



A SARTA Initiative. Making the Region a Green Powerhouse.



CleanStart Progress Report 2008

In 2005, CleanStart said that we could have a clean tech economy here with 10,000 new jobs and \$5 billion per year in direct economic activity in ten years. It seemed hugely optimistic, but now it is happening. First, investment in clean tech continues to soar. Venture capitalists invested \$5.2 billion in clean tech in 2007, 38% ahead of the pace last year. That surge in investment benefits all regions which have strong clean tech companies. And we do. In 2007 the Sacramento Employment and Training Agency did a survey of the number of jobs in those companies and found out they represent over 1300 jobs in the area right now. This is a great base from which to grow, and a surprising number to many who have not been aware of the region's success. **Sacramento is well on its way to becoming a "Green Energy Powerhouse."**

To take the next step in enhancing our local entrepreneurial teams, CleanStart spearheaded the GreatStart Mentorship Program for SARTA, a no-cost mentoring program for technology companies in the region. Learn more at www.GreatStartMentor.org.

The major event of the year for CleanStart was the **Sacramento Region Clean Energy Showcase**. It was held October 11, 2007 in conjunction with the UC Davis InnovationAccess Entreprefest 2007. Over 300 people attended and said some amazing things about the event.



- 74% said content was quite good or fantastic
- 80% enjoyed one full day and the location
- 90% said the company presentations, booths and exhibits were good or great!
- "Outstanding facilitation; top notch planning; great food and coffee. The organizational efforts exceeded my expectations and were among the best of any conference I've attended."
- "I was completely naive to all the options there are in "going green" and was amazed at all there is out there, and what's being worked on."
- "The guys making it go were clearly movers and shakers."
- "Besides the fact that the exhibits added something tactile to the speaking program, I found some great ideas for new building materials for improving the energy efficiency of my current home remodeling project. Great timing!"

These results are well above the average for a conference and indicate just how much people appreciated the event. People called it "**networking at its best**", and "**hope this becomes an annual event**". With the incredible support of Comstock's Magazine, even the program document for the event was a knock-out, in full color with great articles on the region's clean tech economy.

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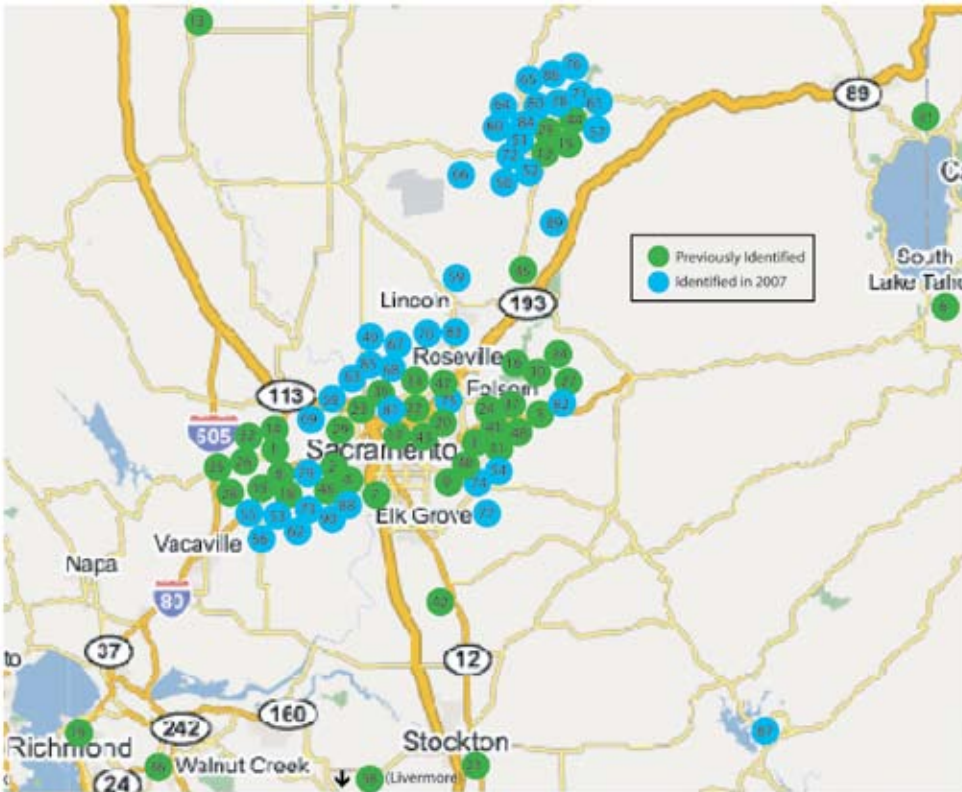


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THE SACRAMENTO AREA ALREADY HAS NEARLY 100 CLEAN TECH COMPANIES—AND THAT NUMBER JUST KEEPS GROWING.

