

FlexEnergy Applauds California’s Proposed Self-Generation Incentive Program Decision

FlexEnergy is a SAIL II, SAIL 2010 and SAIL 2011 portfolio company.

FlexEnergy owns a breakthrough solution that creates clean energy with near zero emissions from harmful greenhouse gases, applauds the California Public Utilities President Michael Peevey’s proposed decision that modifies the Self-Generation Incentive Program (SGIP). The program stimulates the installation of clean energy generation technologies.

“President Peevey’s proposed SGIP decision will help California maintain its leadership in the clean technology industry and will create jobs for many Californians,” says Joe Perry, FlexEnergy’s CEO, “FlexEnergy technology is available today

and will help to improve our environment and energy independence.”

The SGIP is a program designed to provide rebates for qualifying energy systems. As proposed, the new SGIP will provide FlexEnergy customers with significant incentives for the purchase of new equipment, including the Flex Powerstation™ and the Flex Turbine™. The proposed SGIP benefits FlexEnergy’s conventional low-emission combined heat and power (CHP) projects, with a significant additional incentive provided for customers using in-state biogas resources.

As proposed, a FlexEnergy customer purchasing a 250 kilowatt Flex Powerstation™ or Flex Turbine™ would receive an incentive of \$125,000 for a

FlexEnergy

conventional CHP system and \$500,000 for a biogas system. The incentive would be paid 25% up front and 15% for the following 5 years based on actual measured performance.

Proposed new SGIP Incentive levels would be as follows:

- (1) Flex Powerstation™ FP250 (Biogas): \$2,000/kw
- (2) Flex Turbine™ MT250 (Biogas): \$2,000/kw
- (3) Flex Powerstation™ FP250 (Conventional Fuel-Based CHP): \$500/kw
- (4) Flex Turbine™ MT250 (Conventional Fuel-Based CHP): \$500/kw.

www.flexenergy.com

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Xtreme Power’s Recent \$19 Million Funding Round

Xtreme Power is a SAIL I, SAIL II, SAIL 2011 and SAIL 2010 portfolio company.

Xtreme Power upgraded to a \$19 million funding round after the company reported earlier that they just completed a \$16.4 million round of funding. Xtreme Power collected the capital from 14 investors.

In 2007, the company received a \$2 million grant from the Texas Emerging Technology Fund, which they considered its Series A round of funding. In June 2009, it completed a \$5 million Series B round of financing from California-based Sail Venture Partners. In late 2009, Xtreme Power received \$2 million of a planned \$5 million Series C

round of financing from a lone investor.

Xtreme Power develops batteries, electronics and control systems comprising hardware and software. It employs about 100 workers.

www.xtremepower.com

News Briefs:

- Enerpulse Featured on Future360 with Sarah Backhouse, host of Discovery Channels’ Planet Green (July 2011)
Colorado Governor, John Hickenlooper, Announced His Economic Development Plan at Ice Energy’s Windsor Facility (July 2011)

The European Hotel Industry Embraces Activeion

Activeion is a SAIL II portfolio company.

Jaron Weijel, co-owner of Conscious Hotels in Amsterdam, initially doubted that cleaning with just ionized tap water made sense. At first, the ionator EXP™ seemed no more than a nice gimmick that suited the hotel's green philosophy, but, he says. "But then I saw how clean and bright everything looked and that Activeion technology really works well."

This groundbreaking product is now available to European hotels, pubs and caterers. It provides chemical-free cleaning solutions to a variety of businesses. The ionator received HACCP

certification, and NSF International registration, thereby confirming its safety for food and beverage preparation and servicing areas

Independent third-party lab results certify that, when used as directed, the Activeion ionator kills 99.9% of harmful common bacteria such as E. Coli, Salmonella, Staph, MRSA, and Listeria, and eliminates the 2009 H1N1 influenza, in just six seconds.

A third of the cleaning chemicals used today contain harmful ingredients. According to SafeWorkers Organisation* in the UK, there are around 100,000 different potentially harmful substances recognized across

Europe. But Activeion products save time and money and in doing so, protect customers and staff from infection.

"This is your opportunity to use a completely chemical-free way to clean" said André G. Krell, General Manager of Activeion (Europe) GmbH, based in Switzerland. The new cleaning technology's safety credentials are impeccable. The Activeion product has the highest possible safety profile as determined by the TURI (Toxic Use Reduction Institute – Surface Solutions Laboratory, University of Massachusetts, Lowell, USA).

www.activeion.com



Auto Manufacturers Support New Fuel Efficiency Standards

Recently, President Obama signed an agreement with thirteen major automakers to pursue the next phase in the Administration's national vehicle program, increasing fuel economy to 54.5 miles per gallon for cars and light-duty trucks by Model Year 2025.

Ford, GM, Chrysler, BMW, Honda, Hyundai, Jaguar/Land Rover, Kia, Mazda, Mitsubishi, Nissan, Toyota and Volvo – which together account for more than 90% of all vehicles sold in the United States – as well as the United Auto Workers (UAW), and the State of California joined the President in this agreement.

According to the White House, by 2025, the new standards will save **\$1.7 trillion** dollars in fuel costs. That is an

average fuel savings of over **\$8,000** per vehicle. Additionally, these programs will save a total of **12 billion** barrels of oil, and by 2025 reduce oil consumption by **2.2 million** barrels a day—i.e. half of the oil imported from OPEC every day.

The standards also curb carbon pollution, cutting more than **6 billion** metric tons of greenhouse gas over the life of the program—more than the amount of carbon dioxide emitted by the United States last year.

Auto manufacturers, including the Association of Global Automakers and its member companies voiced support for this next phase of fuel economy standards,

with most indicating that the standards are a difficult but worthy challenge.

