



May 29, 2003

Dear Clean Technology Program Managers and Funders:

We are extremely grateful for your participation in our first Clean Technology Implementation Network meeting in Amsterdam. We were impressed with your ideas for collaboration, and believe we have a good foundation for future cooperative activities among public and private technology programs and funders<sup>1</sup> in North America and Europe. As we indicated at the meeting, our goal is to expand beyond this initial group to include others from developed and developing countries as we grow the network, and we will rely on you to bring new and emerging entities to our attention for these purposes.

We would like to first describe what we see as the meeting outcomes and next steps, and then ask for your help to move forward together.

#### **Meeting Outcomes:**

- 1. Support for network creation.** The participants agreed that a practical international network of public and private programs--working together on common problems, new strategies and best practices--would be of value for individual programs and investments.
- 2. Need for strategic plan.** There was support for the development of a strategic plan for the network that would identify real needs, problems and potential structures for cooperative solutions that could be managed with the least overhead and funding.
- 3. Define scope of network.** A key need is to clearly define the substantive scope of the network and its participants (*i.e.*, public and private funding programs presently limited to electric generation and perhaps transportation, to expand to include more demand-side entities, and to what extent climate-related linkages could be the scope).
- 4. Expand the network.** Regardless of a clear scope, we need to identify other network participants from countries involved (Canada, Italy, Netherlands, UK, US) and to bring in other participants from other countries (Australia, Japan and perhaps other countries that are interested in forming clean technology programs and entities).

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<sup>1</sup> The terms clean technology "programs" or "funds" are defined to include all implementation measures designed to accelerate deployment for clean technologies, for both energy supply and demand side, and increase the use of public and private funding mechanisms to achieve this acceleration. To this end, "fund" should not be interpreted exclusively as venture capital, but in a broader context to include public funding programs for clean technologies.

5. **Create a network working group.** We need a smaller steering committee to help us develop the network. We will be in touch in the coming weeks with those of you who had expressed interest during the meeting.
6. **Focus on practical cooperation.** For all these efforts, we need to clearly focus on practical needs of network participants to improve program solicitations, develop new investment strategies, learn how to link investments to solve larger problems like climate change, better understand new business approaches for technology commercialization, and related real world demands placed on programs. In addition, we need to better address linkages between public and private sector investors.
7. **Direct exchanges instead of databases.** There was a strong preference to encourage greater, real time exchange of information through person-to-person exchanges, as compared to web-based data gathering techniques. These more conventional approaches are seen to be more helpful to understand the nuances of program successes and failures, at least in the early stages of operation. At the same time, these approaches are more expensive to manage and operate, and there are some limits to government travel, a challenge for a global network. At a minimum, a regular face-to-face exchange of network participants seems a starting point for the network. We would also propose, at minimum, the creation of a simple webpage hosted by the Clean Energy Group site for basic information on the network, meeting materials and links to network participants' sites--this approach would allow others interested in network opportunities to access basic information, without the technical requirements of maintaining a full database of program information.

We will call upon the steering committee to work with us in identifying a full spectrum of network activities and opportunities, ranging from "soft" network exchanges to eventual future "hard" network elements, such as joint investment and strategic collaboration, as discussed at the meeting.

8. **Time to begin now.** Program managers agree that the time is right to begin this approach as soon as possible. Some have immediate interest to share experiences on issues. We identified several subject areas that could be an early start to test the network's potential, including:

- Technology diffusion approach (understand fundamentals, identify leverage points, replicability, exit strategy, timeline)
- Best practices/lessons learned
- Public/private/foundation/government investment
- Climate change linkages developed for longer term
- Community/economic development links to clean technology
- How to develop regional technology markets
- How to increase higher quality deal flow for programs, increase efficiency of capital deployment through exchange
- "Investment approach" report
- Develop common evaluation tools
- Learning agenda (smart subsidies, system dynamics, leveraging, etc.)

**9. What can be done to improve existing programs and develop new funding mechanisms?**

This network stands to serve as a clearinghouse for information on how to set up new clean technology programs and funds, whether public or private, in municipalities, regions and countries where such programs and mechanisms do not exist. It can also provide the tools necessary to improve programs' performance criteria, surpass the problem of "under spending," reduce risk, increase flexibility, and identify and partner with other entities willing to be innovators and deployers of clean technologies. The variety of approaches and program designs stand as models for new programs, and we hope to begin a proactive process of matching emerging entities with established programs in the interest of creating new actors to carry out this work.

**10. Next meeting.** The group agreed that there are linkages between the network and the goals of the "Conference of the Reducers,"<sup>2</sup> and suggested that it might be worthwhile to hold the next set of meetings together in late spring/early summer of 2004. In addition, it was suggested that one option would be to schedule both meetings to coincide with a larger clean technology conference to maximize participation (one option that was suggested was the World Conference on Renewable Energy in June 2004 in Bonn, Germany).

