

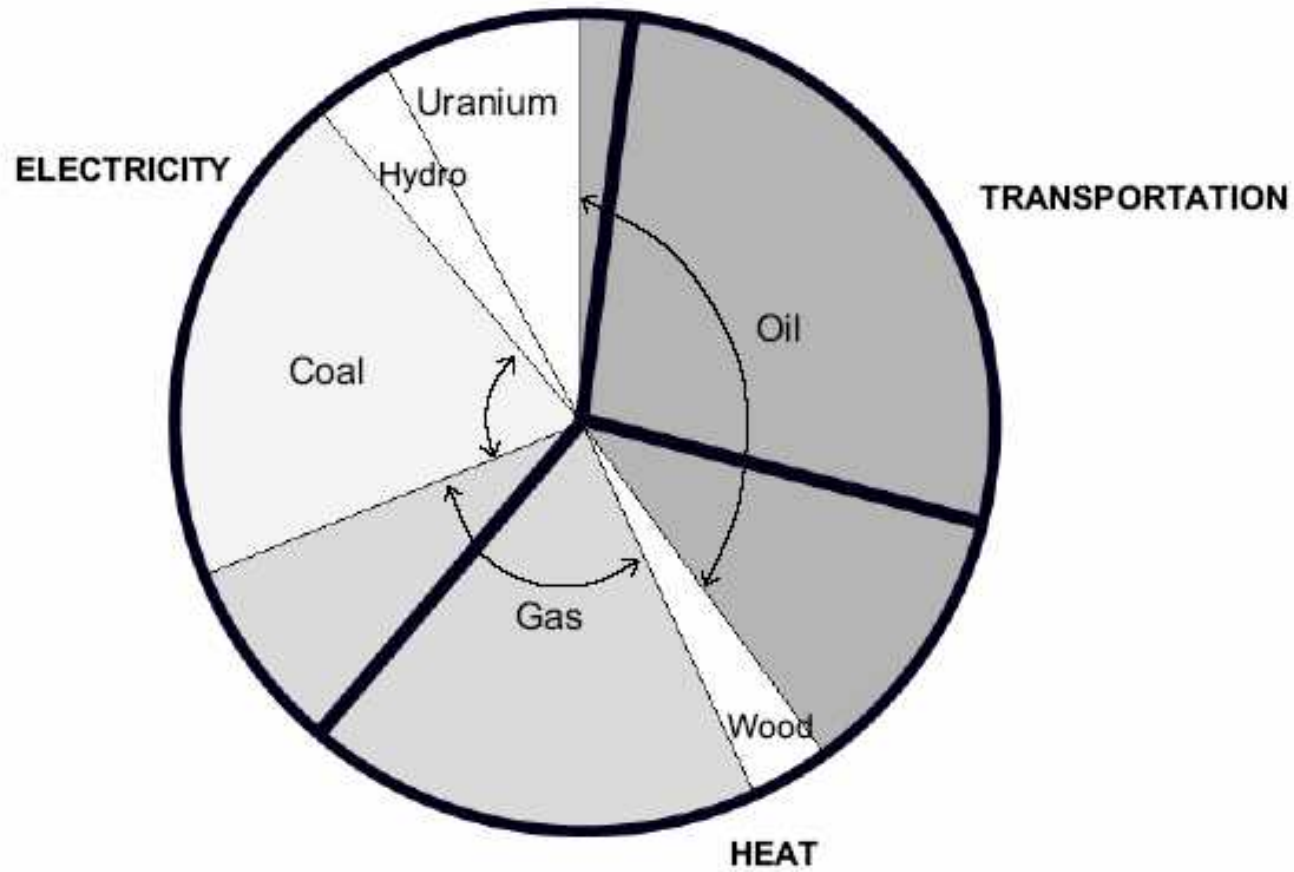
NW Energy Angels

A walk in the energy fields

November 17, 2005

Martin Tobias, CEO and Chairman
Martin@seattlebiodiesel.com

Figure 1.6 Primary U.S. Energy and Fuel Uses



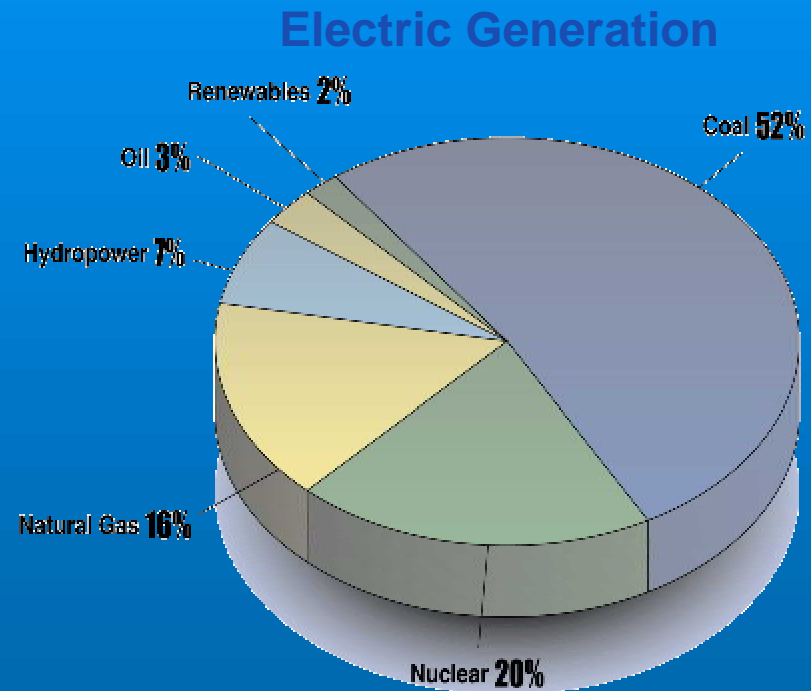
We use primary fuels to make electricity, move vehicles, and produce heat. Coal generates electricity. Oil is the fuel of