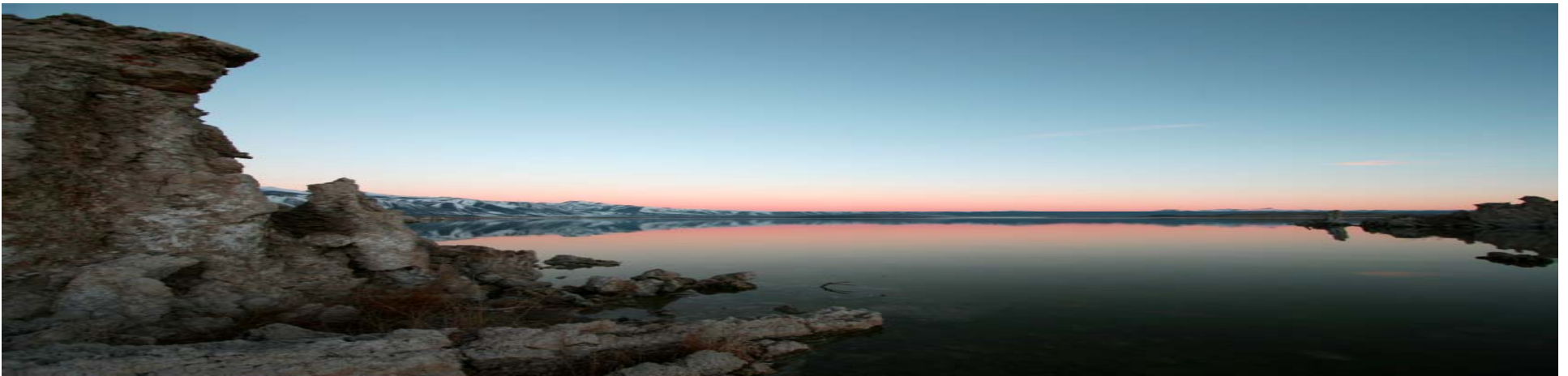


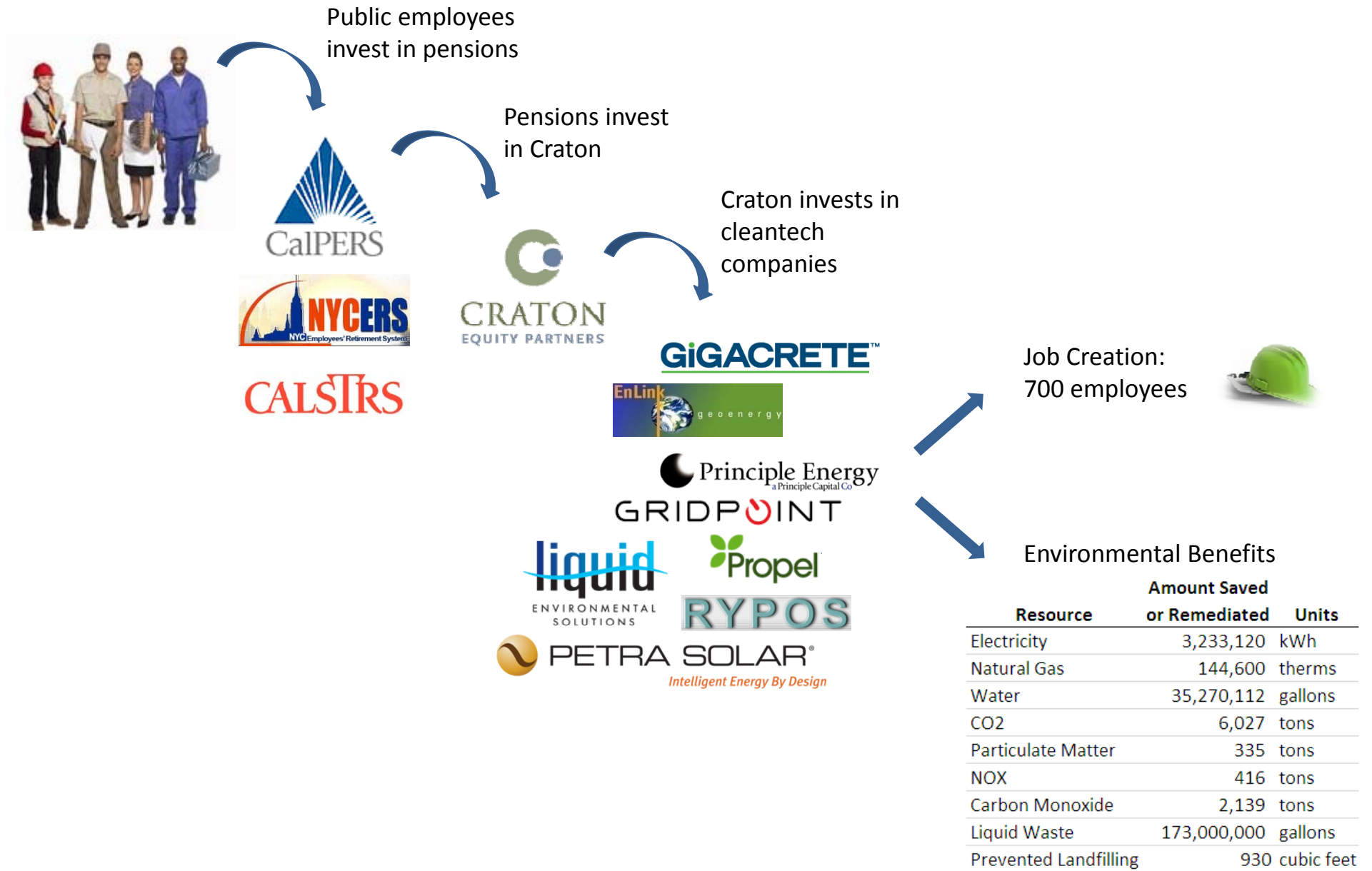


Select Committee on Climate Change and AB 32 Implementation

October, 18 2010



The Cleantech Job Creation Model In Action



Clean technologies have become mainstream

Clean technologies are now entrenched in the global economy

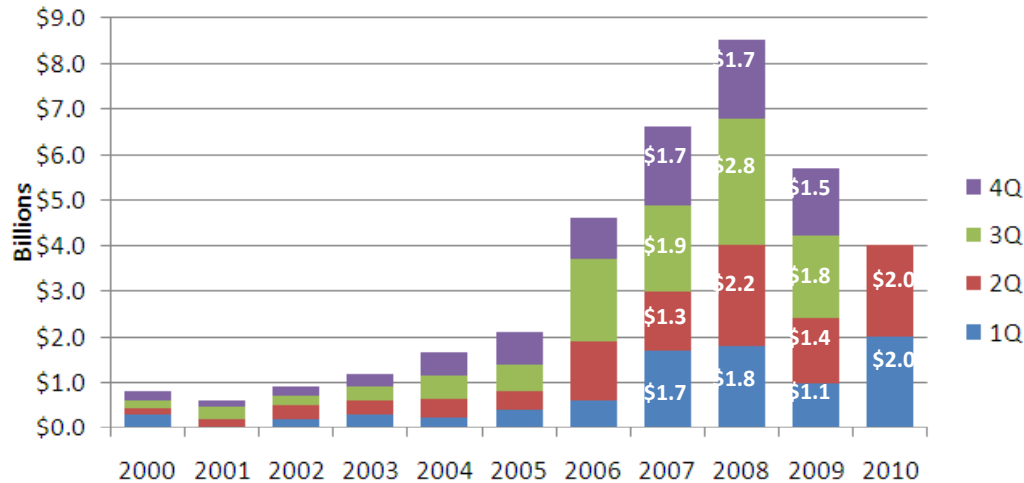


“What we’re going to have to have to do on a global scale is create a new system...So we need energy miracles. [I would] rather see cheaper, clean energy developed than pick the next president or come up with a miracle vaccine.”

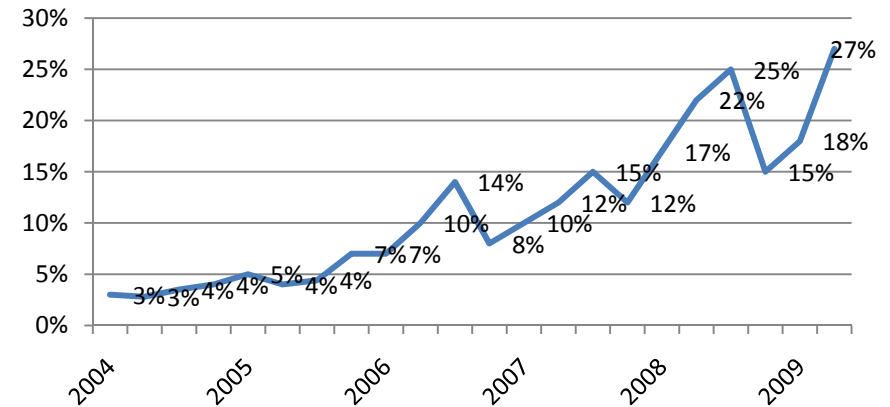
- Bill Gates, Feb. 12, 2010

Superior Returns Drive Cleantech Investing

Cleantech Venture Investments by Quarter



Percentage of VC Investments that are Cleantech



Compound Annual Growth Rate of 60% from 2005 to 2008

- New economic paradigm emerging that requires new business models and innovative partnerships
 - Cleantech markets to double to \$3.5 trillion by 2020; up to 15% of GDP in some countries
- Dramatic increase in investment activity preceded and coincided with recession
 - Infusion of stimulus and private equity money boosts industries hampered by credit market tightening
- Although the amount of investing in the sector has not been unaffected by the recession, the portion of investments being made in cleantech vs. other sectors has increased and is robust

