

Sail Venture Partners to Close New Clean Technology Fund

By MARA LEMOS STEIN (Dow Jones Clean Tech Insight)

9/11/2009 – Sail Venture Partners will close its second clean technology fund targeted at \$250 million on Nov. 15, with \$32 million of that total already invested in energy storage and water technologies over the past 12 months, Clean Technology Insight has learned.

Costa Mesa, Calif.-based Sail Venture's new fund, which counts pension funds as its primary investors, will focus 60% to 70% of its investments on energy efficiency, and the remainder on water and agriculture, said Walter Schindler, the firm's managing partner, in an interview.

Speaking on the sidelines of the Cleantech Forum in Boston, Schindler said that Sail Venture defines water investments very broadly, including water purification, industrial waste-water recycling, the use of water in energy generation as well as in agriculture.

Among the firm's investments from its new fund are two energy storage companies, one of which recently received U.S. government funding under the stimulus legislation: Kokam America Inc.

Last December, Sail invested a total of \$12 million in Kokam, a South Korea-based lithium-ion battery producer, and its Kokam America subsidiary. The investment was done through a partnership with Townsend Ventures LLC, of Maryland.

Kokam America then formed a partnership with Dow Chemical Co. to create KD Advanced Battery Group LLC, which applied for and was granted \$161 million from the U.S. Department of Energy's funding program for advanced battery technologies. The partnership also was awarded a \$100 million, four-year tax credit by the state of Michigan to build a new facility, plus \$44.6 million over 15 years in state tax credits.

The partnership group plans to invest \$665 million to build the new 800,000 square-foot facility, which will have the capacity to manufacture 1.2 billion watt-hours of large-format prismatic cells and batteries annually, sufficient to power a total of 60,000 fully electric or hybrid-electric vehicles.

Dow Chemical, Sail Ventures and Townsend Capital are the three shareholders of KD, which

owns all of Kokam's intellectual property for batteries for automobile applications, while Kokam of Korea has all the non-auto technology, said Schindler.

"It's the best battery technology out there," said Schindler, referring to Dow Kokam, as the holding company of KD is called.

Over the last year the firm also invested in Kyle, Texas-based Xtreme Power Inc., which developed a nano-scale, lead-acid battery technology with storage capability ranging from 500 kilowatts to 100 megawatts that can smooth out intermittent power generation typical of wind and solar projects.

Xtreme Power's technology was developed by two aerospace companies and has been in use at the National Science Foundation Observatory in Antarctica in a project run by the University of Chicago that requires a lot of power to shift its telescope every 10 seconds, said Schindler.

"We've done a lot of research on energy storage, and we believe that Xtreme will be the best utility scale energy storage company," he said.

Xtreme Power has also been awarded a multi-million dollar grant from the Texas Emerging Technology Fund, according to the company's Web site.

Xtreme announced Thursday that it was teaming up with solar-project developer Clairvoyant Energy to invest more than \$725 million to redevelop a Ford Motor Co. plant in Wixom, Mich. into a solar manufacturing and energy storage facility.

The other two investments from the new fund are FlexEnergy LLC, which developed a technology to produce electricity from waste gases from power stations, and Activeion Cleaning Solutions LLC, which developed a hand-held device that ionizes tap water into a cleansing and disinfectant agent.

Sail Venture was founded in 2002 and its first clean technology fund was closed at \$50 million.

For more information, log onto:

<http://kokamamerica.com/>

<http://www.xtremepowerinc.com>

<http://www.flexenergy.com>

<http://www.sailvc.com>

<http://www.activeion.com>