

**Statement of Stephan Dolezalek**  
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**Senate Committee on Environment and Public Works**  
**Legislative Hearing on S. 1733, Clean Energy Jobs and American Power Act**  
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Chairwoman Boxer, Ranking Member Inhofe and Members of the Committee, I am Stephan Dolezalek, Managing Director and CleanTech Group Leader at VantagePoint Venture Partners. Thank you for the opportunity to be here with you today to share my perspective on the need for action on this important topic.

I have spent the past 25 years working exclusively with technology companies. I have first-hand knowledge of the power of U.S. innovation that allowed our country to lead the electronics, biotechnology, and Internet revolutions of the past generation. I have been with VantagePoint for the last decade, leading our firm's decision in 2002 to begin investing in those companies that will drive the next global innovation revolution – energy. Today, VantagePoint has the largest clean energy position in the venture capital industry with over \$1 billion committed, and we are the largest stockholder in many of the leading companies in the solar, vehicle electrification, biofuels, LED lighting, power storage and smart grid industries.

The issues we face in transforming the global energy sector – resource scarcity, energy security, climate change, and competition for global economic leadership – represent a challenge and an opportunity greater than we at VantagePoint have previously witnessed.

**Global Competitiveness**

The United States' global competitors clearly grasp the transformative potential of clean energy and are aggressively seeking to establish dominant positions in key future markets. Incentives include direct capital investment into development and deployment of clean energy, consumer and business tax incentives, and market-making regulatory mandates directed at establishing competitive advantage in key industry verticals. In almost every instance, their levels of assistance, both financial and otherwise, are matched by their commitment to addressing the issues facing our global climate and environment.

China is a valuable example: The Chinese are currently investing far more in clean energy than the United States as a percentage of GDP. Are they doing it to address their levels of pollution and CO2? Sure, but they are largely doing it because they believe that it will lead to greater levels of national wealth and global competitiveness. China is poised to become the world leader in wind turbine production this year. Wind is currently one of the most mature clean energy sectors, yet of the top five wind turbine manufacturers in the world, only one is American (General Electric). When you compare this to former American domination in past emerging markets such as the internet revolution, it is clear that the U.S. is running behind and our iconic status as the world's leading innovator is at stake.

Europe has long taken a strong position with respect to carbon emissions; but Europe is also focused on developing industrial leadership in the new clean energy industries, be that solar in Germany or Spain, or wind in Denmark and the U.K. Even the global bastion of fossil fuels, the Middle East, is putting a great deal of capital to work in luring leading clean technology companies to locate their businesses in the developing Masdar City.

We at VantagePoint have witnessed similar developments with respect to global capital flows. The percentage of global capital being attracted into the clean energy industries is rising rapidly. However, the danger is that instead of flowing into the United States, as it has done historically to support our leadership in information technology and biotechnology, it will increasingly flow into those countries that have most clearly established their support for clean energy industries.

If we fail to act, we will lose our technological edge, we will lose the jobs associated with these companies and, ultimately, we will pay others to import their clean energy technologies the way we today pay others to import their oil. Simply put: we can't win if we don't play; the Clean Energy Jobs and American Power Act is the way to ensure that the United States is in the game. By moving forward we enter the game. From there, our collective ingenuity, entrepreneurialism and "never can say die" attitude will make sure that we do much more than just compete.

Acting now with respect to the Clean Energy Jobs and American Power Act sends a strong signal that the United States is not ready to throw in the towel on economic and technological leadership. It signals that we intend to lead not only in building new clean energy generation, distribution and storage technologies, but also that we intend to lead in developing the technologies that will make our existing strengths in coal and in natural gas more competitive. Rather than signaling the fear that our industries cannot compete in a lower carbon world, it sends a clear message that we can, and intend to, lead in the development of the technologies that will maintain our global preeminence economically and in the energy supplies of the future.

### **U.S. Growth Potential**

The challenge and opportunity that we have before us today is at least as great as what Roosevelt faced during World War II, when he retooled Detroit and spurred economic growth that fueled this country for decades. The history of our nation is built on the notion of change and the ability to question the status quo. In energy, more so than in any other aspect of our lives, we have drifted into a state of reliance on others.

Throughout our country we are seeing hints of action. We have seen what leadership like this has meant at the state level: locating renewable energy manufacturing and generation facilities in California, for instance, has been attractive due to their forward-thinking policies and incentives. But California, as you all know, has had its own budgetary constraints. As a result, the level of state financial support for the clean energy industry in California has not been exemplary. But the fact that California has set very clear standards on emissions, on fuels, and

on renewable energy has sent an equally clear message about what the State sees as its future. As a result, the industries of our State have gotten the message and have retooled themselves to thrive in a clean energy environment. The Clean Energy Jobs and American Power Act sends that same message to the rest of the country: that we can and will build our energy infrastructure for the future. The sooner we get on with that task, the greater the likelihood that when the rest of the world builds its clean energy infrastructure, it will look to U.S. companies to build and export those technologies and that we will thus benefit with even greater levels of U.S. employment.

