

QIF Quarterly Newsletter – January 2024

The final months of 2023 brought gray clouds to the energy transition with media focus on offshore wind project cancellations, EV sales growth diminishing and claims that the category was struggling to cross the chasm in the U.S. with continued deterioration of valuations. The impact of higher interest rates and more expensive equity capital suggests that some projects would no longer surpass hurdle rates. Despite some progress on the regulatory front, grid connections seem to take forever and dysfunctional government at federal and local levels often stands in the way of moving forward. Does this mean that the energy transition in the U.S. is stalled or something worse?

We have never expected that the energy transition would be smooth; transitions of any sort rarely are. The sheer magnitude of the lift to shift energy supply, the global energy infrastructure refined over 150+ years, and retooling numerous and diverse manufacturing processes – each costing trillions of dollars, each without a master worldwide game plan and each without sufficient technologies or raw materials available – guaranteed that the process would be challenged. It is. But, progress continues, albeit at a slower pace than the global warming stats suggest we need to avert much of the risk. We see the progress in capital flows to carbon capture and nature-based solutions, creative solutions to manage the grid, and company process changes to measure and mitigate their carbon footprints. And we see it in the continued flow of new ventures supporting creative solutions that, while not silver bullets (there are none), contribute to the effort.

The pendulum will swing back as management teams adjust and as government policies and programs evolve. The time frames are unknowable so, despite the rocky road, we remain focused on nurturing our portfolio companies. For the most part this requires that they have strong balance sheets and ample runways with costs tightened significantly and a nearer term focus on developing products and services that have markets today, not five years from now.

COP 28 brought to Dubai 80,000+ of your closest friends. The sheer number of attendees speaks volumes to the global interest to address the challenges ahead or the desire to hang in the lap of petrodollar luxury. On the surface many government and corporate commitments were made around renewable power generation targets (11,000 GW before 2030¹), improved energy efficiency, increased methane detection and abatement, adding emissions from agriculture and farming into measurement and reduction plans plus announcement of UAE's sponsored \$30 billion climate solutions fund². Sadly, the headline spin covered up the lack of teeth behind much of what was agreed. There is always next year for COP (Azerbaijan), but the impact of climate change doesn't wait around.

¹ Mentioned in Section III in the [Summary of Global Climate Action at COP 28](#).

² Announced by the UAE government and dubbed Alterra, the fund will allocate \$25 billion to climate strategies and \$5 billion to incentivize investment flows into the Global South.

During Q4 2023, QIF completed its journey with portfolio company FigBytes, a Canada-based provider of enterprise ESG software that was acquired by Advanced Manufacturing Control Systems, a large Ireland-based software company. We thank Ted Dhillon and Sonam Devgan for their diligent and profitable work on our behalf and wish them well with their new partner.

Happy 2024 and we look forward to connecting with you soon.

A handwritten signature in black ink, appearing to read 'J Harris'.

Jeffrey Harris

A handwritten signature in black ink, appearing to read 'Rob Meister'.

Rob Meister

A handwritten signature in black ink, appearing to read 'Chase T. Randolph'.

Chase Randolph

A handwritten signature in black ink, appearing to read 'Tran Ly'.

Tran Ly

A handwritten signature in black ink, appearing to read 'Zak Aldelamy'.

Zak Aldelamy

QIF Portfolio Updates

Atmosic™

[Atmosic](#) is re-architecting wireless connectivity solutions to radically reduce IoT dependence on batteries. In August 2023, QIF led the company's Series C financing, which will accelerate sales and further product development. Atmosic was [featured](#) recently in Samsung's unveiling of the Galaxy SmartTag2, which integrates Atmosic's ultra-low power Bluetooth chip to significantly extend its battery life.

BeZero

[BeZero](#) combines risk analytics, software, and science to provide independent and transparent coverage and ratings of carbon offset credits in a historically opaque market. BeZero is introducing ex-ante carbon ratings for project developers to further increase carbon credit quality and transparency to accelerate funding for carbon projects.



