

Green technology sector primed for Obama bounce

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US venture funds with money in the clean technology sector are rubbing their hands together at the prospect of a greener administration moving into the White House in January.

The election of Barack Obama as president had raised the hopes of industries such as renewable energy that the US would take a more active stance on green technology, said Viki Forrest, chief executive of San Francisco-based ANZA Technology, which runs programs that help to match Australian entrepreneurs with US venture capital.

"There is a real belief that there will be some action behind the words in terms of environmental issues in this country," Ms Forrest said.

For several years Silicon Valley technology investors had been pumping money into green tech ventures, she said. "I think the limited partners that put money into clean tech and green funds are really glad they have done it, because [with] the change in administration there will be more government grants and support behind environmental issues.

"Policy will start being written that will strengthen that whole sector."

Investment in clean technology has been booming in the US, despite the parlous state of its economy.

In October, Ernst & Young reported that venture capital investments in US clean technology groups had hit a record \$US1.6 billion (\$2.47 billion) for the third quarter, bringing the year-to-date total to \$US3.3 billion, up 71 per cent on the first three quarters of 2007.

Power-generation ventures continued to attract most investment, solar leading the way, Ernst & Young reported.

The growth of investment in clean technology had not "deflected" venture capital from more conventional technology and web start-ups, Ms Forrest said. But such groups were exercising more caution in allocating funds to "high-risk internet advertising models", she said. They were expecting to have to wait longer before making a profitable exit.

Locally, Ernst & Young last month reported that renewable energy investment was set to hit \$2.3 billion a year by 2020. Uncertainty about mandatory national renewable energy targets was the main issue holding back further investment, although the increasing cost of securing finance was also a drag. Western Australia and Victoria were the states most likely to attract funding, Ernst & Young partner Jon Dobell said.