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MEDIA RELEASE

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Tough business environment for BC's emerging cleantech sector

New research from the Pacific Institute for Climate Solutions (PICS) reveals that cleantech companies in British Columbia (BC) are struggling to secure the venture capital financing they need to develop, despite the province's desire to be a leader in the emerging world "green economy."

The "*Cleantech Access to Venture Capital in British Columbia: Analysis and Recommendations*" report is the latest in a series of PICS independent research white papers to government. PICS is a collaboration of BC's four research-intensive universities hosted and led by the University of Victoria (UVic).

The report involved experts from BC's venture capital industry, government and the cleantech sector, including businesses involved in wind, solar, hydro/marine and biofuels energy generation, fuel cells, energy efficiency, water treatment, air quality, recycling, and sustainable agriculture. BC boasts the largest cluster of cleantech companies in Canada, with more than 1,300 companies and 18,000 workers.

Report co-author and UVic MBA candidate, Yuri Perez Gonzalez says venture capital is the fuel to this industry, and currently it's not flowing. Existing government cleantech grants, subsidies and credits, at a federal and provincial level, reflect the sector's political backing, but he says more support is needed

"Public policy influences where venture capitalists invest, and in this global recession climate, clean technology development is seen as high-risk due to factors such as high capital costs, commercialization uncertainty and delayed revenue generation. Other barriers include lengthy delays to BC Hydro's procurement process which makes the bidding price for energy obsolete by the time the Electric Purchase Agreement is awarded, insufficient money being available from the Innovative Clean Energy Fund, and a lack of business experience in this young sector, due in part to BC's limited manufacturing base."

Perez Gonzalez says BC's cheap electricity prices, compared to other parts of North America, plus the lack of penalties on dirty energy, also reduces the demand for cleantech alternatives. "Paying the true cost of pollution would create an incentive to support cleantech and the infrastructure changes it requires, such as for solar and wind power technologies," he says.

The report recommends eight steps for increasing the certainty and attractiveness of cleantech for investors:

- substantially increase the BC carbon tax
- create an implementation commission for the Clean Energy Act
- make the government an early adopter of clean technologies
- increase the funding and transparency of existing cleantech programs and grants
- create a Clean Transportation Act to reduce greenhouse gas transport emissions
- encourage more exits for venture capitalists by expanding BC's network of investors via trade missions and marketing
- allocate more resources to community and school programs to promote a clean energy BC
- for the BC government to support new innovation funds for renewable energy technologies, rather than consider a feed-in-tariff policy



Perez Gonzalez says with worldwide investments in cleantech predicted to reach US \$7 trillion by 2030, it is crucial that cleantech entrepreneurs in BC, and Canada, do not miss this opportunity. The white paper can be read at http://pics.uvic.ca/white_papers.php

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