

## **Transcript for website 11-15-22 TEN Investor Hot TopicsThe State of Investing in Climate Tech featuring Alexander Rozenfeld of Climate Impact Capital**

**Hall Martin:** Thanks everybody, for joining us here today. We have a really great topic here, Climate Impact. And we are seeing a lot more climate deals coming into the marketplace, electric vehicles and carbon sequestration and so many other new applications that we haven't seen in a big way in the past. And to sort all that out for us to give us an update here is how Alex Rozenfeld of the Climate Impact Capital. He has a fund and he's an expert in this area. And looking forward to his discussion about this. We'll have some Q&A and if you guys in the audience have a question, feel free to put that in the chat. We have some plenty of time here to answer those questions in this session.

So with that, let's go and kick off. Alex, thanks for joining us.

**Alexander Rozenfeld:** Thanks for having me.

**Hall Martin:** So let's go ahead and kick off with first will tell us more about yourself and your fund just to give the audience more color and flavor there.

**Alexander Rozenfeld:** Of course. So I come to this from a deep energy backgrounds from an undergraduate looking at power systems and energy solutions and energy policy. And moving into a lot of power solutions around gasification worked here in Texas, originally working for Texaco really got excited about the opportunities for new technologies and the energy transition back in the late 90s. kind of been you know that first, you know what would be the first bubble around alternative energy, but learned a lot of lessons, learned about where the opportunities are in the investments and how they can be really both helpful to corporates and how they can be really helpful to users around new technologies, especially in around hydrogen, and new energy solutions on the power side.

And so eventually, this just brought me into becoming kind of a full time corporate innovator. I eventually became the president of Shell Technology Ventures, LLC in North America. And that really then gave me a lot of further insight about what the the gaps and challenges were in the corporate world, in deploying new technologies, especially innovative ESG climate technologies, but also what the challenges were in the fund world about, you know, they were focusing mostly on financial value, but clearly not an impact and clearly not on strategic value. And that was the genesis for Climate Impact Capital, where we really focus on creating impacts not just at the financial end of things, but in the real world as well.

**Hall Martin:** So what makes your fund different from other funds in this space?

**Alexander Rozenfeld:** Well, we looked at the lessons learned from the corporate side as well as what was missing on the private equity and venture capital side in the market. And we created what is really a new niche in the fund world. First like kind of started, like, we don't see CIC as a fund, we see ourselves as a special purpose vehicle. And the reason we like to make that differentiation is that funds, typically our line pool, they give the investor a couple of slides around what their strategy is, and they say, trust us, right? We take the other perspective, and we take the perspective, this is what I had wanted when I was at Shell and I was a fund manager. There we go, and we look at what is disrupting the market, especially for large corporates. Then we work with those corporates to identify what are the future big business areas in the areas of energy transition and climate change are and then we based on that go and search the market for investments. Once we find those investments, we think about how do we integrate those solutions into what could become a future business, but investing in these companies as a portfolio. So what we have at the end is we have a bundle of companies together that can form a new business. It is clear what those companies are, and it's clear what the strategy as well as due diligence that we've done on that. And that really helps what our core investors that we look for are on the corporate side. They know what the investments are. They see those, they see the strategy that we've created them for internally, and they see the strategy around integration of those solutions. And that same value that goes to the any of the family offices, or any of the private equity firms that would come alongside a corporate investor into one of our SPVs. And that creates, what I think we should have in the fun world is a great deal of transparency around what you get as an investor, and also why you're investing into a certain area.

**Hall Martin:** Okay, well, you're in the impact space, the ESG, environmental social governance space. And my question is, do you see yourself or other ESG investors as concessionary? Are we giving up return for the impact? Or what do you see there?

