the Department of Energy to conduct further research. The company wants to convert plant matter into ethanol via a microbe, called the Q Microbe, discovered by the company's researchers. SunEthanol asserts that it will be able to produce fuel cheaper than competitors because it combines two steps - hydrolysis and fermentation - into one. Other companies are trying to combine steps as well, but none have yet achieved mass production. A key metric in this market will be how many gallons of fuel per dry ton a cellulosic ethanol manufacturer can obtain. ZeaChem, a competitor, says it can get 160 gallons from a ton of matter; most other companies say they can get more than 100 gallons. Biofuel company [AltraBiofuels said Monday](#) it has retained more than 30 percent of cellulosic ethanol developer Edeniq's outstanding equity. The move makes AltraBiofuels [Edeniq's](#) largest shareholder. AltraBiofuels also announced it had selected Kenneth DeCubellis, the company's vice president of business development and commercial operations, as the company's new CEO. Before joining the Los Angeles-based company, DeCubellis spent 10 years at Exxon Mobil in a variety of senior management positions. DeCubellis is replacing AltraBiofuels founder Larry Gross, who left the company to become CEO of Edeniq.

Solar

- ▶ Solar-thermal developer [BrightSource Energy](#) landed \$115 million in a third round of funding Wednesday. Built by alumni from one of the original solar thermal companies (Luz), Brightsource earlier this year landed a contract to supply 500 megawatts of power to the Pacific Gas & Electric Co. from a solar-thermal field that will become operational by 2011. PG&E has an option to expand the deal by 400 megawatts. Brightsource is putting the finishing touches on a prototype in Israel.
- ▶ Thin-film panel maker [Ascent Solar Technologies](#) said Friday it would offer 3.8 million shares for \$14 per share under the ticker "ASTI" during its Nasdaq debut. It will use the money to design, buy and install tools that can produce up to 30 megawatts of thin-film panels per year, as well as for general corporate purchases, [according to the announcement](#).

Transportation

- ▶ Electric-car maker [Tesla Motors](#) said Saturday that it's planning to take the company public by the end of the year to raise about \$100 million, [according to CNET](#). Tesla previously said in February that it was gearing up for an IPO in 2009 (see [Tesla to Big Three: Let's Be Friends](#)). The San Carlos, Calif.-based eco-minded automaker also said at the time it was looking to raise a "large Series E" equity of roughly \$75 million to \$100 million in late summer.
- ▶ [Electrorides](#), which unveiled its electric ZeroTruck prototype at a conference in Las Vegas last week, told Greentech Media that it is seeking \$20 million in funding (see [Electrorides Seeks \\$20M](#)). The company was founded with \$500,000 of self-funding last year and has only taken money from private individual investors so far (see [Pimp My Commercial Truck](#)).

Wind

- ▶ [FloDesign Wind Turbine](#) won two technology prizes from MIT totaling \$300,000, and allegedly landed \$10 million in VC funding, for its novel wind turbine. Rather than generate power from huge, slow-moving blades, FloDesign's device channels wind into a turbine that looks like a jet. The company says its turbine can harvest around three times as much energy as conventional turbines. The funds will help FloDesign build a prototype, which it hopes to complete in 18 months. The jet aircraft part is no coincidence - parent company FloDesign specializes in jet engines.

Lighting

- ▶ [CrystalQ](#), a Netherlands-based LED-lighting company, said Monday it had grabbed an undisclosed amount of funding. Investors included Sustainable Energy Technology Fund, EPT/Benno Wiersma and E2 Cleantech, according to the press release. CrystalQ said it prepares sapphire crystal wafers and polishes the wafers to be used by the LED industry. The company will use the money to help it grow its own sapphire crystals.

Other

- ▶ Energias de Portugal said it would take its renewable-energy division public, offering 25 percent of the shares of EDP Renováveis in an offering worth nearly \$3 billion (see [Green](#)

Light post).

- ▶ Not all biofuel goes into a tank. [Genomatica](#) topped off a \$20.4 million round last week while [Novel Polymer Solutions](#) received \$9.7 million (see [Cleantech Investing post](#)). Both companies are developing environmentally-friendly substances that can substitute fossil fuel in industrial chemicals (Genomatica) and plastics (Novel).
- ▶ Renewable-energy-project startup [Principle Power](#) said Wednesday it raised \$2.3 million in debt financing. Investors include members of the Keiretsu Forum and other undisclosed investors from Spain, Mexico and Portugal. In January, Principle Power told Greentech Media that it was on the hunt for \$1.5 million and had about half already committed (see [Principle Power Seeks \\$1.5M](#)). The round ended up being oversubscribed by more than 50 percent.

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