

WATER INNOVATIONS NEWS

Intro: From the Executive Director

1. Letter from the Executive Director
2. DC Happenings
3. Membership Drive Starts
4. Website launches: www.waterinnovations.org
5. Water Innovations News Updates
6. Calendar
7. Contact Us

NOTES FROM THE EXECUTIVE DIRECTOR

Dear Friends,

Welcome. This is the first edition of the Water Innovations News in the New Year, the e-newsletter of the Water Innovations Alliance (www.waterinnovations.org). In this bi-weekly newsletter we will try and keep you up to date on happenings at the Alliance as well as other water industry technology and innovation developments.

We have literally been swamped dealing with issues in DC around the fy09 Budget, the fy10 Budget and the stimulus package. We have fought hard to ensure that water innovation and water infrastructure will be a significant part of our political leaders' efforts to shock some life back into the economy. We have been working with a range of water organizations as well as groups like BIO and the NanoBusiness Alliance on various efforts to fund projects, support companies, increase research and stimulate investing in innovations. We urge all of you to contact your Congressional representative and Senators and tell them that water innovations and technology development needs to be a priority.

We have already had numerous enquiries about membership. We thank those who have already joined and urge all of you to come aboard to promote our efforts to increase federal support for innovation in the water industry. We have an unprecedented opportunity to promote water innovation at the federal level. Now is the time to unite and ensure that water innovations are represented among the funding and development priorities of the new stimulus plan. Contact Vincent Caprio (vince@waterinnovations.org) or myself.

We want this newsletter to keep our members and supporters alerted and informed. To that end we want to let you know that on February 10, 2009 in Washington DC, we will be having a meeting of our first working group -- Water Information Technologies -- to develop an agenda and strategy for moving forward. This is the first sub committee effort of the Alliance and includes the merger of WaterIT.org. One of our members -- IBM -- will be doing an in-depth presentation to kick things off. Be on the look out for the email invites and reminders. Email us info@waterinnovations.org to RSVP or ask any

questions. Also, we would love suggestions on other working groups to launch in 2009.

Take care,

F. Mark Modzelewski
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DC UPDATE

Busy, busy, busy. That describes the work in DC these days. We give a big hand to K&L Gates (www.klgates.com) for rolling up their sleeves and helping us get things done and navigate the ever changing waters in DC. We have been in regular contact with key Administration officials, Congressional offices, Committees and agencies. No pun intended, but the environment is fluid. Right now it looks like water infrastructure will be a huge part of the 825 billion dollar, President Obama's stimulus package.

STIMULUS

The Water Innovations Alliance has worked with its members to develop a set of water technology proposals for the stimulus legislation currently being developed by Congress. With K&L Gates, our public policy counsel, we are sharing these proposals with decision makers on key Committees and with House and Senate leadership. We need your help to reach out to your Senators and Member of Congress in support of these important policies. Contact us if you would like to get involved.

The stimulus legislation emphasizes rebuilding and expanding the nation's infrastructure, and particularly water infrastructure. The Alliance's proposals focus on the need to ensure that new water investment takes advantage of the latest water technology. The Alliance proposes four ways to incorporate water technology R&D into the stimulus:

Water Innovation in State and Tribal Assistance Grants

The stimulus legislation will include significant infusions of money for the Environmental Protection Agency's State and Tribal Assistance Grants programs to help municipalities modernize their drinking water and wastewater treatment facilities. The Alliance recommends including language requiring a percentage of these funds to be spent on pilot projects for new water technologies (including energy efficiency improvement technologies), and to encourage grant applicants to incorporate innovative approaches and technologies into their funding proposals.

Water Innovation in Reclamation and Rural Development

The stimulus legislation will likely contain funds for water capital improvement through the Bureau of Reclamation, including water reclamation and reuse projects. The Alliance supports this funding, and recommends that Congress ensure that Bureau projects use modern technology to help communities recycle and conserve water. The Alliance also supports funding grants under the Consolidated Farm and Rural Development Act for

rural water, waste water and water disposal programs, and argues that grant applicants should be encouraged to demonstrate new water technologies.

Water Innovation in Army Corps of Engineers Water Projects

The stimulus legislation may increase funding for Army Corps of Engineers water projects. The Alliance supports this funding, provided that it is accompanied with a directive to the Corps of Engineers to consider projects that use new technologies.

Water Innovation in Renewable Energy and Transportation

The Alliance supports funding for renewable energy projects, provided that Congress includes language that qualifies water energy for these grants. The Alliance advocates allowing states to access highway infrastructure funding for use in water management projects, because many transportation projects involve water issues, such as pollution abatement, that can be addressed in part by new technology.