**Alexander Rozenfeld:** That's a common question. I think maybe in the past that had been the case or had been the strong perception. As of now I don't see anyone in the ESG space being concessionary. I really see the climate space as being one with a big wave behind it; a wave of customer needs, a wave of pending and future regulation around capturing the cost to society of pollution that will then be captured by the startups. So I think there is actually hidden value that the market isn't appreciating. And on top of that, I think all the companies that we certainly look at, and a lot of the folks in the climate industry look at, are all companies that meet the basic criteria, that we're all looking for the you know, we're looking for good management. We're looking for intellectual property. We're looking for a solid business plan. And we're looking for a way for these companies to keep on monies, keep on raising money and exiting. So I think we're all looking for the same things. But I think the other part that, you know, we're looking for that is different than in the main markets, is that we're looking for an impact in the real world. And for us, the big differentiation on that versus again, going back to the previous question on other funds, is,

if we see six great companies that we are investing into one of our SPVs, our goal is for all of these companies to survive and do well and be impactful. And from that perspective, I'm not necessarily as focused on trying to find that one unicorn in writing off the rest of my portfolio, but more focused on creating value across all the companies and getting a solid, you know, second base and third base funds that return money to shareholders and then do the same thing again.

**Hall Martin:** All right, I have a question from Andrew Chalk in the chat room here. What legal changes made those societal cost marketable, i.e. priced in markets?

**Alexander Rozenfeld:** Well, number one, more permanent carbon markets coming into place. Most of them are still voluntary, but those voluntary markets keep on improving. In California, the LCFS market for fuels has been a huge driver. That's why we see all of this CO2 capture and CO2 pipelines going in the Midwest for ethanol that's completely driven by California regulatory otherwise, we wouldn't have that FCCS projects. And then on the policy side, of course, we just got the Inflation Reduction Act. And before that the Infrastructure Act. There is direct and indirect incentives there well into the trillion dollar level, that will intensifies a number of technologies, from projects to a tax of all of these things. And this is just in the U.S. are driving the need for new technology solutions, because there's that wave of government help coming in the U.S. And, of course, Europe has already had significant incentives in place for many years.

**Hall Martin:** Great. Well, there's a lot going on in the climate tech space. What do you think the main trend you're seeing right now?

**Alexander Rozenfeld:** Well, I think at the high level right now is there's a lot of discussion to move away from ESG, which has these three components of environmental, social and governance, which I think all of us want to have in all companies to really going to this impact site, understand what is the company actually doing, and looking at its full supply chain of impacts, whether it's land or water, and certainly CO2 gases. So there's, I think, a deeper understanding in the climate tech space. I think we're also moving to be much more data centric where before there was just enough to have a good story. And now there's a lot more data to be had, as to what the impacts of certain technologies are. Prior to the call, we had a nice chat about capturing the value around methane leaks and reducing those. And a lot of, there's a lot of companies out there with new sensors, new UAVs, new satellites to capture methane leaks, and also look at CO2. And all of that data is not only going to create this opportunity, you know, to get capture it, but to analyze it, and then to create these other solutions. And I think that that's really exciting. You know, it's great to sell on a lot of the sizzle. But once you have data, you can begin actually showing what you're doing. I think that's going to drive a lot of interesting things. And I think the other part is, you know, that what tie so that is transparency. I think there's a really strong push

now for transparency around supply chains, across different companies. And I think that's also creating those opportunities.

So it's I think the change in the way the market is looked is looks at itself and how investors are looking at are they think the most exciting trends. And certainly, I think there's trends of technology, areas that are hot for investment. I think those all kind of tie into these trends for more data, more transparency and more ability to show what you're actually doing.

**Hall Martin:** Right. Next question comes from [Inaudible] [00:15:32] basically says, thanks for the great insights, can you talk to how much the S&G components are weighed, given that the E component of ESG has been the dominant factor lately, whereas S&G so far?

**Alexander Rozenfeld:** So I think S&G you know, are [Inaudible] [00:15:49] differently by different investors. It's really, I think, fairly easy to get really good on on the G, if you're a public company, you know, it's hard to screw up governance. The social parts, I think companies look, you know, act, you know, giving charitable giving everything else. But in the end, I think what's missing and all of them as you can get this great S&G score, and you can do pretty good on E, because E talks about, you know, how you run your operations. It's not whether your operations are impactful, are impacting others. So, I think like Philip Morris, you know, I don't know who ranks them for ESG I bet they might have a wonderful ESG, they probably really watch how much fertilizer and water they use on the crops, and you know, that they don't waste any tobacco. But is it a positive impact company? No. And I think that's where the challenge for investors is to kind of move away from something that checks the box, which I think a lot of pension funds and large investors are doing to kind of keep their stakeholders off their back to do something that's more difficult, which is actually analyzing the true impact of their investments. And the other one is also analyzing what is the long term impact because some things look good in the short term, but in the long term, like four straight credits may just burn away.