Excerpts of Opening Remarks at the Clean Energy Showcase



We come here today to give meaning to the phrase "California's Clean Energy Capital". We come here to learn how our region managed to spawn over 70 new clean energy companies. We come here to learn how we can take that spark and coax it into a flame to ignite a clean energy economy that will sustain us throughout the century and beyond... We even come here to celebrate the things that make our region special; our great universities, our brilliant inventors, our innovative governments, our pools of experienced business leaders, and our bold investors willing to take a chance that they might do well by doing good right here...

... We come together... to forge a consensus on what we need to do to make this region a clean energy center – how do we make it real?

We already have a significant head start. We have the second-largest quantity of certified high energy efficiency office buildings in the entire nation. We have just been selected for the state's largest biofuel production facility to be built in West Sacramento. We have one of the leading green power programs with our utilities. We have two of America's greenest buildings. We have the headquarters of 4 significant national clean energy companies. We have just seen 900 people attend a national conference on "Going Green" at UC Davis. We have been recognized by the World Economic Forum as a region which is a global "New Champion" in clean energy. We are being courted by foreign governments as a potential home for CET companies.

This region is home to the California Energy Efficiency Center, the Renewable Energy Institute, the Institute of Transportation Studies, the California Lighting Technology Center, the Cooling Efficiency Center, a new \$25 million Chevron-funded biofuels center, the California Fuel Cell Partnership, the California Biomass Collaborative, the California Wind Collaborative, and the Clean Energy Center, to name a few.

We are organized to make clean technology a new base for our economy. We have SARTA, the Metropolitan Chamber, the Sacramento Area Commerce and Trade Organization (SACTO), CleanStart, and the 75 members of the Partnership for Prosperity. We have incentives for clean tech companies from six of the largest cities in the area. And all these organizations are all pulling in the same direction.

We also are the headquarters of major state energy and environment agencies and the home of two of the largest pension funds that each have leading green investment programs seeking to place a billion dollars in that sector. The California Climate Change Initiative and the California Solar Initiative are drawing worldwide interest, and investment, to California. And perhaps most importantly we barbecue with our neighbors that work at the California Energy Commission and CalEPA and the Legislature. Our kids play soccer with the kids from families that work at CalPERS and CalSTRS. These are our friends. It is that community which makes us so strong and unique.

