

Decarbonization Strategies



HIGHLIGHTS

■ The Go-To Law Firm for Net-Zero Initiatives

With its deep bench, experience, and expertise, Wilson Sonsini is uniquely positioned to navigate the most complex transactions and issues presented in decarbonizing the varied sectors of our economy in order to meet climate imperatives.

■ Supporting Corporations' Efforts to Reduce Their Carbon Footprints

We have advised clients on the creation of innovative business models; structured and negotiated pioneering, first-of-their-kind commercial, project development, and project financing transactions involving new technologies; and have assisted in all matters of compliance with regulated and voluntary carbon, electricity, and fuels markets.

OVERVIEW

According to the Intergovernmental Panel on Climate Change's (IPCC's) Sixth Assessment Report, total anthropogenic emissions continue to rise across all major groups of greenhouse gases, reaching the highest 10-year average on record from 2010-2019. Despite this alarming trend, year-over-year emissions growth slowed in the last decade from the prior decade, attributable in part to advancements in and deployment of low-, zero-, or net-negative carbon technologies.

In the second half of 2020 and first half of 2021, venture capital and private equity investors poured over \$87 billion into Climatetech, according to PwC—a 210 percent increase over the immediately preceding 12-month period. Global funding for carbon dioxide removal totaled \$400 million from 2018–2021, but in just the first four months of 2022, investments ballooned to \$2 billion, reports [Bloomberg NEF](#). Governments have responded by enacting a multitude of climate-related policies, budget authorizations, appropriations, and loan guarantees, as well as injecting decarbonization priorities into various programs.

While the explosion of interest in decarbonization efforts is recent, for over 15 years Wilson Sonsini has been assisting companies, investors, and lenders seeking value-added legal services to structure, negotiate, and close groundbreaking transactions to develop, commercialize, finance, and deploy technologies and projects that decarbonize corporate footprints and various sectors of the global economy, including industrial facilities, agricultural operations, the built environment, and transportation.

Consistent with the firm's pedigree for ushering promising, innovative companies through their business life cycle and bringing an entrepreneurial and practical approach to the practice of law, our interdisciplinary, dedicated, and mission-driven team supports clients at the vanguard of the energy transition, the sustainability revolution, and the developing climate economy.

Strategic Joint Ventures to Decarbonize Industry, Transportation Fuel, and Agriculture

Wilson Sonsini has advised and supported clients decarbonizing industrial facilities, transportation fuel, and agriculture in some of the most consequential, groundbreaking transactions of the last decade. For example:

- In 2011, we advised **LanzaTech**, a developer of proprietary technology for the conversion of industrial plant flue gases into liquid transportation fuels and chemicals, on its joint venture with Baosteel. This first commercial technology deployment set the stage for the company's continued success and production of sustainable aviation fuels and various chemicals through carbon recycling.

- In 2012, we assisted **POET, LLC**, a leading producer of advanced biofuel, in the formation of a \$250 million, 50-50 joint venture with Royal DSM to develop Project Liberty, one of the world's first commercial-scale cellulosic ethanol plants.

Building on these deals, today we are leveraging our extensive expertise in project development, project finance (including 45Q tax equity finance), DOE loan guarantees, joint ventures, industrial co-locations, and the ethanol and CCUS industries in our work on several U.S.-based projects where zero-emissions industrial plants employing novel technologies are being co-located with industrial facilities. These projects will generate clean power, industrial outputs, or green chemicals; capture all CO₂ in the process; and sequester the CO₂ in Class VI wells.

Additionally, Wilson Sonsini supports clients at the nexus of decarbonizing transportation fuels and agricultural processes, as illustrated by our assistance of some of the earliest developers of anaerobic digestion projects that produce ultra-low carbon intensity renewable natural gas (RNG). This includes our representation of **Chevron** in its strategic joint venture with **Brightmark** to finance dozens of projects nationally and purchase the RNG offtake for use as transportation fuel in California, thereby facilitating its compliance with the Federal Renewable Fuel Standard and the California Low Carbon Fuel Standard.

Financing and Deploying Novel Technologies for Industrial Decarbonization

Our attorneys have helped clients structure and finance first-of-their-kind carbon capture and utilization projects co-located with existing industrial facilities, as exemplified by our work as venture and project finance counsel to **Skyonic** (now CarbonFree Chemicals), where we advised on an \$80 million sale-leaseback financing for the company's first commercial project incorporating its proprietary SkyMine® process and co-located with Capitol Aggregates' cement in San Antonio, Texas. The project captures approximately 50,000 tons of CO₂ from cement flue gas and recycles it into sodium bicarbonate.

We are providing similar assistance to technology start-ups advising on corporate, project structuring, tax (including 45Q project structuring), and intellectual property matters in connection with the initial deployment of proprietary technologies that capture carbon dioxide generated during the industrial production process. The captured CO₂ can be sequestered or utilized in various applications, resulting in a zero-carbon commodity with the same chemical composition and performance characteristics as their carbon-based counterparts. In some cases, these commodities can further capture CO₂ from flue gases or directly from the atmosphere.

Investor-Side Representation

Wilson Sonsini has extensive experience representing venture, private equity, family office, and strategic investors in evaluating companies, technologies, and existing project assets, and this extends to investors in climatetech and decarbonization projects. Examples include:

- Advising a venture fund affiliated with a major foreign gas company in its investment in, and commercial joint development agreement with, a direct air capture (DAC) start-up company; and
- Representing **SDCL Energy Efficiency Income Trust (SEEIT)** in its acquisition of a 50 percent interest in a ~290 MW portfolio of behind-the-fence, baseload generation assets located at two steel mills in Indiana, which significantly reduce the plants' GHG emissions and generate environmental attributes equivalent to a 530+ MW solar facility and 370+ MW wind facility.

Corporate Decarbonization

Wilson Sonsini's unmatched record advising over 300 public companies includes advice on implementing ESG policies and adapting to new SEC rules on climate risk disclosure. To aid in achieving their decarbonization goals, we have also advised numerous public companies—including **Google**, **Amazon**, and **Salesforce**—on their first renewable energy procurement strategies, corporate power purchase agreements, and obtaining Market Based Rate Authority from FERC.

- We have worked with clients on groundbreaking onsite solar and energy storage projects, offsite power purchase agreements, "virtual" power purchase agreements, renewable energy certificate and carbon offset transactions, green tariff transactions, and tax equity investments.
- Since 2010, we have worked hand in hand with our clients' ESG and energy procurement teams as they use their purchasing power to create economically viable contracting approaches, overcome regulatory hurdles, and push the market to create energy products aligned with corporate ESG implementation needs.

Venture Finance

Wilson Sonsini is synonymous with venture-backed new decarbonization technology start-ups, where our attorneys provide the entire suite of legal services to our clients, including counseling on new and innovative commercial arrangements to support their businesses.

Indicative of this is our representation of **Heirloom**, a direct air capture company, in one of the largest private financings of a direct air capture start-up to date, a \$53 million Series A funding round co-led by Carbon Direct Capital Management, Ahren Innovation Capital, Breakthrough Energy Ventures, and The Microsoft Climate Innovation Fund as an additional participant. We have also advised on unique carbon removal agreements with companies such as **Shopify**.

