Xtreme Sales to Double for Third Year on Growing Battery Demand

By Ehren Goossens - Feb 28, 2012 12:52 PM PT

Xtreme Power Inc., a closely held maker of power-storage systems, expects sales to double for a third consecutive year on strong demand for batteries that can retain electricity for the grid, its new chief executive officer said.

Revenue for the Kyle, Texas-based company will exceed $60 million this year, up from about $30 million last year and $15 million in 2010, CEO Alan Gotcher said in an interview yesterday.

The sales are driven by growing interest in systems that can store electricity when it's not needed and quickly deliver it to the power grid when demand exceeds supply, said Gotcher, who became CEO on Feb. 2 after serving as chief technology officer since August. The technology also helps counter the intermittency of renewable energy sources like wind and solar.

"Putting storage on the grid is a challenge," said Gotcher. Using batteries is a "paradigm shift."

The company has contracts to develop six storage projects. The largest is a 36-megawatt system it's building at a 153- megawatt Texas wind farm owned by Duke Energy Corp. (DUK)

Xtreme has completed two systems for wind developer First Wind Holdings Inc. (WIND) with a total of 16.5 megawatts of storage capacity at wind farms in Hawaii and has a contract for a third, a 10-megawatt project. "When you already have one system running and then they order another, I think that's a strong statement," Gotcher said.

Xtreme will have positive cash flow in 2013. Gotcher is considering an initial public offering and would be receptive to a takeover bid. Xtreme is "totally open" to finding a strategic investor, he said.

The company was founded in 2004 and its backers include BP Plc (BP/), Dow Chemical Co. (DOW) and the South Korean steelmaker Posco. (005490) It makes its systems at plants in Texas and Oklahoma.

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