SAIL was founded in 2002 as a pioneer in the cleantech investment sector and continues to be one of the sector’s recognized thought leaders. Our comprehensive portfolio currently includes fourteen leading companies spanning the universe of sustainable innovations in the areas of energy storage and efficiency, renewable fuels, electrical efficiency, green cleaning products and water purification.

In this era of profound changes in the way we produce and consume valuable resources, SAIL focuses on exceptional profit opportunities as a result of inefficiencies in the global markets. Our tea of uniquely talented investors employs their decades of experience and cleantech-related networks to the most exciting venture investment opportunities.
SAIL’S PORTFOLIO MOVES TOWARDS EXITS

Starting in early 2013, SAIL management began to develop critical paths to exit for the entire portfolio. First steps have been to IPO or secure strategic partners for SAIL’s larger investments. This plan is fully in motion with the public offering of two portfolio companies initiated in 2H 2013.

Ener-Core, Inc.

On July 1st 2013, Ener-Core, Inc. completed a merger transaction with Ener-Core Power, Inc. CEO Alain Castro explained that going public was the best way to swiftly access working capital to fund the expansion of manufacturing output. He also mentioned that the Company aims to list on one of the larger main US public markets: “We are listed on the OTC and we suspect that next year we will be up-listing to one of the big markets like NYSE or NASDAQ.”

The Company is currently trading on the OTCQB under the symbol “ENCR.” On its first day of trading, the stock listed at $.75 and is now trading at $1.52. In six months the value of the stock has doubled, and the Company appears to be on track to return a strong multiple on capital invested. Although publicly listed, some shares are still restricted. The restricted stock will float on the exchange after the requisite filings in mid-2014.

In recent news, Ener-Core welcomed two new members to its team. Kelly Anderson is the new CFO and Alain Castro is Ener-Core’s new CEO. Additionally, Ener-Core announced the shipment of its first commercial sale this month. It has shipped its first commercial FP250 unit, a power generating system that integrates Ener-Core’s patented thermal oxidation technology with a 250 kilowatt gas turbine. The shipment has been sent to the Efficient Energy Conversion Turbomachinery B.V. (“EECT”) of the Netherlands for a purchase order placed by Attero. EECT holds the European distribution rights for the FP250 and related equipment. The company is still in discussions with large-scale turbine manufacturers for joint ventures and development agreements that will aid in the development of oxidizer technology for multi-MW turbines.

Enerpulse, Inc.

In August, Enerpulse closed an investment with Freepoint Commodities LLC. The investment represented a greater alliance between the two organizations to assist Enerpulse in bringing its PCI spark plug technology to the energy sector. Freepoint and Enerpulse have also entered into an exclusive marketing arrangement whereby Freepoint will market the technology to clients that use natural gas fueled internal combustion engines in North America.

On September 4th, Enerpulse entered into a merger agreement to take the Company public. The Company has submitted an S-1 to go public on the OTCQC with Roth Capital Partners as the lead underwriter.

Enerpulse is hoping to follow a similar path to Ener-Core and have a successful public offering. Potential indicators of success include the collaborative testing programs of Enerpulse’ PCI technology at five major automotive OEMs, with expressions of interest to test from three others. The natural gas market is another growth opportunity, and the Company has been nominated as part of two mobile natural gas engine platforms and is in active discussions with several natural gas stationary OEMs. Additionally, the Company is currently in discussions with more than one Tier-1 spark plug manufacturer, with the goal of establishing long-term manufacturing relationships.
The Obama administration completed this month a generation-long effort to require insurers to cover care for mental health and addiction just as they cover physical illnesses. The law is expected to have significant impact on the reimbursement of mental health treatments, and should provide significant industry tail winds for CNS Response.

According to administration officials, the rule would ensure that health plans’ co-payments, deductibles and limits on visits to health care providers are not more restrictive or less generous for mental health benefits than for medical and surgical benefits. Significantly, the regulations would clarify how parity applies to residential treatments and outpatient services, where much of the care for people with addictions or mental illnesses occurs.

