

Clean Energy SPACs Surging: Time to Plug In an Ideal Target

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Record-Breaking SPACs, Clean Energy, and ESG Investing

Through the first three quarters of 2020, more than 100 special purpose acquisition companies (SPACs)^[1] have gone public, raising more than \$41 billion—setting records for total number of SPAC IPOs and dollars raised. Included in those 2020 IPOs are seven SPACs specifically targeting clean energy and Environmental, Social, and Governance (ESG) investments, which have raised more than \$2.1 billion in aggregate. So far in September and October, four more clean energy SPACs filed to go public, targeting to raise another \$1.3 billion, and we expect that several more will file and go public before the end of the year.

The increase in SPACs targeting the clean energy sector is part of a larger trend towards ESG-driven investing and a fundamental shift from the traditional oil and gas sector to the clean energy sector. According to Morningstar, more than \$71 billion flowed into active and passive ESG funds during the second quarter, pushing global assets under management above \$1 trillion. In addition, private equity firms are in the process of raising multi-billion-dollar funds with a focus on renewables and ESG-focused businesses.

Clean Energy SPACs on the Hunt

As of October 8, 2020, the following SPACs are currently seeking targets:

NAME	TYPE	TICKER	AMOUNT (\$MM)
CITIC Capital	Clean Energy	CCAC	240

NAME	TYPE	TICKER	AMOUNT (\$MM)
Peridot Acquisition Corp.	Climate Change	PDAC.U	300
Star Peak Energy Transition	Energy Transition	STPK.U	350
Tortoise Acquisition Corp. II	Sustainability/ Energy Transition	SNPR.U	300
AEA-Bridges Impact Corp.	Sustainability	IMPX.U	400
Climate Change Crisis Real Impact I	Climate Change	CUI	200
TPG Pace Beneficial Finance	ESG	TPGY.U	350

As of October 8, 2020, the following SPACs have filed registration statements and are expected to complete IPOs before the end of the year:

NAME	TYPE	TICKER	AMOUNT (\$MM)
Spring Valley Acquisition Corp.	Alternative Energy	SVSV.U	250
Spartan Acquisition Corp. II	Energy	Unknown	400
Decarbonization Plus Acq. Corp	Sustainability	DCRBU	300

NAME	TYPE	TICKER	AMOUNT (\$MM)
Rice Acquisition Corp.	Sustainability	RICEU	200

THE IDEAL TARGET TO PLUG-IN

Clean energy companies that are considering going public through a merger with a SPAC should ideally have the following characteristics:

- 1. The Right Sub-Sector.** Not all “clean energy” companies are the same. Renewables, de-carbonization, and other clean energy technology companies in areas such as biofuels, carbon capture, utilization and storage, hydrogen fuel and fuel cell technologies, electric vehicle infrastructure, and energy storage should get significant interest.
- 2. Public Company Ready.**
 - a. Audited financial statements that have been (or can be) audited in accordance with the standards of the PCAOB and disclosure controls that meet, or can be brought up to, public company standards, including as it relates to businesses acquired by the target.
 - b. Strong existing executive teams with public company experience.
- 3. An Ability to Scale.** The target will have an attractive growth profile, as well as the availability of quality and attractive bolt-on acquisition candidates.
- 4. Solid Equity Story.** In order to sustain a broader and longer-term investor base, the target’s business would ideally be one that ESG-focused investors can understand.
- 5. Positive Impact.** The target will ideally have a positive environmental and social impact, taking into account stakeholders, employees, and the community, without sacrificing a financial return for the stockholders. In addition, the target will focus on business or sustainable solutions that contribute to or enable carbon emission reduction.

Winston & Strawn’s Recent Business Combination Experience

CLIENT	SPAC	TARGET
Target	8i Enterprises Acquisition Corp.	Diginex Limited
Target	Flying Eagle Acquisition Corp.	Skillz Inc.
SPAC	Netfin Acquisition Corp.	Triterras Fintech Pte Ltd.
SPAC	Andina Acquisition Corp. III	EMMAC Life Sciences Limited

CLIENT	SPAC	TARGET
SPAC	Forum Merger II Corp.	Ittella International, LLC
SPAC	Diamond Eagle Acquisition Corp.	DraftKings & SBTech
SPAC	B. Riley Principal Merger Corp.	Alta Equipment Holdings Inc.
SPAC	Boxwood Merger Corp.	Atlas Intermediate Holdings LLC
SPAC	New Frontier Corp.	Healthy Harmony Holdings, L.P.
SPAC	Platinum Eagle Acquisition Corp.	Target Lodging Management, RLSignor Holdings LLC
SPAC	GTYTEchnology Holdings Inc.	Bonfire, CityBase, eCivis, OpenCounter, Questica, and Sherpa Government Solutions
SPAC	Industrea Acquisition Corp.	Concrete Pumping Holdings, Inc.
SPAC	Landcadia Holdings, Inc.	Waitr, Inc.
Target	Matlin & Partners Acquisition Corp.	U.S. Well Services, Inc.

For additional information, please contact one of the authors of this alert, or your usual Winston & Strawn relationship attorney.

3 Min Read

¹ A SPAC is a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization, or similar business combination with one or more businesses. They are formed by sponsors with experience and reputations to allow them to identify and complete a business combination with one or more target businesses that will ultimately be a successful public company. Sponsors and management ideally are firms and/or individuals with demonstrated success in identifying, acquiring, and operating growth businesses and with experience in the public company setting.

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