**Hall Martin:** Okay. Our next question is managing multiple cleantech SPVs can help standardize dashboards, live or email status reports for SPV investors? What are your main KPIs that you'd like to pass on to your SPV investors?

**Alexander Rozenfeld:** Yes, so just for clarity, we are still working with our corporates around our first SPV. And to note that we're not marketing in this call to anyone who's not an accredited investor. But in terms of what we look for, to provide to our corporates is very clear. The number one metric that corporates care about, or any investor should care about is revenue. And we look to lock in not just what type of you know that we're increasing revenue in HR companies. But we want to focus on which of our corporate LPs or which of our non-corporate LPs is buying the product, and what is being done at that sales point to increase the sales because in the end, we and none of our portfolio companies can be impactful if there's not a sharp uptake on the corporate side, to bring these companies to market, provide them access to large scale manufacturing, large access

to credit, access to foreign markets, access to other services that will help them grow and get integrated with other solutions, both within our portfolio within their portfolio. And so this look, deep look at the quality of revenue is quite important for us. The other metric we look at is what are, how much are they driving a market in their sector? So as an example, in a technology, let's say that we're bringing in for microgrids, we'll be trying to see if in the areas that that technology is being implemented, can we get to a statistically significant data point that shows that overall markets in say microgrids or other environmental or power services are growing better due to accessing the technology that we brought versus another region where we haven't gone to that. So we're trying to see if, if we provide that second derivative of growth by applying our technologies to someone else's portfolio, and if we can show that that becomes very interesting because accelerating growth for a large company has a lot of value. And if we can show that makes our products and our investments much more exciting.

**Hall Martin:** Great. Our next question is how are you seeing private companies monetizing their ESG data?

**Alexander Rozenfeld:** So, well, private companies, if you look large private companies, a lot of them don't care about ESG. So they're not monetizing it. Because the reason they're private is that they don't have to do ESG. Right. There's a large number of private companies and oil and gas and coal and others that, particularly because they're private, they don't care about ESG and they don't bother with it for the most part. When you think about private companies that are startups, they are clearly looking at the E side, if they're in the climate or energy space, because that's something that investors are looking for. Because, number one, there's value to be had on that. And number two, it's, you know, if you're an investor, you don't want to be investing into something that has either E S or G risk, you know, certainly I wouldn't want to be an investor in a company that has an, you know, pollution event or a fire, because that's going to destroy the company, even if it's just a small event. And the same thing on on S&G. So these are all things that you want to look at. But they're also part of, I think, standard diligence, when you kind of get into the [Inaudible] [00:21:16] of things.

**Hall Martin:** Right. My next question is what are the top three areas of investment that you see going into startups that you're excited about?

**Alexander Rozenfeld:** Sure. So these are areas that we've looked at deeply ourselves. I'll start with the power sector. We see a lot of opportunity across the power sector. You know, starting from the generation side, I think we're going to see a lot more commercial multifamily solar going in with the new business models around that. And then also, we're very excited about novel geothermal technologies coming in on the power side. But all of those I think, will become linked through a series of microgrids in the future where we're creating a lot more resiliency in our grid both from environmental factors such as the

freeze we had in Texas, floods, as well as from cybersecurity issues where I think we're going to be having a lot more cyber attacks in the U.S. as well as in Europe. And so we see this move in the power sector to distributed assets like solar, geothermal, and microgrids as one of the big trends. And that's also fits in with our second area that that's tied to that is we're very excited about the old battery and EV sector as technologies. I think they're all very exciting on their own. But we see that they fit in very nicely with this idea of creating microgrids, where you have storage solutions, both at a residential, commercial and utility level. And then you also use electric vehicles as mobile storage. So that's an option you can look at as an ancillary sector to power but it's big enough and exciting enough by investors that it stands on its own. And the last one, which people might not think of as ancillary or adjacent to power is hydrogen and clean fuel. So the downstream sector, this if you look at plastics, chemicals, as well as liquid fuels, that needs to be decarbonize as well and the likely future part of that decarbonisation is going to be going to electric driven fuels, or deep decarbonisation through CO2 capture, which is going to have to be run by renewable as well. So there's going to be first new technologies and new startups in the hydrogen and clean fuels and chemical sectors that we're excited about. But that's going to be linking in very interesting business models back to this power sector and microgrid concept.