STIMULUS - TAX POLICY

Many of the Alliance's member companies are innovative small businesses that are investing heavily in R&D, but do not yet have revenues against which to apply the R&D tax credit. As a result, the R&D tax credit is essentially worthless to them. This is a problem plaguing small businesses across the spectrum of American innovation. The Alliance has joined a broad innovation coalition that is working to provide meaningful tax relief in the stimulus by allowing small businesses to take a discounted percentage of their net operating losses as a one-time credit. The Alliance is joining with BIO, the Neurotechnology Industry Organization, the Clean Technology and Sustainable Industries Organization, the NanoBusiness Alliance, and a number of other "innovation associations" to promote this important proposal, which will directly affect the bottom lines of innovative small businesses. As with the Alliance's independent policy proposals, the broader tax coalition is reaching out to Congressional leadership and the relevant Committees to build support. To assist with this project, please contact the Alliance.

MEMBERSHIP – Announcement of Founding Members

The Water Innovations Alliance would like to thank our founding members including: IBM, Suez Energy International, crystal IS, ProTech GCS, Inc, The Livingston Group, Lux Capital, Lux Research and NanoDynamics for their support.

We are accepting memberships for the Water Innovations Alliance. Yes, you have the opportunity to be a founding member of our Alliance. We have attached a membership form or you may go to our website <http://www.waterinnovations.org/become.php> Please call Vincent Caprio at 203.733.1949 or e-mail at vince@waterinnovations.org with any membership questions.

WaterInnovations.org Launches

The WaterInnovations.org website launched. The site will always be a work in progress, as we plan to make it a gateway for our members as well as anyone interested in the Alliance and water technology and innovations in general. We are reaching out to multiple key stakeholders to get them involved and will have updates coming regularly. The three presentations from our DC kick-off event will indeed be available on the site. So be sure to take a look on Tuesday.

NEWS UPDATES

Drinking Water Infrastructure Investment Could Create 400,000 Jobs. Water Online: Today, more than \$10B in drinking water infrastructure projects around the nation are shovel-ready and can be underway as soon as funds are committed. These projects would put more than 400,000 Americans to work

....<http://www.wateronline.com/article.mvc/Drinking-Water-Infrastructure-Investment-0001>

Sarasin water fund prefers technology to utilities. The Guardian: Bank Sarasin's water fund favours companies making water meters and sanitary equipment, such as Geberit, as they typically offer better potential returns than big traditional utility plays, a fund manager with the bank said.... <http://www.guardian.co.uk/business/feedarticle/8244858>

Putting water testing on the fast track. Boston Globe: A Milford company's technology is helping a UMass researcher cut the search for traces of drugs and chemicals to just minutes, instead of

hours....http://www.boston.com/business/healthcare/articles/2009/01/05/putting_water_testing_on_the_fast_track/ Bonus Coverage:

<http://www.sciencedaily.com/releases/2009/01/090114172310.htm>

A Low-Energy Water Purifier. Technology Review: A Yale spinoff hopes to solve the big problem with desalination....<http://www.technologyreview.com/business/21934/?a=f>

Fresno State's WET Center gets international attention. Western Farm Press: The Claude Laval Water and Energy Technology Center (WET Center) at California State University, Fresno is a well-known generator of regional water and energy-related businesses. Now, it's also a partner with an incubator in Israel doing much the same thing and recently was presented as a model program at an international symposium in France.<http://westernfarmpress.com/news/wet-center-0102/>

Rexnord buys another water-engineering firm. Milwaukee Journal: Heavy industry group Rexnord LLC announced its third acquisition of a water-engineering company in as many years, becoming the latest Milwaukee-area company to expand in the water-technology sector...<http://www.jsonline.com/business/37853844.html>

Nalco Aligns Organization to Speed Innovation and Increase Productivity MSNBC:

Nalco Holding Company (NYSE:NLC) today announced that it has completed internal reorganization efforts aimed at speeding global innovation,
...<http://www.msnbc.msn.com/id/28693958/>

DROUGHT STRICKEN US STATES TURN TO TECHNOLOGY. Government News: Faced with historic droughts, the governments of Georgia, California and Idaho in the US are turning to technology like GIS (geographic information system) maps and computerized sprinklers for drought recovery and to prepare for a future of less water...<http://www.governmentnews.com.au/2009/01/20/article/ONMVUZFJQR.html>

Report Urges Greening of Water Infrastructure. Vancouver Sun: The Harper government could create at least 50,000 jobs if it launches a new \$4.5-billion plan to repair aging water infrastructure with modern green facilities, along with a strategy for efficiency, says a new report by a task force on water issue.....
<http://www.vancouversun.com/Technology/Report+urges+greening+water+infrastructure/1194860/story.html>

