



N.Y. venture firm Braemar to open Boston office

Mass High Tech: The Journal of New England Technology - April 20, 2007

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New York-based Braemar Energy Ventures is set to open a Boston office with two locally based investment partners, as it focuses on doing more deals in a red-hot clean-technology sector.

Dennis Costello and George Reichenbach, both of whom are former partners at Boston's Advent International Corp., say they plan to open Braemar's Boston office within the next couple of months. The office will focus on energy and clean-tech investments.

Braemar, which was founded in 2002 with a \$55 million fund, has invested in a total of 10 companies, including two in Massachusetts: EnerNoc Inc., a Boston firm that manages backup electric generators for peak demand periods, and Celunol Corp., a Cambridge company that develops technology for producing ethanol.

Reichenbach joined Braemar in 2003. Costello joined last November. Although Braemar has invested in energy technology for years, clean-tech investments spiked last year as political and sociological issues related to global energy and the environment became more urgent.

Investors pumped \$883.6 million into U.S.-based venture-backed clean-tech companies last year -- up nearly 80 percent over 2005, when companies took in \$491.4 million, according to Dow Jones VentureOne and Ernst & Young.

In New England, 14 VC-backed clean-tech deals got done, up from 11 in 2005. But the amount raised by New England clean-tech companies declined to \$98.6 million last year, compared with \$128.5 million during 2005.

Reichenbach, a former MIT professor of mechanical engineering and a venture capitalist for nearly 20 years, is also a member of the steering committee for the Massachusetts Emerging Technology Fund. He said global warming combined with the cost of energy and political-security issues have heightened interest in cleaner, alternative technologies.

"It's still the same drivers, but they are a lot more critical than they used to be," he said.

In North America, VCs invested \$740 million in biofuels last year, compared with \$110.5 million during 2005. Wind power also got a big boost in investment, reaching \$380 million

last year, compared with \$1.5 million during 2005, according to the Michigan-based Cleantech Venture Network LLC.

The U.S. venture capital industry has invested more than \$8.8 billion into the alternative-energy markets since 1999. But last year biofuels (including ethanol and biodiesel) was the big attraction for VCs, Cleantech Venture Network reported.

California investors are the most active in backing clean-tech companies, followed by Massachusetts, according to Craig Cuddeback, COO of the network's parent company, the Cleantech Group LLC. Cuddeback said he expects the level of clean-tech investment to remain high because investors are posting strong returns and consider the space a good source of potential exits.

Costello and Reichenbach invested together in the energy sector at Advent over a 10-year period. Reichenbach managed 17 investments at Advent, Braemar officials said.

From 1995 to 2000, Costello was the chief investment officer for Advent's North American operations.

In addition to energy technologies, Braemar invests in technologies to improve more conventional energy sources such as oil and coal, Costello said. "Anything that can make converting energy cleaner is something we're interested in," he said.