**Hall Martin:** I talked to several investors from that era round 2010, in which they piled in a bunch of cash in. The most common refrain I heard myself was the technology did not deliver. And so I guess the question is, maybe the technology was too early and is it more mature now that it can actually deliver on the promises?

**Alexander Rozenfeld:** I think it's not necessarily just the technology, it's the market. And I'm thinking back to my initial market back in the in the north, so I was an early investor into Ballard to some of the fuel cell and battery companies, my corporate saw in like '98, '99, 2000. So this is, you know, before the next crash, and the technology was there, you know, like Ballard had a fuel cell stack that worked, that I think the challenge was, is that a lot of it was a technology that was looking for a market. And so if there wasn't enough of a market and enough of a value on the product, there wasn't going to be that growth. And I think that's what investors overestimated is that, you know, this field of [Inaudible] [00:26:57]dreams, if you build it, they will come. Well we built that. And, you know, an often case the market did not come. And often case, I think you're right, that technology was early, you know, one clear case was, I was involved in building a hydrogen fuel cell station, I think this was like 1999 with idea that in guarantees, we buy a lot of companies that they would have fuel cell vehicles there by 2000. That stations stood around a long time without a single skill.

**Hall Martin:** I got you. Well, we're all familiar with the the current tech world social media, enterprise software, etc. How is climate tech going to be different from the tech world we're familiar with?

**Alexander Rozenfeld:** Well, climate tech, a lot of it is more which you'd find on the hard tech side. So people are much more familiar and kind of the Silicon Valley model is around IT highly scalable businesses, most of climate tech does not have or has not had that fast scalability in the past. Even if it's a software solution, it's a software solution that piggybacks on real world hardware of solar or wind or other deployment of technology. And I think that's been the main issue and challenge is that, you know, when you have to deliver products and solutions that have warranties on them, and that you can scale them out and reduce the price of the technologies, reduce the cost of goods, and then keep on building that across the market. That takes a lot more time, a lot more efforts, a lot more understanding of customers. And there's a lot less forgiveness if things go wrong, because the cycle time to come back into a new product. It's much longer than that on the IT side. And that's why I think generally, it's as you kind of call to the hard tech side. I think the other challenge has been is that investors have, you know, in some cases gotten used to this expectation of really, you know, high returns a lot of in the unicorn space. And I don't think generally that climate tech is a kind of as unicorn rich an area. Certainly there have been unicorns and I think, you know, some of them have now been chopped down to many goats of some kind, whether they were hype too much. I think the climate tech space in that sense is more of kind of like smaller, closer to like a private equity type returns over the longer term. And there just needs to be a little bit more patience in more willingness to kind of roll your your sleeves up kind of to help these startups than you would in a in a typical f Silicon Valley startup.

**Hall Martin:** Right. So how should startups and investors approach to climate tech space? They'd be thinking partners, alliances go it alone. What do you think the approach is here on this one?

**Alexander Rozenfeld:** I think climate tech and energy tech should be all about collaborations. We've been playing that tune to incubators and investors across the country probably for well over 10 years now. This is a market that we will all do better when we kind of move along get together. And one of the main reasons for that is that this is a very connected market space. It's not where, you know, whether you're in a software place or a gaming space like others where you can kind of go it alone, there's a lot of other things that need to happen in order for most of these solutions to be successful. So if you look at EVs, they're not going to go anywhere without charging infrastructure. That charging infrastructure is not going to work without a good grid support to do that. Those vehicles are not going to be able to get additional value back to their owners, unless they're skilled trading mechanisms to monetize the value of the EV batteries. And all these things need to come along together. But they're all still separate, right. And this is why we have our thesis around these special purpose vehicles where we bundled these pieces to kind of move them along at the same pace. And that's why we also tell all investors and whether it's corporate or private investors is look for collaboration, you know, see if you can find things that you can bring from a corporate world to the startups, or even specifically, you know,