transportation. Natural gas is used principally for raw heat; it also now generates 18% of our electricity.

©2005 Huber, Mills, *The Bottomless Well*, Basic Books, & www.digitalpowergroup.com

The world is not running out of energy – running out of the type energy we have used most...

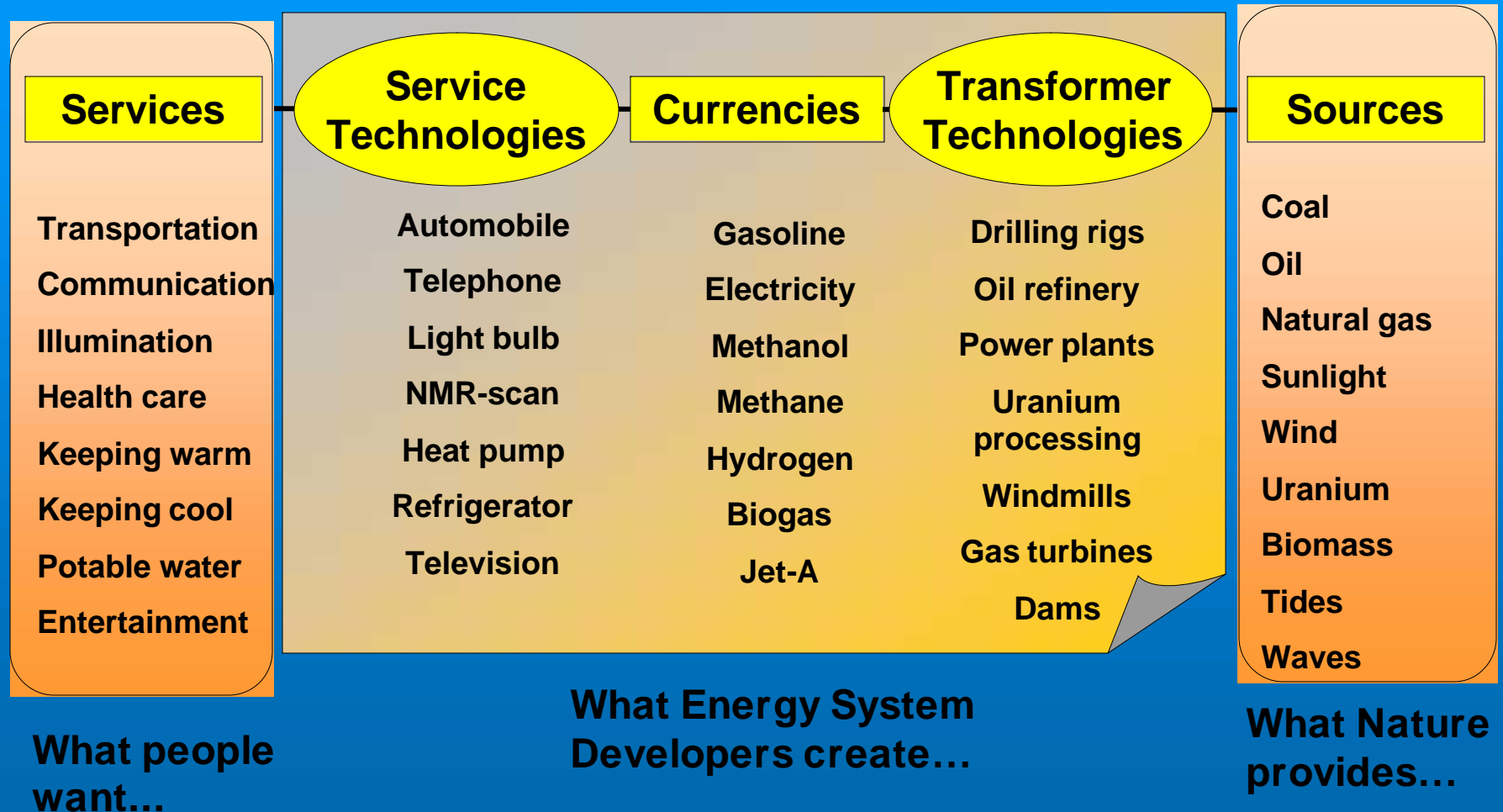
U.S. Energy Security Requires Diverse Domestic Energy Sources

