

The Green Coast

New Clipper CEO charts the next course

BY STEPHEN NELLIS
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Carpinteria-based Clipper Windpower, the biggest renewable energy company in the Tri-Counties and a fast-emerging player in the global wind turbine markets, has a new chief executive.

Mauricio F. Quintana took the helm March 8, signaling the next phase in what may go down as one of the most ambitious start-ups in tri-county history.

Founded in 2001, Clipper has expanded to more than 740 employees — about 200 of them on the South Coast — and built a plant in Iowa to build its massive 2.5-megawatt Liberty turbine. Counting \$743.5 million in 2009 revenue, Clipper recently broke ground on a factory in England to build a 10-megawatt offshore turbine.

But Clipper's growth has not come without struggle, and that is part of what brings Quintana to the firm. In addition to frozen credit markets that hammered big-ticket items like turbines, problems with Clipper's blades led to nearly a \$360 million provision for remediation in 2008 and 2009. Last year, Clipper went looking for an investor and found it in United Technologies Corp., or UTC, which put in \$270 million for a 49.5 percent stake in the firm.

Quintana comes to Clipper from UTC, where he was a director of corporate strategy and development and helped build out the firm's alternative and renewable energy plans.

"The next stage is really about making Clipper into a nimble niche player in the wind industry with leading technology," Quintana told the Business Times. "There's been a thought that we should ramp right up to \$5 billion [in revenue] right out of the gate. I'd say we should shoot for \$1 billion or \$2 billion but become a very profitable company in a niche segment where we can compete on technology and innovation. We're not going to compete on volume."

That said, Quintana makes no secret that Clipper competes against UTC's in-

dustrial rival General Electric and global wind powerhouse Vestas. Clipper sold 259 turbines last year, compared to 248 the year before and has a big backlog coming into 2010. But it also lost \$554 million over the past two years.

"We do compete with GE in our market. We compete with Vestas," Quintana said. "We'll get a piece of those markets, but more importantly, we'll become profitable."

One way toward that goal is putting to use UTC's expertise in technology, manufacturing and navigating government funding. To start, UTC's businesses in helicopters and jet engines give it deep expertise in gearboxes, blades and pretty much anything that spins.

"You have a lot of aerodynamic and aeroelasticity design capabilities that are very aligned with the technology and engineering requirements for a wind turbine," said Quintana, who is also a mechanical engineer. "From a market perspective, you have the Pratt power systems group that builds gas turbines for the power industry. There are a lot of synergies with customers."

UTC also used to build turbines. "UTC actually built one of the first large wind turbines back in the 1970s — a 4.5-megawatt one in Wyoming. This is not a pure financial investment [in Clipper]. This is a very strategic investment."

UTC also has experience in navigating the Byzantine requirements of working with the federal government. That expertise will come into play with Clipper, which faces competition from foreign firms whose home governments have given more stable support to the wind industry over the decades.

"When we see funds being allocated, I would expect we'll get our fair share by both leveraging UTC's capabilities and being very aggressive on our part," Quintana said.

While Quintana said Clipper plans to defend its home turf in the U.S., it's also seeing big opportunities in



Mauricio Quintana



CLIPPER WINDPOWER COURTESY PHOTO

Workers assemble part of a Clipper Windpower 2.5-megawatt Liberty turbine in Cedar Rapids, Iowa.

exporting turbines. It tested the water last year with a 27-turbine shipment to Mexico backed by a U.S. Export Import Bank direct loan of \$81 million. Especially in Europe, there are "engrained players" that Clipper can't take on directly. But that leaves plenty of opportunity, Quintana said. "The Ex-Im deal really put us on the radar for potential customers around the world," Quintana said.

Right now, UTC's engineers are fine-tuning the plans for the 10-megawatt Britannia turbine, which will be one of the world's largest wind machines. The offshore market is just heating up —

about a quarter of the world's capacity has been installed in only the past few years — and despite competition from firms such as Siemens, Clipper remains an early player.

But that's years down the line. Now, it's all about getting Liberty turbines out the door in Iowa and breaking even by year's end.

"We need to execute flawlessly on the opportunity we have on hand in terms of our backlog," Quintana said. "We're not going to compete on volume with the big guys. But we are going to compete where we see our strengths, and we'll be thrifty about it."