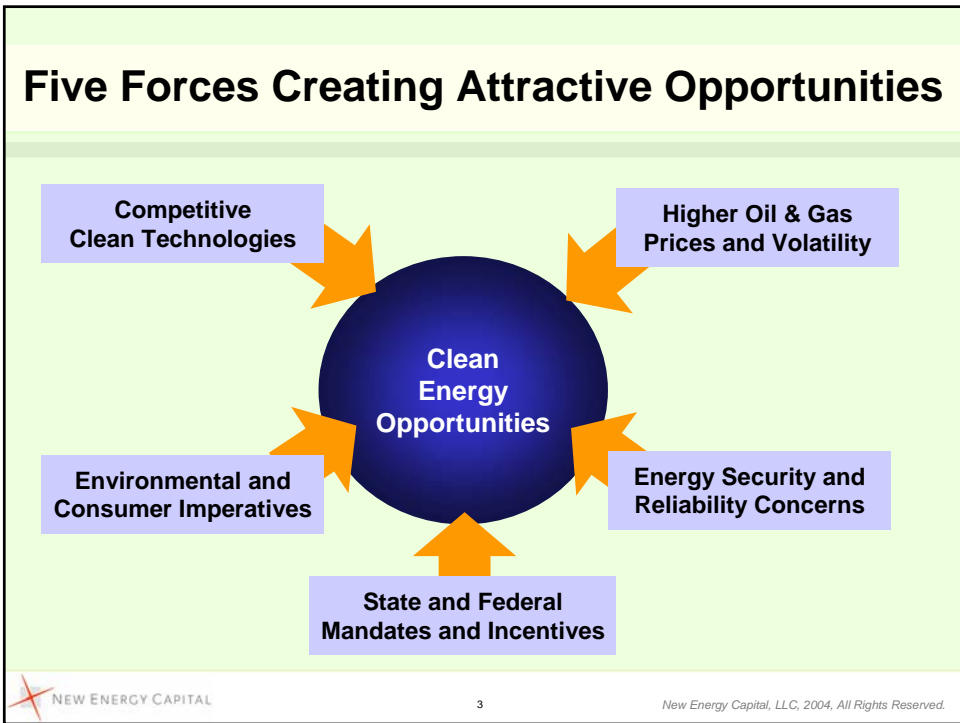


*“The Future is Not What
It Used to Be.”*

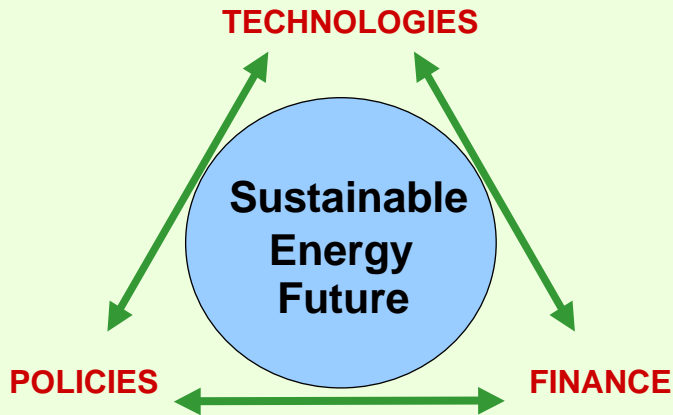
Paul Valery
French Writer
(1871-1944)

Challenge and Opportunity

- Hurricanes Katrina and Rita
- Kyoto Protocol in Force
- Northeast Blackout
- Iraq War
- September 11
- Enron Collapse
- California Electricity Crisis