- Petroleum, a key energy source
 - 97% of transportation
 - 35% of industrial base load
 - 13% of residential
 - 8% of commercial
- Hydrocarbons (petroleum, coal, natural gas) provide ~85% of United States energy
- Hydrocarbons provide ~70% of electric capacity



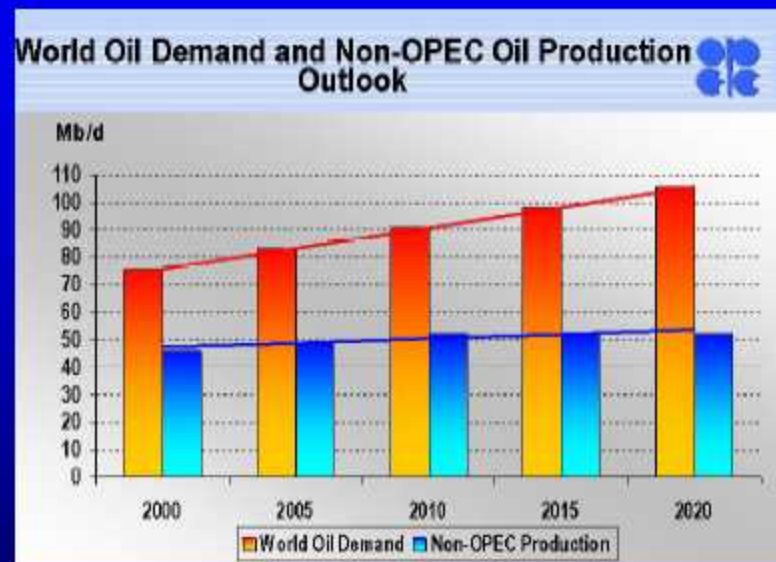
Source: U.S. Department of Energy, Energy Information Administration, 2001

Architecture of the Energy System



Oil Peaking Is Probably “At Hand”

- Current oil supply is “long in the tooth”.
- Oil Demand is becoming a runaway train.
- The higher demand soars, the sooner Peak Oil will arrive.
- Concept that Peak Oil is supply driven is false.
- Demand plays an equally important role.



From Bits to Barrels

- What is the most important problem facing the world over the next 10-20 years?
- Didn't we try this in the 80s?
- Isn't energy a capital deployment business?
- What can software teach barrel guys?
- Platform or version upgrade?

The big Energy picture

- We use fuel of all types for three things
 - Generate electricity (gas, hydro, coal, nuke)
 - Provide direct heat (gas, wood, oil)
 - Transportation (oil)
- US 4x largest consumer oil \$500B/yr.
- Petroleum crisis not Energy crisis
- WW supply/demand tight @ 84Mbpd.
- China and India only getting started.
- <1% of \$500B in VC spent on energy.

What do I look for?

- HUGE market, not niche.
- Passionate committed founder
- Order of magnitude innovation driven change.
- Clear business model.
- Slow moving incumbents.

Why a new Angel group?

- Lots of regional assets.
- Lots of deals (Poised for Profit report)
- Traditional Angel groups focused on IT
- Need for general market education
- Good energy Service providers in region.
- No clear bridge or path from R&D to Venture.
- Lack of experienced entrepreneurs drive the need for involved angels.
- My experience raising money for SBD.

www.FromBitsToBarrels.com

martin@seattlebiodiesel.com