create portfolios for yourself, where you have a couple of companies that can help each other, right. And if you can help your companies work together in a collaborative way, and with other partners, not only are you reducing your costs and your risks, you're also accelerating revenues, because a lot of these technologies have a kind of a finance sales pull-share model, where as one technology does better, it pulls along the other because they have this dependency on the services to make each other work better. And so that's really the I think the name of the game in this area. From a corporate collaboration side, I think that's also very important because the corporates bring a lot to the table. And that's part of our value add is knowing which corporates and how to work with them. But you need to be careful as to which corporate partners you bring, because some of them do slow you down. And not that all of them are disingenuous in their goal to help. But often the people that they have are kind of young or inexperienced, actually how things work on the venture side or internally. And they get transferred out or move somewhere else and can't fulfill their promises of helping leaving the startup kind of high and dry if they had a lot of deep expectations. And we're basing their business plan off of one or two corporate commitments. And we've seen startups fail because of that.

**Hall Martin:** Great, well remember, during the mobile app era, so many startups came up with their app, and they were going to take down Citibank with their mobile app, and not really fully appreciating the challenge that is regulatory. What do you think is the challenge of regulatory in this space coming up?

**Alexander Rozenfeld:** Well, I think you know, any companies that are in the CO2 space, there's going to have to be a really clear both regulatory frameworks, which are still evolving, and validation frameworks for the value and longevity of the CO2 that you're capturing. I think there's now some recognition that a lot of these agricultural and forestry credits that have been sold in the market are not as valuable as some of these resources catch on fire during, from forest fires, or some of these Amazonian rainforests or clear cuts when they were promised to be conserved. So whatever you're doing, whether it's sticking CO2 underground or growing something, I think there's going to be much better regulatory oversight as to how this is done, ensuring that it's long term, that there's no double accounts around that. And then the technology is doing what it's saying. So I think that's going to be one of the big and one of the most important mechanisms because that fits into what's going to be done at the inter governmental trading level as some of the mechanisms from the different from COP26 and maybe from partially from COP27 get implemented to do these inter governmental caps and trading mechanisms were being able to really monetize a country's CO2 sinks and CO2 decreases is going to be very important.

**Hall Martin:** Right. Next question from the audience is if you follow battery technology in the UK over the last 10 years and for the future also capital dollars are being spent on

electrification in the form of overhead wires and associated infrastructure, would you advise them to invest as though that viable batteries are about to appear?

**Alexander Rozenfeld:** So what we followed in the UK and Europe is that they're quite keen on these long distance high voltage DC lines. And I think those are generally a good idea, because there's certainly resources in Spain, that can be brought up north to kind of Central Europe, where you have strong sunlight and good offshore winds that can be linked to a central network that goes to offshore UK wind. So I think those central DC grids are going to be important. Now when you go to the more, the smaller grids to go from high voltage and DC or AC to medium voltage. I think there's a recognition around the cost of upgrading those grids. And we've already seen a number of utilities, taking a much smarter look on the planning of where they put different assets, how they do interconnections and where it makes sense to put batteries in versus upgrading parts of the grid. So we think that's beginning to happen. But that's I think more of a recent trend, as some of these software solutions have come into market that allow you to do these, you know, close to digital twins of these microgrids, and also of the medium voltage and low voltage parts of the network which is where you can get a lot of the value of the batteries versus trying to bring in further lines into congested urban areas.

**Hall Martin:** Right. My next question is, where's the money going with regards to minerals extraction? Anything in deep sea mining yet? I'm asking you about deep sea mining because the 30 companies that have contracts to deep sea mining in the next couple of years, desperately need technology to make this happen.

