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The Greentech VC Influence Over Washington

By [Katie Fehrenbacher](#) Aug. 18, 2010, 8:28am PDT [No Comments](#)

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There've been a couple articles in the past few weeks pointing to President Obama as the "[clean tech investor in chief](#)" and the [presidential VC with bets on clean energy](#). The real trend is that venture capitalists focusing on greentech seem to have had an unprecedented influence on U.S. federal policy and allocations of the stimulus package.

When I attended the Department of Energy's (DOE) first [ARPA-E conference](#) (Advanced Research Projects Agency-Energy) earlier this year in Washington D.C., I was struck by how many venture capitalists were there. I shared a cab back to the airport with some familiar Silicon Valley faces, and was told if your firm didn't have a dedicated person in Washington — in some circles they call them lobbyists — maneuvering grant and loan programs, you weren't able to be competitive.

Just look at the figures from the stimulus package (which I am fully in support of): somewhere between \$50 billion and \$80 billion into clean power and energy efficiency initiatives ([depending on](#)

[how you slice it](#)). The Obama administration has gone out of its way to seek the advice of green-leaning venture capitalists and entrepreneurs in the Valley on how to spend that colossal amount and what programs would be the most affective.

Kleiner Perkins managing partner John Doerr is on President Obama's [Economic Recovery Advisory Board](#), and was able to convince Vice President Al Gore to join Kleiner, in addition to former Secretary of State Colin Powell. Kleiner's investments have had some successful government bids, most notably the [\\$529 million loan to Kleiner portfolio](#) company Fisker Automotive out of the DOE's highly competitive Advanced Technology Vehicles Manufacturing, or ATVM, program. Fisker plans to use the loan to build its factory and launch its electric vehicle in 2011.

If you remember, another winner of the \$25 billion ATVM program was Tesla Motors, which, as most of us know, was backed by venture capitalists from Draper Fisher Jurvetson, Technology Partners, and Vantage Point among others.

I attended Khosla Venture's LP meeting earlier this year where the firm [announced that former UK Prime Minister Tony Blair](#) would be joining the firm as Senior Advisor. Several of my journalism peers were comparing the political influence Blair could wield to what Kleiner was doing with Gore.

The Obama administration appointed [former venture capitalist Jonathan Silver](#) as its loan chief to lead both the DOE's loan guarantee and ATVM loan programs. About a third of the DOE's loan guarantee commitments went to venture-backed startups, including thin film solar maker Solyndra and solar thermal company BrightSource.

I [wondered earlier this year](#) if the loan guarantee for Solyndra wasn't a mistake, given the company has one of the highest manufacturing costs out of its competitors. The company withdrew its IPO plans, citing poor market conditions. The Government Accountability Office also found that the loan guarantee process treated some companies unfairly in their bids and risked "excluding some potential applicants unnecessarily."

There's nothing inherently wrong with venture-backed companies getting government support, and the energy sector needs even more federal funding to create innovation. I support Doerr and Bill Gates' [calls for boosting federal government](#) investing to \$16 billion per year into energy innovation. All I'm saying is that this level of influence should be watched.

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