CLEAN ENERGY TECHNOLOGY COMPANIES

- | | | |
|-------------------------------------|-----------------------------------|---|
| 1 Advanced Energy Products | 31 Mariah Power | 62 Novozymes, Inc. |
| 2 Advanced Luminescence, Inc. | 32 High-Merit Materials | 63 Pacific Renewable Fuels |
| 3 AgriPower, Inc. | 33 Novatorque | 64 Pelton's Solar Service |
| 4 Q1 Nanosolar | 34 Eion Energy | 65 Piedmont Plumbing & Mechanical |
| 5 Allergy Systems | 35 New Grid Wind Energy | 66 Plan It Solar |
| 6 Appropriate Energy, Inc. | 36 Heliodynamics | 67 Premier Homes |
| 7 Atlantis Energy Systems, Inc. | 37 EcoComposite | 68 Premier Power Renewable Energy, Inc. |
| 8 Wilcox Ocean Power | 38 PeeVee, Inc. | 69 PureAire Technologies |
| 9 Bergquam Energy Systems | 39 Jerico Mechanical | 70 SCHOTT Solar, Inc. |
| 10 Hyphase Energy | 40 Pacific Ethanol, Inc. | 71 Sierra Solar Systems |
| 11 Clean Energy Systems, Inc. | 41 ADEMA Technologies, Inc. | 72 SMA America, Inc. |
| 12 Open Energy Corporation | 42 Cardinal Glass Industries | 73 Solar Depot, Inc. |
| 13 FAFCO, Inc. | 43 Siemens Transportation Systems | 74 SOLARplus (Lennar) |
| 14 Sierra Energy | 44 Definitive Designs | 75 Solar Power, Inc. |
| 15 Impulse Devices | 45 Pacific Power Management | 76 Solar Quest |
| 16 Jadoo Power Systems | 46 Ecostream | 77 Spectrum Energy Development, Inc. |
| 17 Carbon Sequestrations | 47 Granite Bay Solar | 78 Sunlight Power Solar Services |
| 18 Onsite Power Systems | 48 Residential Control Systems | 79 SunTechnics Energy Systems, Inc. |
| 19 Optimal Technologies (USA), Inc. | 49 Glass Paradigm | 80 Sustainable Energy Group |
| 20 PLEXOS Solutions, LLC | 50 Blubilt Water Systems | 81 SVV Technology Innovations, Inc. |
| 21 ReSo International | 51 California Solar Electric Co. | 82 SynapSense Corp. |
| 22 Ribbon Technology International | 52 David Wright Associates, AIA | 83 Treasure Homes |
| 23 Battery MD Inc. | 53 Davis Electric Cars, Inc. | 84 Vector Engineering, Inc. |
| 24 SolarRoofs.com | 54 DeSol Power | 85 Verde Development, LLC |
| 25 Wireless Seismic | 55 Dyadic International, Inc. | 86 Wood Heat Systems |
| 26 Davis Energy Group | 56 Dynamic Design Engineering | 87 AIM Solar Corp. |
| 27 Blue Point Energy | 57 Green Living Systems | 88 GreenSwitch |
| 28 Adura Technologies | 58 Henwood Associates, Inc. | 89 World Water & Solar Technologies Corp. |
| 29 Excel Solar | 59 Mobley Technologies, Inc. | 90 Lennar Homes |
| 30 Marquiss Wind Power | 60 Morley Manufacturing, Inc. | |
| | 61 Mountain Solar | |

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The Showcase was a significant learning event. Here's what we learned from the event to help Sacramento succeed in becoming a clean tech capital:

- There needs to be financial support beyond the lab research. California Energy Commission's PIER and EISG programs are perfect for this if given a commercialization focus.
- There need to be some great "cash-outs" or "exits" for clean energy companies in this region to demonstrate one can make high returns – we haven't seen that yet but we could shortly.
- We need a deep bench of serial entrepreneurs, CEOs, CFOs, etc. with company building experience – we have seen 100,000 people move here from Silicon Valley as a better place to work and live, so the bench is growing.
- We need to have risk capital focused on clean energy – our angel investors tend to focus on computers and software – their zone of comfort. But now with Velocity Venture Capital, Wavepoint Ventures, DFJ Frontier and American River Ventures targeting clean tech, that focus is beginning to happen.
- Entrepreneurial teams need training – we are getting that with the new GreatStart Mentorship Program of SARTA, the UCD Center for Entrepreneurship and elsewhere.
- We need an educated and specially trained workforce for clean tech companies – that creates an attachment to the region that is not easy to duplicate elsewhere and gives us an edge. We see the colleges and universities stepping up to the plate to provide the necessary education.
- We need cluster areas where growing companies feel they get mutual support – starting to see these emerge in Folsom, Rancho Cordova, Roseville, Sacramento, West Sacramento, – but we need more.



(From left to right) **Gary Simon**, Chairman CleanStart, **Panelists: Dr. Jeffrey D. Byron**, Commissioner, California Energy Commission, **Dr. Barry Klein**, Vice chancellor of Research, UC Davis; **Hal LaFlash**, Director of Emerging Clean Technology Policy, PG&E; **Jack Crawford Jr.**, General Partner, Velocity Venture Capital.



Congresswoman Matsui and David Eawicker, Assistant Vice President for Sponsored Research, Grant and Contract Administration, CSUS with **Ingrid Rosten**, Managing Director, Clean Start. Business, government and education working together in support of clean energy technology (CET) in our region.