The Environmental Defense Fund quickly rebutted by noting that technology already exists to achieve these standards, and that the manufacturers should not encounter any speed bumps. "If U.S. automakers achieve 54.5 miles per gallon, it will vastly improve our national future on many levels. And they certainly should succeed; we have the technology to reach that goal, and even to surpass it," said EDF President Fred Krupp. "The smartest automakers should view the new standard as a floor, not a ceiling."



Activeion Establishes its New Office of CEO

Activeion is a SAIL II portfolio company.

Activeion Clean Technologies announced the formation of its Office of the CEO to lead strategy and company operations, effective July 19, 2011. The new leadership structure is anchored by the

collaborative efforts of Todd Davis, Vice President of Sales; Kathy Ford, Chief Financial Officer; Andre Krell, General Manager of Europe; and Todd Schaeffer, Vice President of Research. The Office of the CEO is taking over from John Walden, former chief executive

officer, who moved into a strategic advisory role. Activeion is very appreciative of John's efforts on behalf of the company over the past year.

www.activeion.com



Water Health International Helps the Indian Government Reach Their 2011 Water Goal—Providing Clean Drinking Water to Every Indian.

Waterhealth is a SAIL I, SAIL II and Safe Water Partners portfolio company.

The Indian government dramatically increased spending on improving access to water and sanitation facilities. Budget allocations, from 2007 to 2012, totaled \$38 billion—up from \$9.8 billion in the previous period.

According to the Department of Drinking Water and Sanitation, 59 million people live in habitations whose water sources are contaminated with fluoride, iron, salt or arsenic.

Why can't massive public spending reach the stated goal of providing clean drinking water to every Indian?

Some 85% of rural drinking water supply programs depend on a local ground-water source, yet government officials, who lack an adequate understanding of local conditions, make decisions on construction and management of water supply systems.

The government recognizes the problem. In the new framework for drinking water programs, it emphasizes

involving local panchayats (elected village councils) in planning, construction and management of their own water supply systems. But, in practice, it struggles to reach this end.

In this context, the work of two social enterprises—Water Health International and Sarvajal—provide insights into delivering clean drinking water to rural areas. Both serve rural populations using similar strategies—i.e. building small-scale filtration plants that service whole villages with bottled water at a cost of less than 20 paisa per liter.

WHI charges 4 rupees for its “Dr. Water”-branded 20-liter jerry can and also appoints delivery agents who offer optional home delivery for an additional charge of 6 rupees to 10 rupees depending on distance. WHI already scaled up to 500 plants—the bulk of them in Andhra Pradesh—servicing approximately 1 million people. It seeks to double its coverage over the next year.

Both WHI and Sarvajal forge

strong links with local communities as an integral part of their business model. WHI raises funds from third-party donors to build the plant and then operates it for a 10- to 15-year period. But ownership of the plant vests with the local panchayat, which provides land and access to a water source. Both companies carry out social marketing campaigns to raise awareness of the benefits of clean drinking water before they expand to a new location.

Despite their pay-per-use models and emphasis on commercial viability, social enterprises like WHI and Sarvajal depend on a mix of donor and commercial financing. The work of WHI and Sarvajal demonstrates that ensuring clean drinking water to every Indian over the next five-year period may well be a feasible goal.

www.waterhealth.com





SAIL Capital Partners (www.sailcapital.com) is a leading cleantech capital investment firm with a global vision of technologies, markets and opportunities. We invest in cleantech companies with proven technologies, visionary leadership and exciting growth potential. We have invested in a number of today's leading cleantech companies including: The Cleantech Group, Xtreme Power, Ice Energy, Dow Kokam, Enerpulse, Activeion, SNTech, FlexEnergy, Paragon Airheater Technologies, M2 Renewables and WaterHealth International. SAIL has offices in California, New York, and Washington D.C. and a global network of investors and advisors.



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Sources:

- FlexEnergy
- Austin Business Journal
- The Wall Street Journal
- Hospitality Net
- Activeion
- Environmental Leader

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Speaking of SAIL

June 29 – New York, New York

Hank Habicht spoke at the *Council on Foreign Relations* roundtable discussion. His panel discussed the global water security and the geopolitical and business implications.

June 29 – Fairhope, Alabama

Walter Schindler addressed the annual *Municipal Employees' Retirement System of Louisiana (MERS) Trustee Conference*. His talk reported on SAIL's recent progress in the cleantech sector.

June 15 – Santa Barbara, CA

Chris Rhoades spoke at the *Opal Investment Trends Summit*. His panel was focused on recent trends in international private equity.

June 7/8 – Toronto, Canada

Walter Schindler was one of the featured speakers at the *IMN Canada Cup of Investment Management*. He spoke about "What's Coming Next in Cleantech and Sustainability."

June 5/6 – Toronto, Canada

Walter Schindler was the closing speaker at the 2011 *VERDEExchange-Canada* in Toronto. Walter spoke about "Sustainability and Economic Growth: from California to Toronto."

May 24 – Irvine, CA

Peter Polydor was one of the featured speakers at *OCTane's "VC in the OC."* Peter focused on cleantech finance in the VC world.

May 21 – Miami, FL

Walter Schindler was the key Cleantech speaker at the annual National Conference on Public Employee Retirement Systems (NCPERS) conference. He analyzed recent trends in global investment in both Cleantech and sustainability.

May 13 – Memphis, TN

Walter Schindler was a speaker this year at the annual invitation-only *CSG AIM charity conference*. He addressed the future of global investing in sustainability.

May 12/13 – Memphis, TN

Bob Rust & Chris Rhoades won the charity golf tournament. Bob Rust is the director of the Municipal Employees' Retirement System of Louisiana (MERS).