National Venture Capital Association

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NATIONAL VENTURE CAPITAL ASSOCIATION EXPRESSES CONCERN OVER POTENTIAL ROLL BACK OF AB 32 IMPLEMENTATION

California Legislation is Key to U.S. Economic Growth and Global Competitiveness

Washington D.C., April 9, 2010 – The National Venture Capital Association (NVCA), representing more than 425 venture capital firms of which over 200 invest in clean energy technologies, today warned of the ramifications of repealing the Global Warming Solutions Act in the state of California. Known as AB32, this act was signed into law by Governor Arnold Schwarzenegger in 2006 to support the growth of renewable energy sources and cut harmful emissions. News of efforts by some state policy makers to delay or roll back the implementation of AB 32 is a cause of serious concern, says NVCA.

"When Governor Schwarzenegger signed AB 32 into law, it was a clear signal of commitment to clean tech innovation in California and it positioned that state for economic growth," said Mark Heesen, president of NVCA. "California's groundbreaking energy policies such as AB 32 have helped to grow one of the largest and most competitive economies in the world while reducing global warming pollution to the lowest per capita level in the nation. A delay in the implementation of this important legislation would fundamentally halt the positive momentum for California."

After the signing of AB 32 into law, venture capital investment in clean tech companies rose dramatically in California on the promise of meaningful change and the widespread adoption of renewable energy sources. Governor Schwarzenegger set the bar high and challenged the private sector to innovate across a broad array of clean technologies including solar, wind, geothermal, hydropower, and biofuels, as well as new software for utilities and new building materials. The venture capital community responded, making California the number one state for clean tech venture investment.

Yet according to the venture capital community, that leadership is at risk with the threat of an AB 32 roll back.

"A rollback doesn't solve anything and, in fact, hurts a huge number of stakeholders," said Josh Green, a general partner with Mohr Davidow Ventures in Menlo Park, CA. "Delays in this transition will have a disproportionate negative impact on the start-ups that are developing the technologies to meet the standard because they do not have the balance sheets to weather through a delay. This scenario will undermine our ability to meet the standard at all, as promising companies will either move elsewhere or fail for lack of market traction."

The NVCA is calling on legislators to re-commit to AB32 and resist attempts to delay or repeal this important law.

"AB 32 addressed the new US economic reality that our country needs to simultaneously create jobs and foster a sustainable energy policy," added Heesen. "We must stay the course with implementation to ensure that the best and brightest companies can continue to innovate in California, which has always been a leader in bringing leading edge technologies to market. In a global economy, these innovations can easily move offshore and that would be the wrong outcome for California and for the United States."

About NVCA

The National Venture Capital Association (NVCA) represents more than 425 venture capital firms in the United States. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy and support entrepreneurial activity and innovation. According to a 2009 Global Insight study, venture-backed companies accounted for 12.1 million jobs and $2.9 trillion in revenue in the United States in 2008. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry data, sponsors professional development, and facilitates interaction among its members. For more information about the NVCA, please visit www.nvca.org