Photos courtesy of Riverview Media Photography

In addition to the Showcase, there were lots of other positive developments in 2007:

The region forged a unity on a clean tech focus. The Metro Chamber set clean tech as a primary goal, with a target of 20,000 new direct and indirect jobs by 2015. SACTO took aim at building home-grown companies in the region in addition to recruiting more to move here.

"Is our region ready to be a clean-tech mecca? Unless you are awakening from a Rip Van Winkle nap, you've probably noticed that the hottest field of California business is the so-called 'clean-tech' sector. Local actions will determine whether companies want to make their home here". Sacramento Bee Editorial, October 10, 2007

And the regional Partnership for Prosperity Clean Energy Action Team encouraged local governments through SACOG to adopt clean energy as a goal for economic development, purchasing and local sustainability.

"The Sacramento City Council unanimously approved an effort to market the area's existing enterprise zone to clean-energy companies and to help develop the Sacramento region as a green-technology hub". Sacramento Business Journal, August 22, 2007



August 27, 2007 Mixer with Korean KITECH delegation in W. Sacramento

On the company-building front:

- Local firm Velocity Venture Capital stepped in to assist Jadoo Power (fuel cells) with fresh investment when Bay Area investors dropped out, setting the stage for growth of a new major company in the region
- Goldman Sachs invested \$25 million in Sacramento - and Benicia based Optimal Technologies (software to increase energy efficiency)
- Marquiss Wind Power raised several million from local sources to launch its rooftop wind product
- SynapSense (remote monitoring to cut excess energy use) got \$12.5 million in investment after seed investment from American River Ventures and DFJ Frontier.
- Pacific Ethanol (PEIX) achieved record sales and production volumes on its way to 220 million gallons of ethanol production in 2008 and got a boost from a tax-exempt loan of up to \$35 million from the state
- Blue Point Energy (CPEU) initiated a nationwide demand response business aggregating equipment already on-site for energy users and controlling it to provide on-command load reductions to grid operators—a major growth boost for the company

The momentum toward that \$5 billion clean energy economy in the region is strong and growing.

In the coming years, CleanStart will continue that momentum by:

- Having an annual event – alternating between a venture fair, a business plan contest and a regional showcase – keeping clean energy as a rallying point for the community and in the public eye
- Establishing prizes and recognition awards for clean energy innovators in the area – Prizes are a good way to stretch existing resources and gain the attention of innovators and investors
- Working to add funding for incubator services for promising technologies from government R&D contracts – Increase the chance that the public money already being spent will result in products that reach the market
- Helping create a critical mass of clean energy activities in the region – Seizing the opportunity to establish some federal technology testing and commercialization labs here
- Promoting the establishment of more physical incubator space throughout the region with SARTA, GreatStart and CleanStart providing mentoring, training, and other services to accelerate company growth

We are extremely grateful for all our sponsors and contributors that make this program of SARTA possible.



CleanStart will help entrepreneurs assemble solid management teams, secure adequate funding and accelerate the commercialization of sound product ideas. Through this mission, CleanStart will create jobs and wealth for the Capital Corridor region.

CleanStart was born out of an innovative needs assessment study that was jointly funded and managed by the California Energy Commission, the Sacramento Municipal Utility District, and is a program of SARTA.

Our mission is to help Capital Corridor entrepreneurs by empowering them with the knowledge, capital and connections that are critical to creating a successful new business.

In the Capital Corridor alone, there are 80 active clean energy companies, a number that is projected to grow to more than 300 in the next few years, employing another 10,000 people and bringing over \$5 billion in new economic activity to the Sacramento region.

CleanStart Goals:

- By 2008, add 10 new Clean Energy Technology (CET) companies in the region, with 100 net new jobs.
- By 2010, add 25 new CET companies and 1,000 net new jobs in the region.
- Build a network of expertise in the CET Sector.
- Develop an approach to assist CET companies with the commercialization of their technology and acceleration of their business success.
- Establish acceleration programs as an important tool for developing strong partnerships with local universities, the business community and the technology communities.

www.cleanstart.org



Gary Simon, CleanStart Chairman, invited speaker at the 2007 World Economic Forum, "Davos in Dalian", China conference. The conference hailed Sacramento as a "New Champion" for clean energy.

PARTNERS