**Alexander Rozenfeld:** Yes, so I have not seen anyone pitch me particularly on deep sea mining. I know there's a lot of concern that these deep sea mining areas are near very ecologically fragile areas of the reefs. And there's likely to be some significant pushback around that. So given that it's hard to regulate what's going on. We see on the mining side, though a lot of interesting things around lithium and rare earth mineral, extraction from brines. And there's a number of startups in the U.S. and in Canada that are coming up with new brine extraction technologies for low to medium level, lithium solutions and depleted oil and gas oil fields. And we think that's quite interesting is one of the companies that's done well, in that space is Lilac. They got money from Breakthrough Energy ventures, they are a concentration technology. And so we think there's likely to be some interesting renaissance around mining in the U.S. certainly Salton Sea seems a very interesting place to do mining. And I think there will be also be looking at interesting solutions to do mining and minerals directly from seawater as well. So I think those are areas that makes sense, especially when you think about seawater and desalination, and renewable energy, as we get further in a water crisis, you're going to be desalinating the water anyway. You're going to have to be removing essentially the salts, but you're going to be removing minerals as well. So if there's some smart ways of capturing some of those minerals, as you're doing

desalination, and that technology grows, I think that might be a quite a kind of a nice niche business model for companies to pursue.

**Hall Martin:** Right. Our next question is, nuclear is essential. Is that right or wrong?

**Alexander Rozenfeld:** Yes, it is right. Whether we're gonna get it is it's unlikely. We've seen several small modular reactor companies and there's quite a keen interest in a small modular reactors in Asia. They're, I think, less afraid of nuclear, even with what in happened Japan. So I think there's got to be a trend and in small modular reactors, if we're going to be finding a way to get to good baseload power that will complement the renewables. Unfortunately, I don't see us getting there in the U.S. due to the ability of any local group or non-local group to sue someone for that. And that's why we're most bullish on geothermal, which can provide the same type of baseload as nuclear doesn't have the issues with nuclear, doesn't have the footprint of nuclear there, and it also doesn't have the visual impact of offshore wind because geothermal plant is about three to five feet high, where you're getting the water out, the biggest footprint is the condensing and power extraction facility, which it looks, you know, which can be put in a large shed. So that's why we're looking quite foolishly whether geothermal can meet the need, that we're not going to allow SMR to meet in the U.S.

**Hall Martin:** Right. My next question is, what's the biggest mistake you see startups or investors make in pursuing climate applications?

**Alexander Rozenfeld:** I think for the smaller investors, this probably applies for the corporates, as well as that they invest in areas that they know nothing about. That's always I think, a bad idea. I always recommend investing in areas that you know, enough about to be useful, and to be useful to the investment that you're making it so that you should be an active investor or think, you know, being a passive investor and a lot of different things, it's not helpful, you know, at the very least, you should bring some initial value. I think the other investment mistake is that a lot of investors aren't thinking of their investments in a portfolio or systems manner. So they, you know, they look at it as a distributed portfolio which is good from a, perhaps from a return sense, but it's not really good from a ability to influence sense. If you want to be a impactful investor and provide value add, you need to focus your investments. And the other part is that when I mentioned this, the systems approach, a lot of investors don't think through. And this is true for startups as well, don't think through what's going on in adjacent markets, and whether those markets are competitive. Just as an example, I meet so many folks investing in the EV markets and ask them, okay, is there you know, some other competition that's going to be coming in that will, you know, that will be more successful, and certainly, in small commercial vehicles, or small individual vehicles I think EVs are going to be the winner. But when you get to trucking, I think there's some legitimate cases for LNG or for hydrogen or for novel solid state batteries to be there. And the other side is, you know, you see folks investing into

hydrogen fuel cells, and they disregard completely the EV world, and not understanding, you know, what's going on, you know, in parallel, but not also understanding this issue of infrastructure around whether it's a hydrogen infrastructure, or a, you know, fast recharging or slow recharging infrastructure on the EV side. If you don't understand all the infrastructure and supply chain, and you're just investing into that idea, not knowing what the other hurdles are I think that's not a great success, not great formula for success.

**Hall Martin:** Great. Question from the audience. Global warming can be good. For example, it has created a high value wine industry in the UK. What investments are you making that capitalize on global warming, rather than trying just to mitigate it?

