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You'd Never Know He's a Sun King

By TODD WOODY

NEWPORT BEACH, Calif.

AMID the \$6 million homes perched on a beachfront cliff in this conservative Southern California enclave, the seven-year-old Honda Civic hybrid with the Obama bumper sticker is the giveaway.

It's not the usual drive of choice for wealthy former hedge fund managers like David Gelbaum. Then again, there's not much that is business as usual about Mr. Gelbaum, an intensely private person who happens to be one of the nation's largest — and largely unknown — green technology investors and environmental philanthropists.

Mr. Gelbaum has invested \$500 million in clean-tech companies since 2002 through his Quercus Trust, amassing a portfolio of some 40 businesses involved in nearly every aspect of the emerging green economy, be it renewable energy, the smart electric grid, sustainable agriculture, [electric cars](#) or biological remediation of [oil spills](#). He has poured almost as much into environmental causes.

"I think his impact on green technology is huge," says Bill Gross, the serial technology entrepreneur and founder of [eSolar](#), a [solar power](#) start-up in which Mr. Gelbaum has invested. "He is supporting bolder and riskier bets, and he's doing it from a different filter than a traditional venture capitalist, and I think that makes a wider opportunity for success."

In this economic downturn, many venture capitalists have grown cautious about putting money into what [Vinod Khosla](#), the prominent Silicon Valley green tech investor, calls "science experiments." But Quercus Trust is still taking chances on blue-sky start-ups pursuing technological breakthroughs.

Working outside the clubby [venture capital](#) network, Mr. Gelbaum has, until recently, maintained an obsessively low profile. In Silicon Valley, he remains something of an unknown.

Associates say his near-invisibility is owed to a genuine modesty and concerns over the security of his family because of his wealth. Recipients of his philanthropy, for instance, signed confidentiality agreements that forbade mention of his name, and this is the first time that he's granted an interview in person to the news media.

Mr. Gelbaum says he decided to break his long silence upon becoming chief executive in February of Entech Solar, one of his portfolio companies that is publicly traded. "This is what's best for the company," he says, pointing out that Entech benefits if he maintains a more public profile.

It is too early to predict whether Mr. Gelbaum's big green bets will pay off. But he's been capitalizing on two trends: the rapid decline in the price of photovoltaic power, and a focus on cutting capital costs as solar power competition with China intensifies.

His environmental philanthropy also gives him an influence beyond laboratories and boardrooms. He has given \$200 million to the [Sierra Club](#) and \$250 million to the [Wildlands Conservancy](#), a land trust he co-founded that has acquired and preserved 1,200 square miles of land in California, including more than a half million acres of the Mojave Desert.

The desert land, which was donated to the federal government, has become the focus of a fight over environmental preservation and renewable energy development. At Wildlands' urging, Senator [Dianne Feinstein](#), Democrat of California, [introduced legislation](#) in December to permanently protect the donated land. Though her opposition scuttled several multibillion-dollar solar power plants planned for the area, including some by eSolar's rivals, even the competitors say that Mr. Gelbaum's motivation was environmental, not economic.

The Wildlands Conservancy has emerged as a force promoting "distributed generation" — putting renewable energy installations on rooftops, near cities or on degraded farmland. Its efforts dovetail with Mr. Gelbaum's belief that solar farms should not be built on pristine lands as well as his big bets on the emergence of a decentralized energy system tied together by smart grid software.

"I still don't know which technology will end up winning, but I believe we're on the cusp of a revolution in how energy is generated and distributed," he says.

AT 61, Mr. Gelbaum has a receding hairline, a scruffy beard and glasses that frame curious eyes. Inside the circle of entrepreneurs who have received his financial backing, he has engendered a loyalty bordering on adoration.

"He's got this big heart that's coupled with such a keen intellect," says Peter Corsell, the chief

executive of [GridPoint](#), a smart-grid software start-up backed by Mr. Gelbaum, [Goldman Sachs](#) and other investors. "He's close to egoless, like a monk."

Mr. Gelbaum grew up in Minnesota, moving to Orange County, Calif., in 1964 when his father, a mathematician, joined the faculty at the [University of California, Irvine](#). He bounced around U.C. Berkeley and Humboldt State College in Northern California before returning to Irvine to receive his mathematics degree in 1972.

After graduating, he worked for a math professor, Edward O. Thorp, whose theories led to the establishment of what became Princeton/Newport Partners, one of the first investment firms to use mathematical formulas to price stocks and derivatives.

Princeton/Newport Partners [collapsed](#) in 1989, following the indictment of five executives in connection with a scheme to create illegal tax losses. Mr. Thorp and Mr. Gelbaum were not implicated, and an appellate court later [overturned](#) the other executives' convictions.

Mr. Gelbaum was a co-founder of another hedge fund firm, the Sierra Enterprises Group, following the breakup of Princeton/Newport, and worked there until his retirement in 2002. Mr. Thorp says he lost contact with his onetime protégé during those years. "He was so low-key," Mr. Thorp said by e-mail.

He began making contributions to the [Sierra Club](#) and other environmental groups in the late 1970s.

"I was interested in the environment because as a child my happiest memories were of camping and hiking," says Mr. Gelbaum, speaking in a soft, raspy voice.

He says he has a longstanding admiration of the Sierra Club, dating back to a job he once had in sawmills that environmentalists were singling out in an effort to protect redwood forests.