Sources: Cleantech Group; Wall Street Journal, May 11, 2009; Dow Jones VentureWire, July 30, 2009

US Policy: Sample of Stimulus Allocations to Cleantech

A123

- \$249 million DOE grant to construct lithium ion battery manufacturing facilities in the US with the first facility located in Livonia, Michigan
- Market cap of \$1.7 billion after going public in Sept. 2009

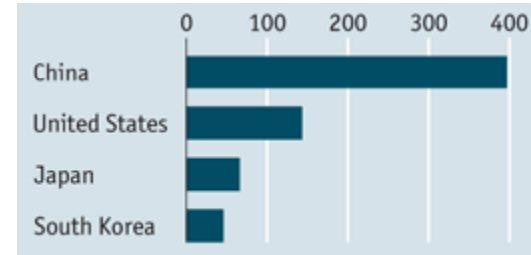
CenterPoint Energy

- \$200 million DOE grant to complete the installation of 2.2 million smart meters and 550 sensors and automated switches that will help protect against system disturbances like natural disasters in Houston, Texas
- Market cap of \$5.5 billion

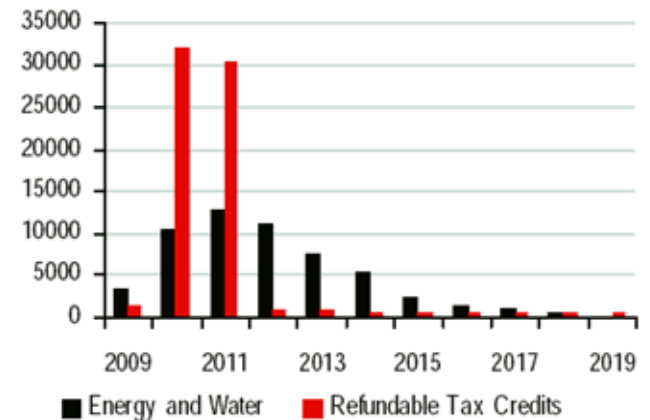
Solazyme

- \$22 million DOE grant to use algae oil to produce oil-based fuels in Riverside, Pennsylvania
- Solazyme, a startup, raised \$57 million in equity funding in 2009

Prospective public investment in cleantech, 2009-2013, \$bn



Projected timing of green spending in US stimulus (USDm)



Source: www.recovery.gov, January 28, 2010; HSBC; Breakthrough Institute

The Cleantech Sector Creates Jobs

- New green jobs were created 2.5 times faster than the overall workforce from 1998 to 2007
- In California alone, energy efficiency policies have created 1.5 million jobs and \$45 billion for downstream industries since 1977 in addition to \$56 billion of household energy savings
- By 2020, when **AB 32** is fully implemented, increased energy and fuel efficiency will lower operating expenses for small businesses, increasing net income by \$4.8 billion. This increased income will allow small businesses to add 15,000 new jobs in California according to modeling by the California Air Resources Board