**Alexander Rozenfeld:** Well, yeah, so I think I've read that story about wine in the UK. I think there's also some places that are growing olives a little bit better as well. Generally, I think what's happening, though, is like, the new areas are not catching up as quickly as the old areas are declining. So I'm, I don't see any long term investment opportunities other than I can sell you some beachfront property if someone's really interested about 50 miles from inside the coast from Galveston, you know, just wait a couple of 100 centuries. But I think where we look for opportunities is what we call overlap areas between mitigation and adaptation. So let me go kind of, you know, what does that mean? So, again, like solar microgrids are important for mitigation, because we reduce our reliance on fossil fuels, number one, and they're also economically great for the most part if you design them right. So there's good investment, a lot lower reliance on fuels, good for the environment. But they're also important for adaptation. So going to the point of climate change is going to make things worse, I think in most areas in terms of variance and weather. So one year you might have great grape growing or some kind of weather here in Texas, the next year, you have a freeze and everything dies, like oh, my lemon trees died. And but the idea with the microgrid is that it provides you resilience against those effects. So as things get worse, or you might have more variance in your system, it protects you against that. So we kind of look for that double whammy of a good technology, environmental benefits, but also as things go poorly in the environments, that becomes an issue. Same thing, we're looking for opportunities in carbon where you can take carbon back directly into the soil as carbon ash, where you can improve the quality of the soil after that carbon has been captured from some other area, and improving the quality of the soil is going to make that soil that farmer be able to withstand, you know, a little bit more variability in the weather. So, hopefully that answers the question. We're investing on the other side of the coin.

**Hall Martin:** Right. My next question is, what do we see in climate tech innovation over the next five years?

**Alexander Rozenfeld:** I think we're going to be seeing more on the material side. I think we continue to see interesting thing on materials, especially as it relates to novel battery chemistries and technologies. So there's been a lot of breakthroughs there. And we see a

lot of research going on. In that space I think we'll be seeing breakthroughs, more breakthroughs in the space of CO2 utilization. So again, that's on the. I think about the chemistry and catalysis side of that. So I think we'll be seeing more and more of that. I think AI, machine learning will play into that as we use those tools to help us get to better solutions more quickly, rather than having to test 1000s of formulations. On top of that, I think we'll certainly see more and interesting breakthroughs on green and blue hydrogen due to the huge amount of incentives we're getting from the inflation reduction act that is driving a number of large corporate players to be putting in large technology plays on that ends. And that's going to be driving more innovation there. And kind of back to our theme on microgrids and solar. I think, hopefully, we'll be see some of the first true microgrids begin kind of emerging across the country to take parts and some of the credits around the commercial solar, but also begin pulling these different technology solutions together in a single package like we're trying to do.

**Hall Martin:** Right. Next question from the audience is, unlike Web 2.0, this next generation of entrepreneurs who will build climate tech solutions, will need to actually know quite a bit about science, government regulations, etc. What would your advice be for entrepreneurs regarding how they can best educate themselves now, in particular, for those that don't have access to expensive formal education? Just thinking particularly of democratizing the knowledge base what should schools be doing here?

**Alexander Rozenfeld:** So, yeah, that's good question. So this is less of a venture capital question, but more of a business formation question. And we've seen this issue. We spun out a company called Climate Impact Capital Energy Holdings to try to build out solar in Texas. And one of the learnings we had along the way is that it's really difficult to find good employees to install solar. It's difficult to find good employees to sell anything these days on the construction side or electrical side. And so we think there's a lot of potential for young people to get into trades that we've really neglected. I don't know for how many decades now in the U.S. and that schools should be taking a much stronger view on vocational training that students can get on electrical side and the mechanical side in high school, and partner with companies for apprenticeship programs. And I think there's a really good opportunity there, because the inflation reduction Act specifically calls out apprenticeships as one of the core pillars that they want to support. And I think with that in mind, if we can bring more students out of high school and out of two year colleges, into the trades where they're installing solar, installing wind, and then providing operations and maintenance support. It's not only I think, a good job, I think these are the types of opportunities where people can build their own small companies to go out and do these types of installations and do these types of maintenance around the country especially in underrepresented rural and tribal communities.