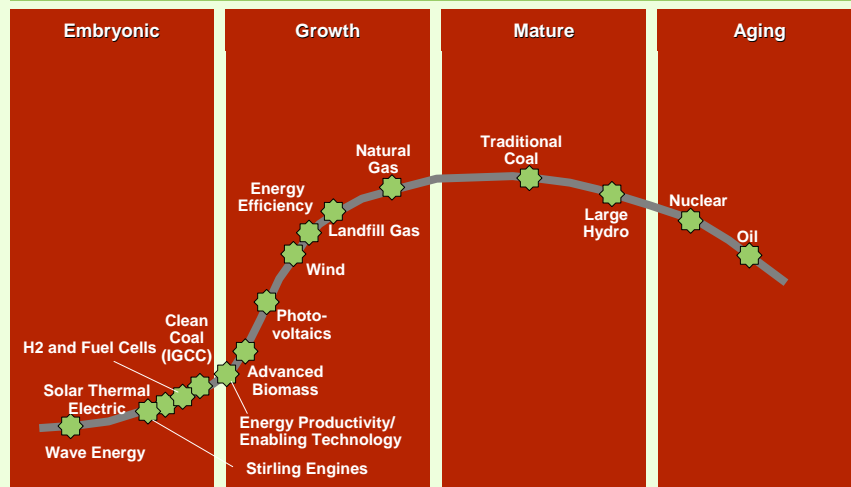


The Elements of Success

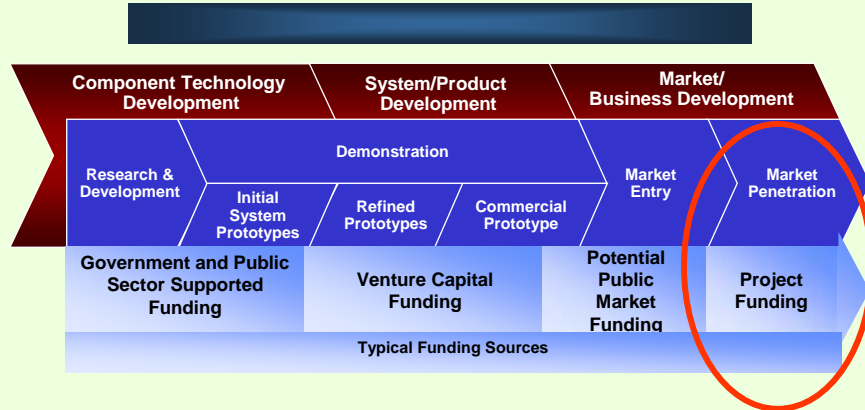


Stages of Market Maturity

Stages of Market Maturity for Power Generation Options

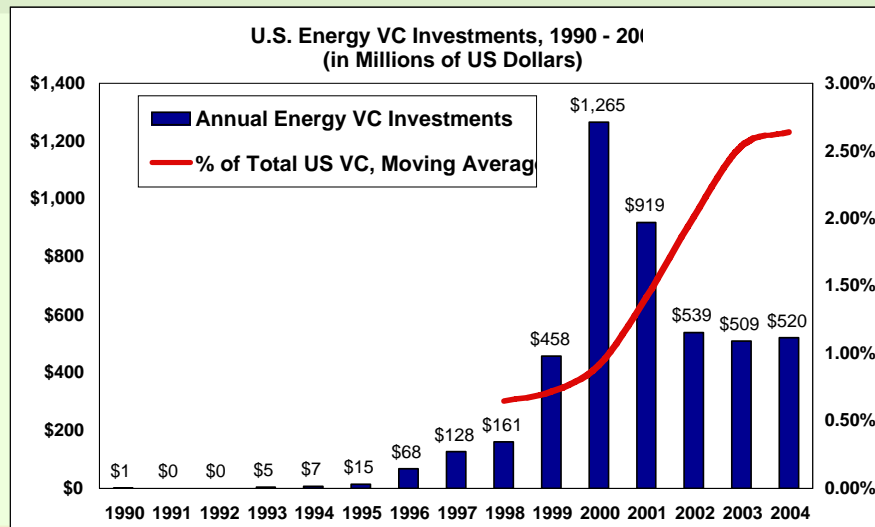


Stages of Investment for Technology and Projects

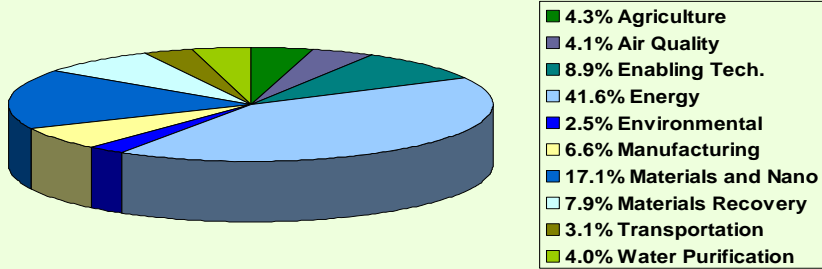


Source: Adopted from Arthur D. Little.

