

## Full Service Renewable Energy and Environmental Markets Firm



**Izzet Bensusan - CEO**

Karbone is a full service firm specializing in Renewable Energy and Environmental Markets. Based out of offices in New York and London, the firm offers a unique combination of Brokerage, Capital Advisory, and Research and Consulting services. Its clients include large-scale energy companies, utilities, project developers and financial firms. Its mission is to provide its clients with the necessary intelligence, capital and access to markets to help them succeed in the New Energy Economy.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Bensusan, what is the concept behind Karbone?**

**Mr. Bensusan:** Karbone is a renewable energy, financial services company. Our role in the market is a one-stop shop where you can get capital to develop renewable energy projects in the form of debt and sponsor or tax equity. We also have a brokerage arm that structures long-term power and renewable energy credit contracts between project owners and large utilities. Lastly, we publish research forecasting pricing and describing market supply and demand fundamentals for states all across the country.

**CEOCFO: Are there many companies in your space that provide similar services?**

**Mr. Bensusan:** We are a unique company in the way that we provide all three of the services just mentioned under one roof; it is a consolidated service approach. Whereas

you will find investment banks that deal with bringing capital to the table, brokers that deal with select aspects of brokerage like renewable energy credits and independent research publication groups, at Karbone you will actually find all of this under our one roof.

**CEOCFO: Do the players in your community know Karbone? Are people aware of your resources and offerings or does the community still need to learn about you?**

**Mr. Bensusan:** In general, we have had the good fortune of being recognized as one of the three top ranked companies in our space, so most of our clients and clients-to-be are aware of who we are and what we do. We interface with over 5,000 people and we have over 300 clients. I would say that after 5 ½ years in this market we are in fact well recognized by most of the key players in the space and we keep in touch with them on an ongoing basis.

**CEOCFO: What do you understand about the process that encourages people to use Karbone?**

**Mr. Bensusan:** In the US, renewable energy markets are created by Renewable Portfolio Standards. These standards are state specific, and given a particular state's requirements, we understand that energy companies will have certain needs in terms of buying renewable energy or credits. We interact with a wide range of these companies to help them satisfy these needs. The reason they come to us is often to take advantage of our brokerage expertise to find best price for what they are looking for. When it comes to investment, it is frequently a function of someone wanting to build a project and having a need for debt and tax equity types of capital. Not many people quite understand the total structure of how these types of deals get done and where to look for sources of capital, from both inside and outside of the US.

**CEOCFO: What is the general feeling about renewable energy today?**

**Mr. Bensusan:** Many people feel that renewable energy is in its infancy or that it relates mainly to sustainability or doing good, when in fact, that is not the case at all. There are 80 gigawatts of renewable energy that has been installed in the US and if you take hydro, wind, solar and other sources of renewable energy, close to 12% of the United States' energy comes from renewable sources. That is a very significant amount. Figure that 25% of global energy consumption is in the US. That's a market that dwarfs many countries combined. In addition, people think that there are only a few projects here and there even though 80 gigawatts really means that several hundred projects have already actually been installed. Just last year, renewable energy has grown about 46%. The amount of capital since I began this business that came into this space, has gone from to \$1 to \$10 to \$100 to a billion to \$10 billion if not more. My feeling is that we are at the beginning of a big boom cycle for renewable energy. The reason for this is that in certain parts of the country, where the sun is shining longer with the northeast, and the electricity prices are higher at retail, it makes more sense to put up a solar power plant on your roof than buying it from the grid. Additionally of course there are state and, federal incentives that stir

even more growth. Costs are coming down, technology is improving and people are seeing more and more the value of smaller distributed renewable energy resources. What we discuss today as a niche, an unknown small sector at least to some, will be a commonplace conversation 5 years from now. My 4 year old actually recognizes a wind turbine and understands what it is.

**CEOCFO: Regarding your research reports, how do you decide what areas need attention?**

**Mr. Bensusan:** There are two reasons why we have research reports. The first one is for state-by-state regulation and market tracking. For a significant number of states we closely follow the deployment of renewable energy and perform analysis on supply and demand because it ultimately determines the price of power and the price of renewable energy credits. Whenever there is a new development in any of these markets we prepare research briefs and publish them so as to keep our clients knowledgeable. The second reason that we do research is because we get hired by the large energy companies who want us to analyze a particular need that they have. They may want to invest in a project but first want a better understanding of the financials or a comparative analysis, maybe they want to make a market entry into a particular state or develop a long-term strategy for trading their renewable energy credits or power. In any of these instances our Research and Advisory department will work with them to produce research to inform their decision-making.

**CEOCFO: Are there particular types of renewable energy that you personally think should be in the forefront?**

**Mr. Bensusan:** I think what matters most is the reduction of electricity costs. It is very important to the well being of the economy. Second of all, longevity is critical. Whatever energy sources are considered, they need to be reliable for many years, meaning that you need to be able to envision sustainable growth with that source, whether it's natural gas or renewables like wind, solar or biomass.

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**CEOCFO: Are there particular sides of the business that are growing more than others or particular areas you would like to see more growth?**

**Mr. Bensusan:** Our main businesses are our finance and brokerage businesses. That said, our research business supports these two lines with institutional knowledge and thought leadership. Really all of our lines have been growing and we doubled everything last year.

**CEOCFO: How were you able to double last year?**

**Mr. Bensusan:** As the company ages, our client relationships deepen and our clients become more and more comfortable with us. Our execution also has gotten better and people are recognizing that. The result is not about last year, it is the combination of the past four years that led us into our fifth year.

**CEOCFO: What surprised you**

**Mr. Bensusan:** One thing I can say is how long it takes to reach your goals. However, once you reach your goals it is almost as if your five year goal was the same as the one you had in the fourth year.

**Not for distribution!**

**CEOCFO: Why is Karbone a company worthy of interest?**

**Mr. Bensusan:** We are aiming to become the leading firm performing all three of our services under one umbrella. I do not think you can point to any other company that does it this way with finance, brokerage and research all together. Not only that, we know our industry extremely well.

**CEOCFO: Final thoughts?**

**Mr. Bensusan:** Renewable energy will grow and I think you will see a change like you have seen with phone companies going from landlines to cell phones, or cable companies going from large cable operators into providers like Netflix. That is what you're going to see in energy in general.

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**BIO:** Mr. Bensusan is CEO and founder of Karbone Group, a New York-based leading renewable energy and environmental markets firm providing capital advisory, commodity brokerage and research services to utilities, project developers and other energy-focused organizations.

Since founding Karbone in 2008, Mr. Bensusan has worked on large-scale wind, solar and biomass power plant financings where he structured equity investments. He has grown the firm by building a team of finance professionals who have extensive buy-side and sell-side experience in North American renewable energy markets.