The regulations, which specifically put into effect the 2008 Mental Health Parity and Addiction Equity Act, would affect most Americans with insurance—roughly 85 percent of the population—whether their policies are from employer plans, other group plans, or coverage purchased in the market for individual plans.

The final parity rules do not apply to health plans that manage care for millions of low-income people on Medicaid. However, the administration has previously issued guidance to state health officials saying that such plans should meet the parity requirements of the 2008 law.

Former Representative Patrick J. Kennedy of Rhode Island, a co-sponsor of the 2008 law, said the rules could particularly help veterans, stating “No one stands to gain more from true parity than the men and women who have served our country and now need treatment for the invisible wounds they have brought home from Iraq and Afghanistan.”

Connecticut Senator Richard Blumenthal added that the five-year delay in issuing a final rule had real-world consequences. “In mental health, uncertainty kills,” he said. “If an individual poses a threat to himself or others, he cannot be told he will get the care he needs as soon as his insurance company decides what ‘parity’ means.”

The Parity Act was written with a substantial amount of input from Dr. Henry Harbin, who is a consultant to CNS Response and was a Director until November last year.
Paragon Airheater Technologies, Inc. partnered with Porcelain Industries, Inc. this month to release a new enameled basketed heating element configuration optimized to resist stress fractures and cracking. The jointly developed element configuration withstands intense soot blowing pressure while cleaning ammonium bisulfate deposits from air heaters.

“Paragon and Porcelain Industries adhere to quality standards that surpass all others in the industry,” said Hemant Dandekar, CEO of Porcelain Industries. “We updated Paragon’s tried-and-true Double Undulated [DU] element profile with Porcelain’s proven enamel formulation to deliver long life under highly corrosive environments. The result is consistent application and stress resistance up to eight-times greater than competing element designs on the market.”

Paragon Airheater Technologies is a long-time manufacturer of the DU series of hot and intermediate layer elements—the industry mainstay for decades. Two factors allow the DU element to withstand high soot blowing pressure: reduced bending due to the short distance between support notches, as well as the effective thickness of the element sheets. The design has been proven to reduce the likelihood of cracks for up to 10 years with proper operation and maintenance.

“Companies are racing to design their own proprietary element and to formulate custom enamels in the hopes of becoming the next industry standard,” said Ken Fairleigh, CEO of Paragon Airheater Technologies. “Unfortunately, it’s customers who pay the R&D price every time one of these element designs fails under real-world soot-blowing conditions. By combining the DU series, the existing industry standard, with Porcelain’s tested enamel formulations, we are able to deliver a solid product that promises longer life, more reliable operation, and better ROI for our customers.”

Xtreme Power announced a new project in Hawaii with the Kauai Island Utility Cooperative (KIUC). The KIUC IV project will be installed on a new 12MW solar farm, marking Xtreme Power’s eighth system in Hawaii.

KIUC already has 4.5 MW of Xtreme Power systems in operation in Kauai. Xtreme Power will deploy its new, modular RAMP Series™ Energy Storage System (ESS) to provide ramp rate control and fast frequency response to help integrate the 12 MW solar farm. This collaboration will use lithium ion batteries.

"We’re thrilled to announce yet another project commissioning in Hawaii where the commitment to greening the power grids is inspiring,” said Alan Gotcher, Chief Executive Officer of Xtreme Power. "We’re proud to be a partner for utilities on the island, and to build upon our relationship with the community.”

Islands present a unique energy storage market as there is a great need to mitigate reliance on diesel fuel. For Hawaii, projects such as KIUC IV reduce the total cost of producing power. Xtreme Power’s RAMP Series ESS paves the way for enhanced grid flexibility, clearing the path for more renewables to come online and meet local electricity demands.

"KIUC is pleased to be working with Xtreme Power on our fourth battery system to help deliver the promise of clean, affordable green energy,” said John Cox, engineering manager of KIUC. "The unmatched speed and performance of Xtreme Power’s Xtreme Active Control Technology™ (XACT™) preserves grid reliability while supporting continued renewable integration efforts in accordance with KIUC’s strategic goals.”
The US Department of Energy (DOE) recently proposed new and amended energy conservation standards for certain commercial and industrial electric motors, including a number of different groups of electric motors that DOE has not previously regulated. Energy efficient legislation is becoming more widespread, creating industry tailwinds for SNTech’s green motors.