U.S. Energy VC Investments, 1990-2004

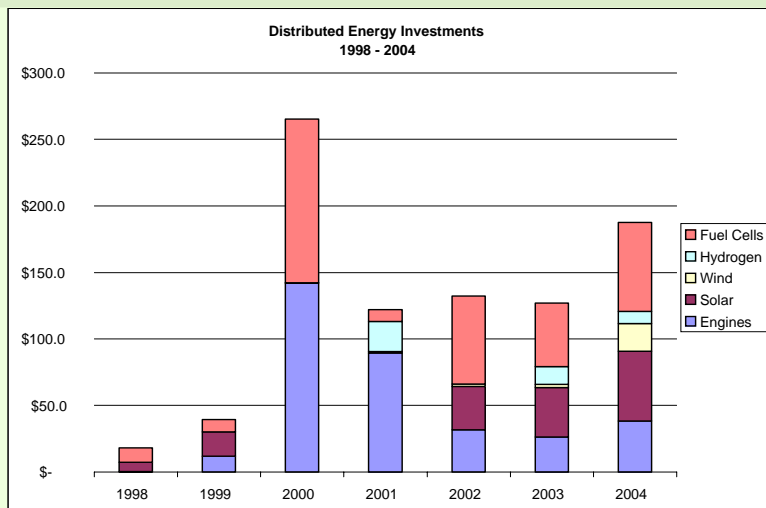


CleanTech Investment by Industry Segment (Q1 2002 – Q3 2004)

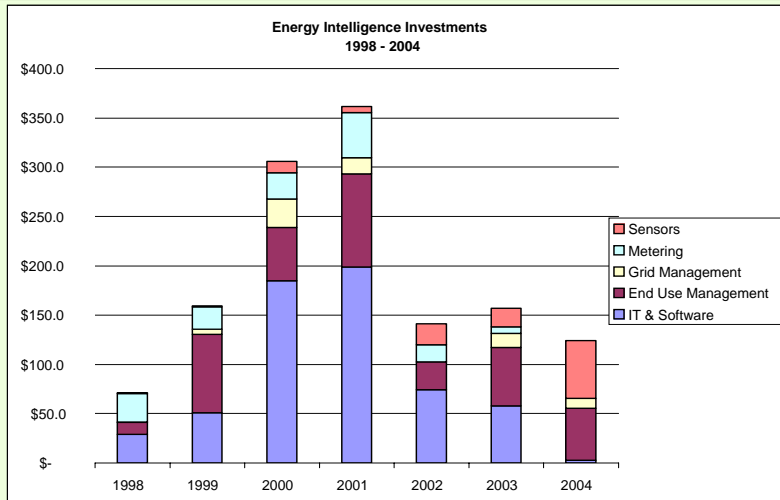


\$1.2 B total investment in 2004 with Energy Tech & Advanced Materials accounting for nearly 60%

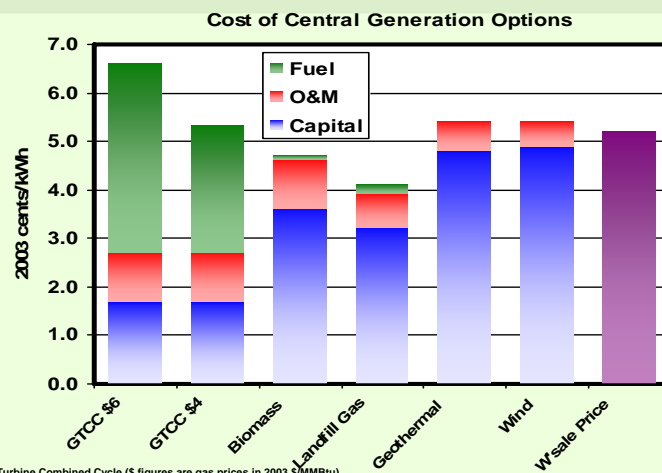
US VC Investment in Distributed Energy 1998-2004



US VC Investment in Energy Intelligence 1998-2004



Ready for Prime Time



Note:
 1. GTCC: Gas Turbine Combined Cycle (\$ figures are gas prices in 2003 \$/MMBtu).
 2. Biomass and Landfill Gas with reciprocating engines as prime mover.
 3. Wind: 50 MW project with 35% net capacity factor.
 4. Wholesale price: Merrill Lynch average 2004 price ISO-New England.
 5. Source of data: Cambridge Energy Research Associates.

