https://www.wsj.com/articles/electricity-market-tech-platform-voltus-going-public-in-1-3-billion-spac-deal-11638352800

◆ WSJ NEWS EXCLUSIVE | FINANCE

Electricity-Market Tech Platform Voltus Going Public in $1.3 Billion SPAC Deal

As part of merger with Broadscale Acquisition Corp., Voltus is raising a $100 million private investment in public equity

Voltus CEO Gregg Dixon says his company's platform helps deliver more reliable and sustainable electricity to customers and saves them money.

PHOTO: VOLTUS

By Amrith Ramkumar
Dec. 1, 2021 5:00 am ET

Voltus Inc. is going public by combining with a special-purpose acquisition company in a merger that values the electricity-market technology startup at about $1.3 billion, the companies said.

Based in San Francisco, Voltus uses software to manage small, decentralized electricity systems known as distributed energy resources for customers such as Coca-Cola Co. and Home Depot Inc. Called DERs, distributed energy resources are anything that consumes, produces or stores electricity and can be connected to a grid. Examples include a store's electricity demand and electric-vehicle charging.

By partnering with grid operators in the U.S. and Canada to connect DERs to larger markets, Voltus says it saves corporate customers money and delivers more reliable and sustainable electricity. Chief Executive Gregg Dixon compared Voltus to home-rental firm Airbnb Inc. in that Voltus also makes each DER a financial asset, allowing customers to sell their excess electricity back to the grid.

Some analysts say widespread adoption of DERs will be critical to reducing the world's dependence on fossil-fuel-consuming power plants and decarbonizing the economy.

"We're at a really incredible inflection point in electricity markets," Mr. Dixon said.

Founded in 2016, Voltus is merging with the SPAC Broadscale Acquisition Corp. , one of many so-called blank-check firms focused on environmental, social and governance—or ESG—factors.

Many other startups tied to green energy have recently reached similar SPAC deals, in part because such mergers allow them to make business projections. Those aren't allowed in traditional initial public offerings. SPAC deals also let companies quickly generate cash and raise their profiles, executives say.

Voltus says its platform lets companies like Home Depot optimize electricity usage while making money from distributed energy resources they aren't using.

PHOTO: JUSTIN SULLIVAN/GETTY IMAGES

As part of its SPAC merger, Voltus is raising a $100 million private investment in public equity, or PIPE. PIPE investors include Equinor Ventures, the startup investing arm of Norwegian energy giant Equinor ASA, and Ev Williams, co-founder of Twitter Inc. and Obvious Ventures.

That money and funds held by the SPAC could be used to accelerate Voltus's growth globally. The Broadscale SPAC is backed by the investment firms Broadscale Group LLC and Hepco Capital Management LLC and holds $345 million, though investors can withdraw money before the deal goes through. Low share prices often provide an incentive for such withdrawals.

Also called a blank-check company, a SPAC is a shell firm that raises money and trades on a stock exchange with the sole intent of merging with a private company such as Voltus to take it public. After regulators review the private company's financial and ownership information and the deal is completed, the private firm then replaces the SPAC in the stock market.

SPACs have raised more than $150 billion this year, nearly doubling last year's then-record total, according to SPAC Research.

To ease concerns about SPAC insiders disproportionately benefiting from such deals at the expense of other investors, Voltus executives and the blank-check company creators have made some of their shares subject to the stock price rising.

Broadscale Acquisition CEO Andrew Shapiro said Voltus can be "a truly world-changing company" and a good investment because it is a green-energy technology firm that doesn't need heavy spending or tangible assets to grow.

Write to Amrith Ramkumar at amrith.ramkumar@wsj.com