I should also note that unlike the information technology, telecomm, and biotech worlds, the jobs in clean energy are not centered around Silicon Valley. As investors that means we spend far more time travelling than we did in those industries, for the clean energy industries of the 21st Century are being built all across the country. Certain sectors, like wind and solar are concentrating in those geographies well suited for their use, but even these differ substantially between the two. The biofuels industry, meanwhile, is being grown in the agricultural belt of this nation. Next-generation lighting technologies, such as LEDs, advanced power storage (batteries) and electric transport will create manufacturing jobs that can be located almost anywhere in the continental United States. Just as other nations are attempting to copy the success of Silicon Valley in the information technologies, so too are a number of U.S. states competing successfully for the new jobs of the clean energy economy. In so doing, 27 such states have adopted their own renewable energy mandates – sending the message that they are serious about moving forward and about the importance of leadership.

The Kerry-Boxer bill has several powerful components that will demonstrate that the U.S. is serious about not only competing in the global energy race, but is determined to win.

First, S. 1733 will be an essential step in stabilizing the boom-and-bust cycle of investing in promising new technologies, by working toward setting a price signal on carbon. Such a clear signal will allow firms to make investments in clean technology based on individual efficiency and cost-effectiveness requirements to continue operating at an optimal level. Long-term market-based signals will improve the overall cost-effectiveness of a transition to a clean energy economy and be a driver for new jobs.

A growing percentage of the Fortune 500 community has signaled that establishing a price certainty with respect to carbon is far better for business than a continued uncertainty in the face of certainty elsewhere around the globe. That need for certainty is even greater for the far less mature companies we represent. Further, a long-term price signal on carbon directly correlates to investment certainty around the viability of clean technology. Without such investment certainty, there will be no serious innovation at scale. Clear and attractive regulatory policies are vital for young clean energy companies to secure the level of capital required to drive research and development and even more so, to scale their technologies for widespread commercialization.

Second, I am pleased to see that S. 1733 sets more robust targets than the House for near-term emissions reductions. Even small increases in the 2020 targets from Waxman-Markey send an important signal that we need to address changes now, rather than at some time in the future. Most of our investments come to maturity in 5-7 years, so the 2020 targets are particularly relevant for new companies developing clean energy solutions.

Third, clean tech innovation is unique in that it requires substantial amounts of capital in order to ensure successful ramp up to commercialization. Because of that, sector-specific policy drivers will be needed to demonstrate the government is behind this growth by underwriting a portion of the inherent risk. The Chairman's Mark makes a vital capital commitment to this need in order to drive growth in the domestic clean energy industry. The allocation of resources to energy efficiency efforts, advanced energy R&D as well as electric vehicles and advanced automotive technology is a clear indicator that the US intends to be competitive in at least some of the most globally competitive aspects of this economic competition.

For the United States, this legislation is about economics and America's growth potential. We have too frequently been misled into thinking it was a choice between the environment and prosperity. Quite to the contrary, those that win the battle for clean energy jobs and technologies will have the prosperity to afford whatever level of environmental commitment they choose.

I am here speaking to you both as a cleantech investor and as a father of two teenage sons. As an investor, I represent a global pool of capital and a global set of investment opportunities. As with any other global investment manager, I am given the constant opportunity to evaluate investment opportunities in U.S. clean energy companies against those presented by their foreign counterparts.

As a father, however, I am focused on doing all I can to ensure that our country acts in a way that provides the opportunity for economic prosperity and a healthy life for my children. I have spent the last 25 years developing the technologies that make a world of information available to not only my own children, but to others around the world, at a cost affordable by almost all – through computers, cell phones and the Internet. In addition, I have helped my companies develop drugs that allow us to address some of the most serious diseases we face. We have done many things deemed “impossible” less than a decade ago. But we did so because we believed in the power of American ingenuity, in our legacy of invention and of building the infrastructures that supported those inventions from the national railroad system to the federal highway system to the telecommunications and Internet infrastructure we today enjoy. We now face the opportunity of setting forth toward a future that will provide our children with energy that is secure, affordable, clean and abundant, but we will only do so in this country if we act now to clearly establish that this is where we are going. The Clean Energy Jobs and American Power Act sends just that message.

That is the future that I want for my children, here in America. Thank you again Chairwoman Boxer, Ranking Member Inhofe and members of the Committee, for your time.