New Capital Sources

- Private Equity Firms
- Hedge Funds
- Banks
- Insurance Companies
- Family Offices
- Pension Funds



When Goldman Sachs Speaks...

"Goldman Sachs believes that wind and other renewable forms of energy will become an increasingly important part of the world's energy mix, and Goldman Sachs aspires to play a leading role in this high-growth industry."

Henry Paulson Jr., Chairman and CEO, Goldman Sachs
March 2005 regarding Acquisition of Zilkha Renewable Energy



California Pension Funds Green Wave Initiative

- **First pension funds to make major commitment to clean energy and environment**
 - ~\$1 bn commitment
 - **Strong backing from Treasurer Angelides**
 - **Environmental metrics for public companies**



New Energy Capital

- **Energy asset acquisition, financing, and management company**
- **Partnering with developers, technology providers, host companies, and government agencies**
- **Building a portfolio of renewable energy and distributed generation projects through equity investments**
- **Focus on:**
 - Biomass, biofuels, LFG, CHP and other renewables
 - Projects with total capital costs less than \$30 million
- **Investors = Vantage Point Venture Partners, CalSTRS**

Project Finance

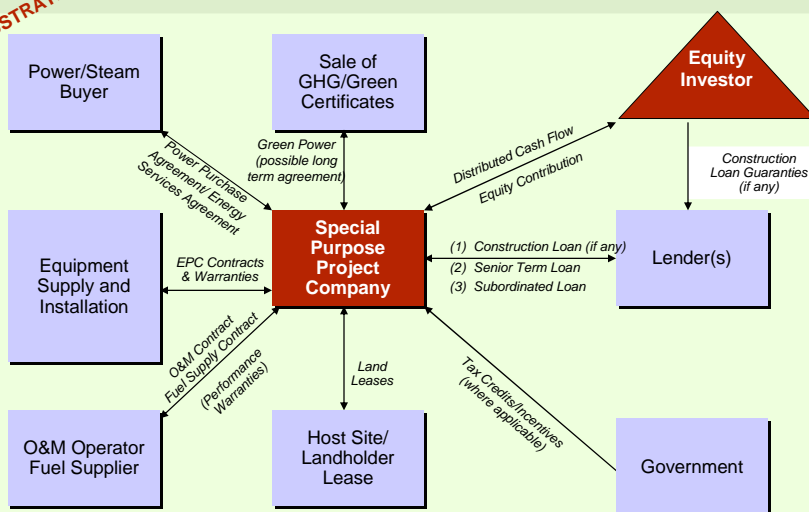
- **Key characteristic** is that financing depends primarily on the **expectation of cash flow generated by the project** over time rather than the credit of the project sponsor or value of the physical assets
- As a result, a **project is a good candidate** for project financing if it **has a cash flow that can be depended upon for the long term** and has **satisfactorily handled risks** that may interrupt the cash flow