Is There A Right To Water? SF Chronicle: The umbrella notion of human rights covers a wide range - religion, political choice and personal liberties, to name a few - but does it include the right to water? ... <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/25/ED9O14Q5EC.DTL>

A Dozen Ways to Play an Obama Building Boom. Blogging Stocks: "Stocks in the water sector could soon flood their shareholders with a deluge of profits," says value investor, Nathan Slaughter. In his Half-Priced Stocks, he explains, "Even in the 21st century, UNICEF reports that a staggering 1.1 billion in emerging markets still lack access to safe drinking water.....<http://www.bloggingstocks.com/2008/12/21/veolia-nyse-ve-infrastructure-spending-in-water-sector/print/>

2009 Cleantech Predictions. Renewable Energy World: During the middle of last year, China passed the U.S. as the world's largest producer of greenhouse gas emissions (GHG). 300 million people in the country have no access to potable drinking water....<http://www.renewableenergyworld.com/rea/news/reinsider/story?id=54317>

Purifying Water With NanoParticles. Technology Review: Adding nanoparticles to a water purifying membrane can double its efficiency, according to a startup company based in Los Angeles. With global water usage on the increase and fresh water in limited supply, the company, NanoH2O, says its novel approach could make such purification technology a viable solution to a growing problem....<http://www.technologyreview.com/business/21436/?a=f>

Purifying the Business of Selling Water: EMagazine: The WaterMill is at the intersection of technology, environmentalism and philanthropy. Though the company's target demographic will initially consist of suburbanites, Howard and Ritchey envision adapting the product for worldwide use... <http://www.emagazine.com/view/?4493>

Groups Join In Water Efficiency. Water Technology Online: The US Environmental

Protection Agency (EPA) hosted a January 6th memorandum of understanding (MOU) signing ceremony for five national organizations that have joined forces to do further research into water efficiency in plumbing....http://www.watertechnology.com/news.asp?N_ID=71193

Investing in Girders, Grids and Green Technology. Barrons: The infrastructure portion of the plan could top the \$350 billion estimate because Obama probably won't want to stop there -- and neither will governments around the world that have announced another \$220 billion in infrastructure spending. What is more, outdated bridges, tunnels, water systems, electrical grids and other major structures aren't confined to America. According to some forecasters, \$65 trillion in global spending on infrastructure is needed to accommodate growing populations around the world.http://online.barrons.com/article/SB123155526518270597.html?mod=googlenews_barrons

Online Exclusive: Top 10 predictions for the North American utility industry. Utility Automation & Engineering News: Increasing water rates will begin to provide a price signal that drives conservation initiatives and associated technology investments during the next 2-3 years. However, industry fragmentation will continue to be the biggest challenge...
http://uaelp.pennnet.com/display_article/350737/22/ARTCL/none/none/1/Online-Exclusive:-Top-10-predictions-for-the-North-American-utility-industry/

Water firm at low ebb may be part of rising tide. Hartland: It seems ironic, perhaps, that the remnants of a company once known as the global leader in desalination - stripping salt out of seawater to make it drinkable - remains in business not far from the shores of Lake Michigan, in a freshwater region with no need for such technology...
<http://www.jsonline.com/business/35240974.html>

KCI INVESTING. Water: The Overlooked Alt Energy
When you hear about alternative energy or renewables, most people immediately conjure images of solar panels, wind turbines, fuel cells and batteries. The one image that doesn't usually pop up right away is water, or hydro energy...
<http://www.kciinvesting.com/articles/9701/1/Water-The-Overlooked-Alt-Energy/Page1.html>

Note: We welcome submissions and press releases. You may send them to:
info@waterinnovations.org

7. CALENDAR

WATER IT WORKING GROUP MEETING:
Tuesday, February 10, 2009, 10:30am -1:30pm at KL Gates, 1601 K Street NW,
Washington DC 20006

If you are interested in attending either in person or by phone/WebEx, please RSVP by Noon (est) February 6, 2009 to: info@waterinnovations.org

WATER INNOVATIONS POLICY TOUR:
March 2009, Washington, DC (Dates TBD)

WATER INNOVATIONS FINANCE '09:
Monday, May 18, 2009 at the New York Marriott Downtown, NYC

WATER INNOVATIONS ALLIANCE ANNUAL SUMMIT:
Thursday, September 10, 2009 at Navy Pier, Chicago, IL

CONTACT US:

If you have any questions, suggestions, or submissions for the newsletter please do not hesitate to contact us at:

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