In the near term, we will explore links with the organizers and the network steering committee as well as identify other possible venues and options for the next Clean Technology Implementation network event. We will also identify opportunities to convene smaller technology specific groups for exchanges in the interim (for example, a fuel cell focused event in London prior to the Grove Fuel Cell conference in September might be a possibility, if there were sufficient interest).

**Larger Context for Network:**

It might be worth a review of why we are proposing to create this network, for the meeting participants and new members.

There are several trends converging that suggest the need for this network. There are more public and private funding agencies, and foundations, investing in clean technology. They are creating new experimental approaches. These are bottom-up efforts, which look for local, regional or national models to build clean technology markets. No one has done this before.

At the same time, we have global problems like climate change to solve. Some of these programs and funds have an explicit climate change mission. Others do not, but their investments could well have a significant influence on greenhouse gas emissions reductions in the long run. The program managers and funders could work together if we had common strategies to link these local and global issues.

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<sup>2</sup> "The Conference of the Reducers" (COR) is a parallel new initiative on international policy measures to achieve greenhouse gas reductions. The first conference was organized by Michael Northrop of Rockefeller Brothers Fund and was held in Den Haag in May 2003, where several network participants contributed to the COR finance track.

**Clean Technology Implementation Network  
May 14, 2003 Meeting Summary and Next Steps**

The time seems right to create this linkage. We are now--based on the meeting Michael Northrop of Rockefeller Brothers Fund held in Den Haag the same week of our event--in a "post-Kyoto" world. Now that it is likely the Kyoto Protocol will come into force, the question is: how do we begin to align investment, technology and policy to achieve enormous post-Kyoto stabilization levels (80 to 90 percent over baseline) in the next century? We need a radical technology restructuring to achieve a no or extremely low global emissions profile. Wholesale replacement of fossil fuel combustion likely will be needed. That is a huge challenge, but also a huge economic development opportunity.

Therefore, the remaining question is: how do we convert this environmental problem into a global economic development program with technology and financial innovation to achieve stabilization targets? We believe we begin with a focus on investment in new clean technology, done locally and globally, with the aim of most efficient targeting of public and private funds toward smart technology diffusion. We can do this more effectively if we combine our thinking to create a network of local and regional programs trying to work together toward some common aims. We do not need uniformity, but some consensus on smart, best and innovative practices would be a good start.

That is what led us to this network proposal. We are mindful of the humbling nature of this enterprise. But we are also mindful that, on the policy side, in 15 years, countries (most of them) came together to develop a common framework for climate policy. We see the same need for a common framework for clean technology investment. It should, however, not be a top-down approach, but one that builds up from local, regional and national technology investment practices. To work, we need to actually act together to see what works and what fails. Without that, we will have too many expenditures and not enough progress.

So this network is just a start toward that end. In our minds, this has not been done before. But we do appear to have at least two ongoing principles: climate change and economic development. If we can develop best approaches on how to solve the climate change problem with sound, economic development, investment and technology practices, we will be on the right path in our view. Of course, more traditional policy prescriptions will be a part of this agenda, but a more complex set of tools is absolutely needed.

This new approach also calls for new partners. The public funders that will be the founding members of this network, to be successful, must work more effectively with other sources of capital. Private investors, foundations, pension funds, socially-responsible investors and other managers of private capital must be brought into this conversation. We are extremely hopeful that such a larger network can bring about exciting new approaches to these problems.

We look forward to your view on these approaches. We clearly have not captured all the aspects of how we do this job. We need your help to better define the problem and the solution. But we think we have started the discussion in the right way.

We look forward to working with you in the near future. We also want to thank again the foundations that have supported us to date, including the Rockefeller Brothers Fund and the Oak Foundation. And that raises a final point--we will have to raise additional funds to make this

**Clean Technology Implementation Network  
May 14, 2003 Meeting Summary and Next Steps**

network a success. In our strategic plan, we will be discussing with you whether we can obtain funds from network participants to support this effort. If it is of value to you, we would hope and expect you would fully support the network as well.

We are grateful to have you join us in this exciting endeavor.

Sincerely,

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Clean Energy Group

Peter Mallaburn  
Head of Government  
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The Carbon Trust

Allison Schumacher  
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Lew Milford, President of CEG, and Allison Schumacher, Project Director of CEG are managing this network in conjunction with Peter Mallaburn, Head of Government and International Relations at the Carbon Trust. If you have any questions about this project, Lew or Allison can be reached by phone at (802) 223-2554 or by email at [lmilford@cleanegroup.org](mailto:lmilford@cleanegroup.org) or [allison@cleanegroup.org](mailto:allison@cleanegroup.org).