Source: Chadbourne Park

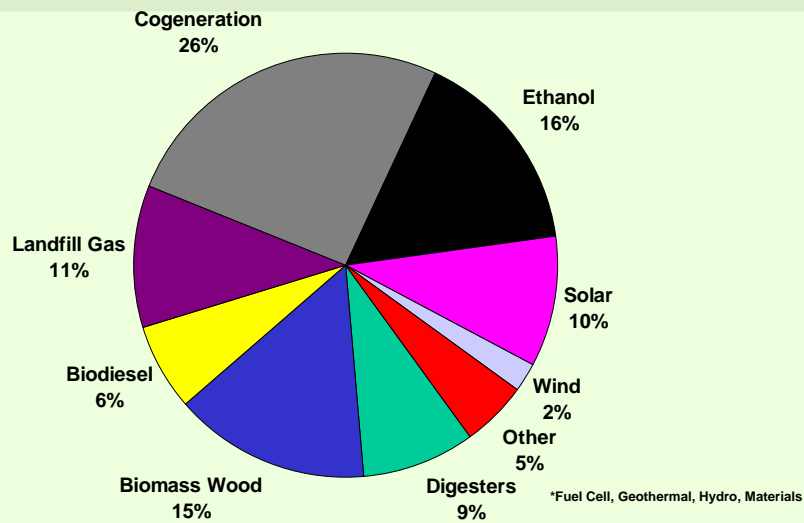
Critical Financing Issues

Building a Financeable Structure

ILLUSTRATIVE



New Energy Capital Deal Flow Jul '04 - Mar '05: 140 Projects



NEC Investments

- **Indiana and Michigan Ethanol Plants**
 - ~40-50 million gallons per year corn ethanol plants
 - Strong current market demand – high oil and gas prices, MTBE phase-out, tax credits
- **CA and MA Cogeneration Projects**
 - Three 2 MW cogen projects for Fortune 500 food company
 - Will cut facility energy costs and improve reliability
- **Maine Biomass Power Plant**
 - Acquisition and upgrading of existing 16 MW facility
 - Driven by strong near-term New England REC market
- **Mid Atlantic Biodiesel Plant**
 - 5-6 million gallons per year – virgin and waste feedstocks
 - Driven by high diesel prices, EPA sulfur phase-out, and recent mandates and incentives

Cogeneration

Cost Savings for Commercial Customers

Equity Office Properties One Market Plaza, San Francisco

- 3 500kW gas fired engine generators with heat recovery for steam generation
- 1st commercial office building to qualify for 30% state incentive program
- 1st on-site power system approved by PGE to parallel with the downtown network grid



Cogeneration

Green House Gas Reductions for C&I Customers

SC Johnson Racine, Wisconsin

- 3.5 MW gas turbine with heat recovery steam generator
- Turbine burns methane gas from neighboring landfill
- 50% reduction in Green House Gas emissions



Three Suggestions

- Be actively engaged with the rapid growth of clean energy finance
- Find common ground with renewable energy
- Sell the “sizzle” as well as the “steak”

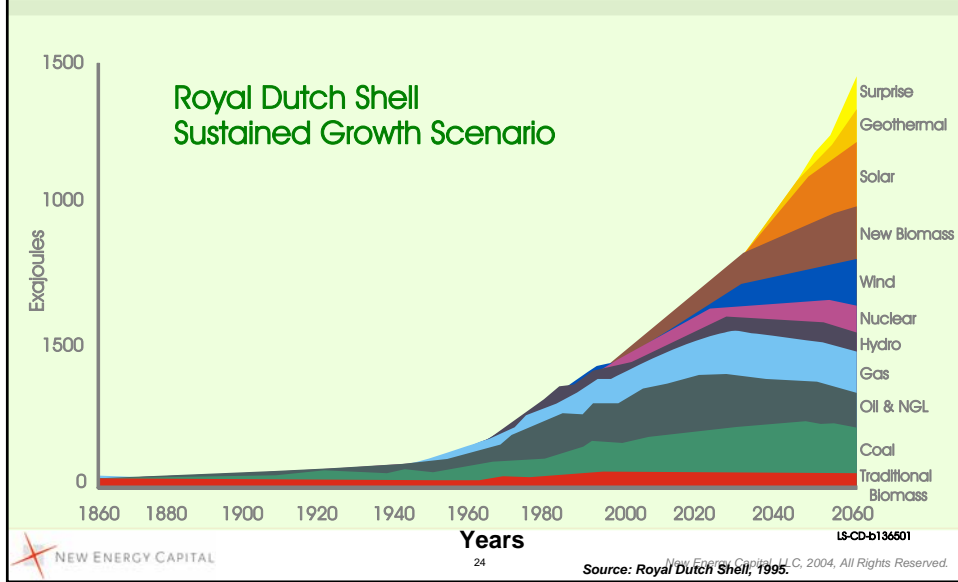


*“The Future is Not What
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Paul Valery
French Writer
(1871-1945)



“The best way to predict the future is to invent it” -Alan Kay



For More Information

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