[Carbon Direct](#) provides carbon management services to large corporations for carbon foot printing, reduction strategies, and procurement of high-quality carbon credits. The company recently launched a software platform that provides organizations with the information and resources they need to deliver on their climate commitments, including auditable carbon footprints, emission reduction strategies, and high-quality carbon removal portfolios.

-chargepoint+

[ChargePoint](#) (NYSE: CHPT) designs, develops, and markets networked EV charging system infrastructure connected through cloud-based services. CHPT ended its third quarter on October 31, 2023, with \$110 million in revenue (down 12% Y-o-Y). The company announced Rick Wilmer as its new President and CEO, and raised \$232 million in an at-the-market share offering to fortify its balance sheet and support path to profitability by end of 2024.

DATAGRATIION

[DatagratiON](#) delivers enterprise software for upstream operators to integrate data from disparate systems into one platform. In July 2023, Quantum and DatagratiON [announced a multi-year commercial agreement](#) to automate and digitize workflows across the Quantum upstream portfolio.



[Dragos](#) provides cybersecurity threat analysis, detection, and prevention software for physical assets primarily for utilities, oil & gas, and manufacturing companies in the U.S. and select other countries. The company continues its rapid growth across the multiple geographies and expanding vertical markets that it serves.

FigBytes

[FigBytes](#) provides cloud-based enterprise software for organizations integrating ESG data and performance into their activities. In October 2023, the company completed its sale to AMCS, an Ireland-based provider of software and vehicle technology for the environmental, utilities, waste, recycling and resource industries with over 4,000 customers worldwide.

Heirloom

[Heirloom](#) continues to make great strides scaling its direct air capture technology using limestone to absorb CO₂ and then storing it underground or into materials such as concrete. In September 2023, Heirloom and Microsoft [signed one of the largest permanent carbon removal deals](#) to-date. Also, Heirloom and its partners were awarded \$600 million from the DoE for deployment of a carbon capture facility in Louisiana.

 ORENNIA

[Orennia](#) provides market-leading data and analytics to private equity firms, investment banks, utilities, corporations allowing them to make informed decisions across renewables, clean fuels and decarbonization investments. The company continues to grow nicely and recently closed its Series B funding that will enable it to accelerate its revenue trajectory and broaden its product offerings.

 POWERFACTORS

[Power Factors](#) is the largest provider of asset management software for owners and operators of wind, solar and battery storage systems globally and continues to expand its business benefitting from the significant worldwide investment in new facilities. The company continues to grow nicely behind an upgraded product offering and broadened product line stemming from its recent acquisitions.

PROJECT
CANARY

[Project Canary](#) offers low-cost, continuous, real-time methane emissions monitoring with a certification process for oil & gas and other emitters to measure ESG performance and support Responsibly Sourced Gas. In July 2023, Olympus Energy, a Project Canary customer, and Tenaska [announced a partnership](#) to market and deliver Responsibly Sourced Gas from the Appalachian Basin.

RECURVE

[Recurve](#) provides a software/online marketplace platform, called FLEXmarket, that enables demand flexibility from behind-the-meter to help manage the grid and reduce electricity prices. FLEXmarket is live and scaling rapidly in seven open markets in California. In October 2023, QIF invested additional capital into Recurve through a convertible note financing to bridge the company to a future Series C round.

 Risilience®

[Risilience](#) provides an analytics platform and services to help large companies quantify potential climate risk impact and identify mitigation actions, track progress on their net-zero strategies, and comply with increasing climate-related reporting requirements. The company recently won the King's Award for Enterprise for Innovation in the U.K.

seismos

[Seismos](#) uses advanced acoustics technology to help oil and gas operators better characterize well stimulations and improve economics. The company continues to expand internationally and has also begun to serve pipelines detecting flow rates, leaks, and stuck pigs.

WELLIGENCE
ENERGY ANALYTICS

[Welligence](#) provides data collection and machine-learning based analytics for the oil & gas industry and the financial community and has expanded to cover nearly all worldwide basins other than onshore North America. The company is also developing several energy transition-focused offerings, including carbon capture.

workrise™

[Workrise](#) offers a digital platform for contingent skilled workers in oil and gas and renewables industries and is the leading workforce management solution for the skilled trades. The company has expanded its offering to support upstream company procurement of other value-added services and products.

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