

## RENEWABLE ENERGY

### **Goldman Sachs sees green in biofuel firm Investment bank taking stake in Iogen, a leader in cellulose ethanol technology** **SIMON TUCK**

OTTAWA -- **Goldman Sachs Group Inc.** has agreed to take a large minority stake in a Canadian alternative fuels company, the first time that one of Wall Street's big players has made a significant investment in the promising cellulose ethanol industry.

Goldman Sachs will announce today that it has invested \$30-million (Canadian) in Ottawa-based **Iogen Corp.**, considered the global leader in cellulose ethanol technology.

The investment bank will join Royal Dutch/Shell PLC, Petro-Canada and the Canadian government as key stakeholders in privately held Iogen. The involvement of one of the world's largest investment dealers signals a big step forward for Iogen and its niche within the alternative fuels sector.

"It's a tremendous step forward for the company and for the field," said a source close to the deal.

Cellulose ethanol, which can be used as a fuel or a fuel additive, and is considered greener than standard gasoline or even grain-based ethanol, is made from organic materials such as corn stalks, straw and other agricultural waste.

The fuel is considered a potential boon for farmers because it could create a viable market for materials that are now largely discarded and could also add another leg to Canada's fast-growing energy sector. And, according to one of Wall Street's most successful financial services companies, cellulose ethanol also represents a good investment.

Michael DuVally, a spokesman for Goldman Sachs, said Iogen is "one of a number of investment opportunities in the renewable energy sector that Goldman Sachs has identified and believes has the potential to yield attractive returns."

Development of the fuel was given a big boost last week by U.S. President George W. Bush, who cited it -- along with biodiesel and hybrid motors -- as one of the promising technologies for reducing dependence on foreign oil.

During a speech in Washington on confronting high gasoline prices, Mr. Bush set a goal of ensuring that cellulose ethanol is affordable within six years. Many environmental groups say cellulose ethanol is superior to grain-based ethanol because it's made largely from waste, not food, and that it emits 90 per cent less carbon dioxide than regular gas.

John Bennett, energy policy adviser for the Sierra Club of Canada, said cellulose ethanol also allows oil companies to use an organic oxygen booster in gas rather than one with heavy metals. "Cellulose ethanol really is the hope of the future."

Iogen, which hopes to break ground on its first full-scale plant in the summer of 2007, has already received investments of \$46-million from Royal Dutch/Shell, \$25-million from Petrocan and \$21-million from the federal government.

Sources close to the deal say Goldman Sachs will be represented on Iogen's board but that it's not clear how large a role the investment company will play in the company's day-to-day operations.