

Business

### **Mascoma snags funding for Mich. ethanol plant**

Life Sciences Roundup

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**Mascoma Corp.** has found a key piece of funding for a commercial- scale ethanol plant in Michigan. [Valero Energy Corp.](#) has signed a nonbinding agreement to invest up to \$50 million to fund construction of a refinery that would use wood-based materials to make ethanol.

Frontier Renewable Resources, a joint venture of Lebanon, N.H.- based Mascoma and its Michigan-based partner, J.M. Longyear, expects to break ground on the plant this year and to begin production of ethanol in 2013, according to Mascoma.

The plant is expected to be able to initially churn out 40 million gallons of ethanol, a gasoline additive, per year. It will be unusual because it will rely on pulpwood as its feedstock, rather than food crops such as corn or soybeans.

Mascoma has been working for years to bring its process for making cellulosic ethanol up to commercial scale. The company has shown its potential for commercial production at its pilot facility in Rome, N.Y. Yet a lack of financing delayed the project in Michigan; last year, chief executive Bill Brady said production would probably begin there in 2013. Valero has also made a separate, unspecified investment in Mascoma. The firm says the project has additional funding from the Michigan Economic Development Corporation and the US Department of Energy.

Valero, which says it owns 10 ethanol plants, has also agreed to take ethanol from the Michigan facility and sell it.

A wave of Internet deals helped venture funding during the fourth quarter of 2010 reach a two-year high-water mark in both the number of deals and amount of capital invested, according to CB Insights, a New York information and data services company.

Venture capital firms poured more than \$6.5 billion into 735 deals, according to CB Insights' Q4 2010 Venture Capital Activity Report. That represents an 18 percent increase in capital invested and a 6.9 percent rise in number of deals, compared with the fourth quarter of 2009.

Annual venture funding in 2010 amounted to \$23.7 billion invested in 2,792 deals, a 14 percent gain in funding and 13 percent increase in deals over 2009, when CB Insights found a total of \$20.8 billion invested in 2,461 deals for the year.

Capital invested during the fourth quarter was boosted, though, by four Internet deals that closed in December. Together, they accounted for \$965 million of the \$1 billion gain over the same quarter of 2009.

CB Insights included \$500 million of the \$950 million Groupon deal in the fourth quarter of 2010 (the deal was announced in December but closed in January), according to CB Insights cofounder Anand Sanwal.

Other December deals that helped buoy the numbers were [Kleiner Perkins'](#) \$200 million investment in Twitter, Amazon's \$175 million funding for LivingSocial, and a \$90 million venture investment in Whale Shark Media, which was largely used to acquire Australia's RetailMeNot.

With four deals accounting for such a big share of the capital invested, it's difficult to identify trends. But mega deals like Groupon and Twitter still signal that VCs are willing to invest heavily in some companies.

The Cambridge-based company Dekkun revealed it has raised \$9.9 million of an equity financing that could hit \$30 million. The biotech is operating out of the offices of venture firm [HealthCare Ventures](#).

This report was compiled by the editors of Xconomy, an online news website. For more New England coverage, visit [www.Xconomy.com/](http://www.Xconomy.com/) [<http://www.Xconomy.com/>] boston.

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Caption: Groupon Inc. benefited from heavy investment last year. Tim Boyle/Bloomberg/File

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