Carl Pope, chairman of the Sierra Club, says he first met Mr. Gelbaum in 1992 when the financier called to talk about a state parks bond measure. That conversation led to others, and Mr. Gelbaum became the Sierra Club's largest individual benefactor, financing programs to help the environmental organization reach out to hunters and veterans, as well as to African-Americans, Hispanics and other groups.

"Many of the environmental justice programs we carried out have been his idea," says Mr. Pope.

In the early 1990s, Mr. Gelbaum also met David Myers, an ardent environmentalist. They founded the Wildlands Conservancy, which began to acquire vast swaths of the Mojave. They created nature preserves elsewhere in California that offered free outdoor programs for

underprivileged children.

But he insisted that his generosity be kept anonymous. "I didn't want to create problems for my family, and I also prefer not to take credit for these things," says Mr. Gelbaum.

The mysterious millions attracted attention, however, and in 2004 The Los Angeles Times identified Mr. Gelbaum as the donor in [the first profile of the philanthropist](#) to be published. (He later confirmed that he had also given at least \$93.5 million to the [American Civil Liberties Union](#) and \$246.6 million to aid veterans of the Afghanistan and Iraq wars.)

Despite his wealth, Mr. Gelbaum remains unpretentious. He holds business meetings in a relatively modest mid-century Modernist home — albeit with a stunning view of the Pacific Ocean for a backdrop. He doesn't surround himself with a large staff, fancy cars or private jets. After lunch, he even does his own dishes.

"I've given away three-quarters of whatever I had," says Mr. Gelbaum. "Philanthropy is a job and I was just doing my job."

AS scores of green tech entrepreneurs have discovered, Mr. Gelbaum is not an absentee investor.

"He took an interest that's much deeper than other investors, right down to the type of algorithms we're writing," says Mr. Corsell.

Rob Lamkin, chief executive of [Cool Earth Solar](#) of Livermore, Calif., was in the office at 7 one morning when the phone rang.

"There was a gentleman on the other end saying, 'Good morning, my name's David and I'm interested in solar,' " says Mr. Lamkin, whose start-up is developing power plants that generate electricity from inflatable solar receivers that resemble giant balloons.

Three months of phone conversations followed before Mr. Gelbaum revealed he was an investor. Around the same time in 2007, Bill Gross of eSolar received an e-mail message from a person who identified himself only as "David."

"I didn't know who he was," Mr. Gross says, "but he really asked such thoughtful questions about the solar energy space, and that led me to reach out to him."

Mr. Gelbaum showed up for a meeting at eSolar's headquarters in Pasadena, Calif., wearing jeans and carrying a backpack. "He was so well versed in math and science, it was like we were talking to one of our engineers," says Mr. Gross.

Mr. Gelbaum says he made what he considers his first green investment in 2002 when, impressed by the Prius, he bought stock in [Toyota](#). He subsequently took large positions in a host of public renewable energy companies, including First Solar and [SunPower](#).

In 2007, David Anthony, a venture capitalist in New York, noticed that Quercus Trust had taken a large stake in an Australian solar company he was interested in.

“There was no way to find him on the Internet, so I just wrote him a letter,” says Mr. Anthony.

A one-hour meeting turned into a five-hour discussion and eventually an agreement by which Mr. Anthony’s [21 Ventures](#) co-invests with Quercus Trust and helps manage Mr. Gelbaum’s portfolio.

Essential to Mr. Gelbaum’s approach, not surprisingly, is that he is hedging his investments — backing, for instance, distributed energy start-ups but also companies developing energy storage for centralized solar farms.

Mr. Gelbaum is making one of his bigger bets on [Entech Solar](#), a Fort Worth company that once built solar systems for [NASA](#) spacecraft and is developing a low-cost photovoltaic technology. As a hedge against rising solar cell prices, Mr. Gelbaum has also invested in a Chinese solar module maker, Solar Enertech.

Mark O’Neill, Entech Solar’s co-founder, says Mr. Gelbaum has pushed relentlessly to cut costs.

“He’s doing calculus about how to save cents per watt so quickly in his head that I have a hard time keeping up with him without a spreadsheet,” Mr. O’Neill says.

If there’s a place where Mr. Gelbaum’s entrepreneurial and environmental impulses converge, it is in the Mojave Desert.

He has arranged for a car — a Prius, naturally — to take us to Whitewater Canyon, a 2,851-acre preserve near Palm Springs acquired by the Wildlands Conservancy.

Under the [legislation](#) proposed by Senator Feinstein, Whitewater Canyon would serve as a wildlife corridor to a new national monument. That bill would also protect hundreds of thousands of other acres that Mr. Gelbaum helped acquire, some of which the government had planned to lease for huge solar thermal power plants.

“There are other areas appropriate for solar plants,” says Mr. Gelbaum, kicking off his shoes and walking barefoot along a riverbank. “As distributed solar becomes lower-priced, there are plenty of roofs to put solar on.”

With some other large solar projects bogged down in disputes over their environmental impact, Mr. Gelbaum's bets could pay off as utilities sign contracts for huge photovoltaic projects and as China's appetite for solar energy grows — evidenced by a 2,000-megawatt deal that a Chinese company signed with eSolar this year.

And after years of operating in the shadows, Mr. Gelbaum seems comfortable finally stepping into the sunlight and even letting a little ego shine through.

"I've gone long on solar as I'm expecting that's where my big win will be," he says.