For those groups of electric motors currently regulated, the proposed standards would maintain the current energy conservation standards for some electric motor types and amend the energy conservation standards for other electric motor types.

According to an ACEEE blog posting, “Some of the motors that will see improved efficiency with these standards include gear motors used in equipment like escalators and conveyors, and vertical pump motors used in irrigation and many municipal water and wastewater systems. The proposed standards cover 1 to 500 horsepower motors.” These markets present potential expansion verticals for SNTech, with improved standards driving demand.

According to the Energy Information Administration, about one-half of all electricity used by US industry goes to power motors. DOE’s analyses indicate that the proposed standards would save a significant amount of energy. Estimated lifetime savings for electric motors purchased over the 30-year period that begins in the year of compliance with new and amended standards (2015–2044) would amount to 7.0 quads (full-fuel-cycle energy). This is equivalent to 30 percent of total US industrial primary energy consumption in 2011.

The estimated cumulative net present value of total consumer costs and savings attributed to the proposed standards for electric motors ranges from $8.7 billion (at a 7-percent discount rate) to $23.3 billion (at a 3-percent discount rate). The new standards will also save about a trillion kilowatt hours of electricity. (The US as a whole uses about 4 trillion kWh per year.)

This proposed rule from DOE follows recently proposed efficiency standards for walk-in freezers and coolers, commercial refrigeration equipment and metal halide lamps.
Methane emissions generated by manure and ruminants such as cattle and sheep as well as those produced by fossil fuel extraction and refining are much higher than estimates reported by the EPA, according to a study published in the Proceedings of the National Academy of Sciences.

Ener-Core has developed the 250kW Ener-Core Powerstation FP250 (“FP250”), and its larger counterpart, the 2MW Ener-Core Powerstation KG2-3G/GO, to transform methane gas, especially “ultra-low Btu gas” from landfills, coal mines, oil fields and other low quality methane sources into continuous clean electricity with near-zero emissions.

Waste gases from energy production and industrial processes are often flared for disposal, resulting in higher greenhouse gas emissions. Instead of combusting the gases, Ener-Core’s process oxidises them, which is a similar chemical reaction that converts the gases into heat to power a gas turbine. The Ener-Core system has high tolerance for contaminants such as H2S and siloxanes.

Methane emissions produced by agriculture could be twice as high as EPA estimates, according to the Anthropogenic Emissions of Methane in the United States study. The discrepancy in methane source estimates is particularly pronounced in the south-central United States, where researchers found total emissions 2.7 times greater than other estimates.

Methane emissions from fossil fuel extraction and refining activities in the same south-central US region are nearly five times higher than previous estimates.

Overall, total methane emissions in the US appear to be 1.5 times and 1.7 times higher than amounts previously estimated by the EPA and the international Emissions Database for Global Atmospheric Research (EDGAR), respectively.

Researchers contend that the discrepancy lies in the methodology. The EPA and EDGAR use a so-called bottom-up approach, calculating total emissions based on emissions factors, such as the amount of methane typically released per cow or per unit of coal.

This study took a different top-down approach and measured what was actually present in the atmosphere. Then, using meteorological data and statistical analysis, the researchers traced it back to regional sources, according to Harvard University, which was involved in the study.

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SAIL Capital Partners (www.sailcapital.com) is a leading cleantech investment firm with a global vision of technologies, markets and opportunities. We invest in cleantech companies with proven technologies, visionary leadership, measurable impact and exciting growth potential. We have invested in a number of today’s leading cleantech companies including Xtreme Power, Ice Energy, The Cleantech Group, Enerpulse, SNTech, Flex Power, Paragon Airheater Technologies, M2 Renewables, Clean Technology Solutions, CNS Response and WaterHealth International. SAIL has offices in California, Toronto, New Orleans and Washington D.C. as well as a global network of investors and advisors.

SAIL's Partners are a diverse team of successful entrepreneurs, corporate executives, experienced investors, government insiders and seasoned venture capitalists.

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