**Hall Martin:** All right. Our last question is where can investors be smarter about these investment opportunities?

**Alexander Rozenfeld:** I think like always, it's really getting to, you know, getting to know the companies and trying to avoid jumping into something because everyone else is doing that, which is kind of the good advice for any areas. I think focusing on areas where you know the technology, you can bring something to the company is most important, you know, whether you're a family office, individual angel or corporate is think about the value you can bring first. And that will I think help you enable to do the due diligence better, and they'll make the company much more interested in us as an investor gets a better investment decision all around. If you take it from that point of view, what are you adding other than your capital to the pie

**Hall Martin:** Right. One last question from the audience here is there's a strong push for island nations, the Caribbean to create climate solutions. So a lot of money being invested in helping them to develop solutions. Do you think American investors will begin to take an interest in investing in those ecosystems as well as they mature?

**Alexander Rozenfeld:** I think there's been a lot of investments already for 30 years into those ecosystems, especially the ones that can pay. There is people have been taking LNG cargoes and gas to those countries for a long time, on the, you know, the gas side of things. And more recently, in this last decades, we've seen the solar coming in, we've seen municipal solid waste, incineration and other programs taking hold. I think the challenge is that these infrastructure changes aren't simple. And there's, you know, there's money needs to be put in. And of course, there's a lot of risks due to hurricanes and storms. So the opportunity is there. But as we kind of seen in Puerto Rico, it's still hard to do. And even when you do it, often, it's not done correctly on the ground. I think that's probably the end lesson is it's not about the capital or the technology, it's really about, again, having that right partner on the ground that can make put it in the right way that it survives the next storm, and keeps providing that value. And, you know, I would say it's, if someone's planning to retire, it's one of those places and has the money. That's a great investment opportunity.

**Hall Martin:** Great. And Renee asked, how can non institutional investors invest in climate for tech?

**Alexander Rozenfeld:** Okay. So there's a lot, there's a lot of angel investment opportunities out there. I would always recommend, you know, being part of a Angel club to help you do that. I co-invest with the EAs, on the West Coast CVG over in Boston. There's other angels in here in Texas, that look at these things like, you know, chemical engineering network. I think, Hall, you run a lot of deals through your process as well. So I think it's always good to kind of invest together bring lots of different eyes to these deals. I think there's a plethora of deals that whether you're in Austin and Dallas, or in Houston, that you can access that are local. We've seen a number of actually companies moving into Texas recently that have some really cool technology. And I would also just say is go spend time at

your university, some of the best deals that have actually gone on to raise a lot of money across multiple rounds, I've seen come out of the universities, and I kind of often kick myself who'd like why didn't I put in \$100,000, check and take, you know, 10, 15% of this company, when I could have when they're just like out of the lab. And I was like one of the you know, the third investor they spoke to. So I think, you know, go out into those university environments and get to know people.

**Hall Martin:** Well, great, we have one last question from the chat box. What would you change in Biden's infrastructure package that you think would help to accelerate climate tech? Or do you think he just nailed it in the first round?

**Alexander Rozenfeld:** There's always room for improvement. The one thing I found very frustrating is that the mechanisms for deploying a lot of the money were not clear at all. And so I think that's going to delay deployment by a number of years. And then there's also references to a lot of non-NGOs and nonprofits deploying some of the money. And so I'm concerned about, you know, whether they actually know their business well enough to actually deploy the money in a way that's truly impactful to the economy rather than the way that they look through through their our lenses. So that the timing and the avenues of deployment I think were should have been much more clearly defined because I think that's going to lead to the there will be a lot of wastes, certainly some fraud, and a lot of delays because the mechanisms weren't very clearly done, and are likely to kind of go through folks that don't know what they're doing. They would have been better off to say, you know, I'll choose a bunch of people and bunch of companies and invest the money for Texas.

**Hall Martin:** That sounds great. Well, Alex, I want to thank you for joining us today and sharing all your wisdom and expertise with the audience and want to thank our audience for great questions and participation. And we always appreciate that. We'll be back next month with another topic to share with you guys. So we will share the recording with you through a follow-up email but want to thank everybody for participating today. And with that, we'll go and wrap it up.

**Alexander Rozenfeld:** Thank you so much. Bye, everyone.