Job creation through \$1 million in spending

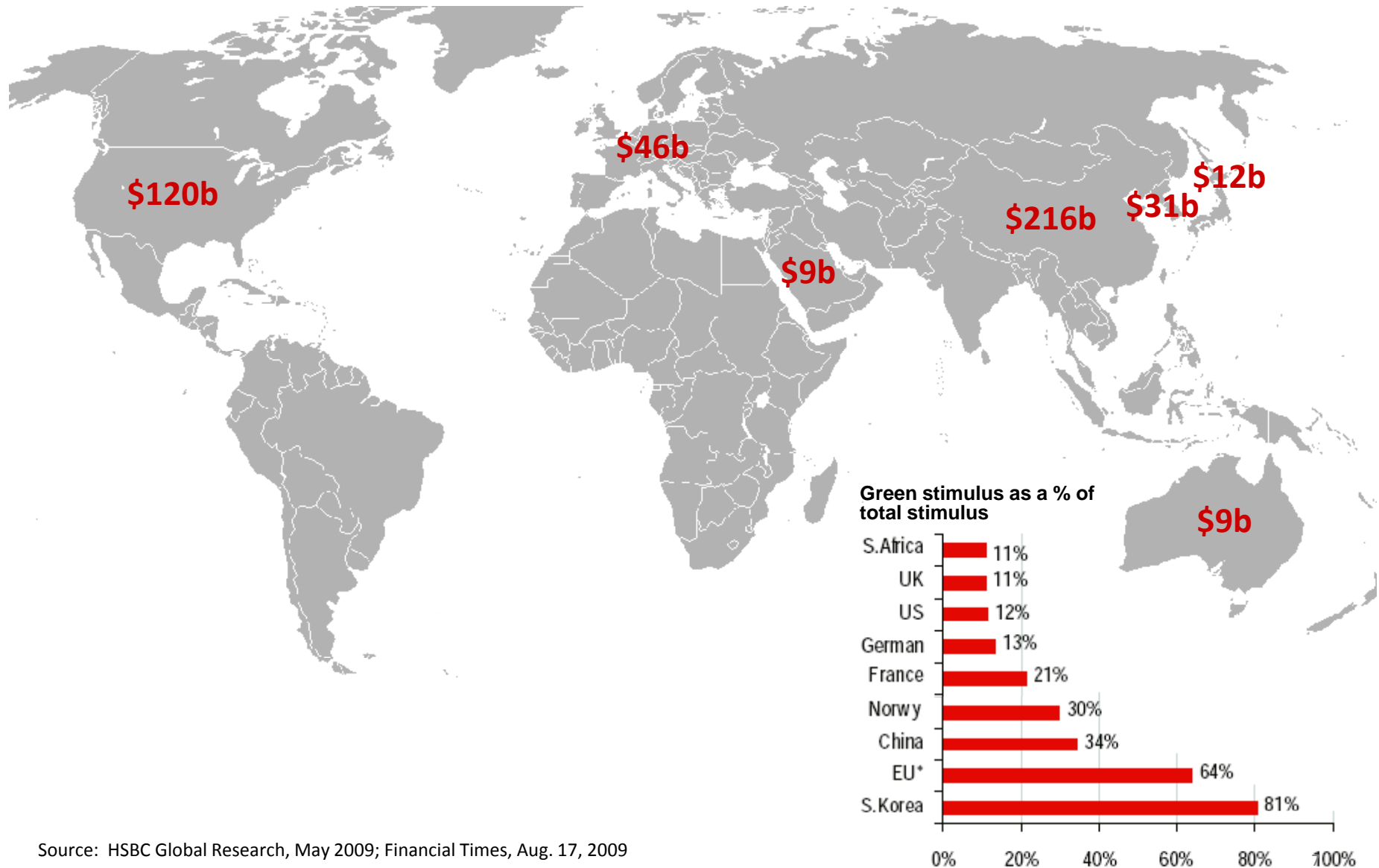
Green investments vs. fossil fuels

Number of jobs created



Source: CERNA, "Invention and Transfer of Climate Change Mitigation Technologies on a Global Scale," December 2008; California EPA; David Roland-Holst, "Energy Efficiency, Innovation, and Job Creation in California," October 2008; EPA Economic Analysis of the, ACESA June 23, 2009; "The Economic Benefits of Investing in Clean Energy," Political Economy Research Institute at the University of Massachusetts Amherst, June 2009; Pew Charitable Trust, June 2009.

\$512 billion in Global Stimulus Funding for Cleantech



Energy efficiency programs in the US could save the country 236 billion kilowatt hours – the equivalent of 14 New York Cities – by 2030 if they're kept up, says the Electric Power Research Institute.

Petra Solar has created the first pole-mounted solar panel system to meet the rigorous performance requirements of utilities while simultaneously establishing a network of smart grid communicators and making the grid more reliable

Craton's Contributions

- Created the strategy for pursuing opportunities in Petra's largest market, Southern California, and initiated discussions with key decision makers at major utilities

Forward Opportunities: The Path to Superior Returns

- The company has a simple plan of execution—securing additional contracts with utilities and locating small assembly facilities near the customer—and is currently planning demo projects for five utilities while engaging in discussions with more than 30 others

THE WALL STREET JOURNAL.

New Jersey Outshines 48
of Its Peers in Solar Power



RYPOS' proprietary filter technology reduces pollution from off-road diesel engines used for refrigerated trucks and back-up generators while helping companies meet strict, new regulations for these emissions

Craton's Contributions

- Ensured that the compliance date for the California regulations that drive most of RYPOS' business were not pushed back by opposition from trucking associations

Forward Opportunities: The Path to Superior Returns

- Regulations for emissions from a number of diesel engines will continue to be implemented in California with several other states in the process of creating similar regulations that will require RYPOS' technology

