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Investment Opportunities in Energy: Energy Venture Fair IV Begins in Philadelphia

By Jon T. Brock
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The fourth Energy Venture Fair begins today in Philadelphia. For the next two days, **IssueAlert** authors will be attending sessions and workshops at the conference, interviewing key leaders from utility emerging technology companies and investors in the energy industry, and gathering information about new trends in the utility sector that investors are looking for. **IssueAlert** will be written from the Venture Fair floor, so that if you are not physically at the fair, you can still participate through "virtual attendance." In a period when North America has recently experienced a blackout of historic proportion and an energy bill is being debated in Congress, **IssueAlert** authors will be mindful of what investors hope to discover as the next potential opportunity for serving the utility and energy industry.

What is the Energy Venture Fair?

The Energy Venture Fair has become North America's premier networking event for investors, entrepreneurs and established energy companies interested in emerging technologies. CEOs from 75 hand-picked energy technology, product and service companies that are seeking capital funding have an opportunity at the Fair to meet



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angel investors, venture capitalists, corporate investors, and strategic investors. These investors are looking for investment opportunities, strategic alliances, and access to emerging technologies in the utility and energy sector. It resembles a dating service in a way, as promising energy technologies look for funding in order to commercialize, expand, and grow their companies.

This unique conference began in Boston in 2001 and appears to have started a successful continuing series of symposiums focused on ventures in the energy space. Organized by Infocast, the Energy Venture Fair-IV expects an attendance of more than 200. It draws companies practicing in a variety of fields including generation, distributed generation, transmission, distribution, retail, information management and technology, communication technology, exploration and production, refining technology, energy storage, utility customer care, fuel cell, wind power, solar power, hydrogen technology, power quality, and reliability.

Investors in attendance include lead sponsor EnerTech Capital, and other companies like Altira, Nth Power, Credit Suisse First Boston, Prospect Street Ventures, FA Technology Ventures, Haddington Ventures, Hamilton Robinson LLC, Raymond James & Associates, and Technology Partners. Legal firms such as King & Spalding and Milbank, Tweed, Hadley & McCloy are also well represented. Additional sponsors include Comerica, Hale & Dorr, LLP, EnergyCentral, UtiliPoint International, and media companies such as American Venture, Electric Light & Power, a Pennwell company, Power Finance & Risk, the Russian Petroleum Investor, and vFinance, Inc.

Today's Market — Potential Opportunities

Utilities in the United States today are increasingly focused on efforts to satisfy their customer base in the home territory, otherwise known as "getting back to the basics." To accomplish this, utilities are focusing their efforts in several key areas:

- **Reliability of Service** — Utilities are attempting to improve their level of service by adding new technologies, addressing aging facilities, expanding tree-trimming efforts, and expanding capacity.
- **Enhancing the Customer Experience** — Utilities are endeavoring to make sure that all customer inquiries are handled in a timely and knowledgeable manner.
- **Expanding Products & Services** — Utilities are offering new products and services in an attempt to increase customer satisfaction. This is increasingly focused on products and services that can augment the regulated service of delivering energy, such as equal payment plans on billing, electronic bill presentment and payment options, and other similar offerings.
- **Reducing Costs** — For deregulated utilities, lower prices are key; for regulated utilities, gaining cost efficiencies to maintain a rate or price is key.

As previously mentioned, the Blackout and the U.S. energy bill are beginning to fuel renewed interest in energy investments. However, some have suggested that the U.S. energy bill may be on the verge of its own blackout. According to the National Regulatory Research Institute, with Congressional recess looming and critical issues still being debated, delay of the energy bill until early 2004 looks very likely. New Mexico Sen. Pete Domenici, chairman of the Energy and Resources Committee, is as of now proceeding with a goal of a final vote next week, but probably would not be greatly troubled by postponement until after the holiday season. His original timeline was spring 2004. Senate Majority Leader Bill Frist and House Speaker Dennis Hastert plan to meet this week with key conference members in a possible make-or-break attempt to assure completion of the bill by year's end. Compromise agreement on participant funding of transmission upgrades appears more likely than a few weeks ago. Major unsettled issues include wholesale electricity market design, the Alaskan natural gas pipeline, ethanol and eminent domain for FERC in electric transmission sighting issues (something FERC already possesses for gas pipelines).

It should be noted that in the energy bill being debated in Congress is a small



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paragraph that would allow federal funding for pilot projects related to demand-response and/or incentives for smart metering projects. If the smart metering language survives, we could see an increase in automated meter reading (AMR) pilot projects as well as other demand-response programs. Those programs need what several of the Energy Venture Fair presenting companies offer: AMR communications technology, transaction management, load curtailment technology, and billing.

Valuable Information Shared at the Energy Venture Fair

Investment in the energy and utility industry has suffered as it has in other industries in recent years. However, recent events have spurred new investment opportunities. These will be explored in a panel today at the Fair entitled Investor Perspectives on Emerging Companies and the State of the Energy Investment Market. Panelists representing Technology Partners, EnerTech Capital, Altira, Eastman Ventures, and Nth Power will share their perspectives on what is getting interest in the market today from an investment perspective. The panel will be moderated by UtiliPoint International.

In addition to learning more about opportunities in the market today, attendees at the Fair will be able to participate in a post-event workshop entitled, "Strategic Positioning in the Private Company Sector," led by Bruce Robinson, Chairman, UtiliPoint International. Mr. Robinson will present material from his yet-to-be-released book, QuickStrategy™, on Friday afternoon. Mr. Robinson will describe how a company can benefit from this fast, easy approach to strategic planning. Complimentary excerpts from his book will be available for all attendees.

It appears that investing in the energy and utility industry may be making a gradual comeback. The attendance at the Energy Venture Fair confirms interest. A lot will depend on the market, available capital, investment incentives, and the abundance of emerging technology companies seeking capital in the industry.



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