

DEALS

Newlight Partners Invests \$106 Million In Bioenergy Development Co.

The New York firm, which spun out of the George Soros family office last year, is backing a company that converts organic waste into renewable natural gas



The investment from Newlight Partners allowed Bioenergy Development Co. to buy all the assets of BTS Biogas Srl, including this plant in the U.K. PHOTO: BIOENERGY DEVELOPMENT CO.

By Luis Garcia

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Newlight Partners has invested \$106 million in Bioenergy Development Co., as the private-equity firm continues to pursue renewable-energy deals after spinning out of Soros Fund Management last year.

Based in Columbia, Md., the company, also known as Bioenergy DevCo, builds and operates anaerobic-digestion facilities that produce natural gas and fertilizer. The process uses microorganisms to convert organic waste into fuel and digestate, a material rich in soil nutrients.

Bioenergy DevCo is also backed by private-equity firm Sagewind Capital. Newlight and Sagewind are both based in New York.

Newlight's investment enabled Bioenergy DevCo to acquire all the assets of BTS Biogas Srl, an Italian company that operates more than 200 anaerobic-digestion facilities, most of them in Europe, said Shawn Kreloff, Bioenergy DevCo's founder and chief executive officer.

Mr. Kreloff was part of a group of investors that held a stake in BTS Biogas alongside Sagewind. BTS Biogas continues to operate as a unit of Bioenergy DevCo.

"We began conversations with Shawn and Bioenergy DevCo early this year," Newlight Managing Director Mark Longstreth said in a statement. "We became more interested in anaerobic digestion as it provides a superior disposal solution."

Bioenergy DevCo plans to use Newlight's investment to expand in the U.S. by seeking cities, businesses and institutions willing to let the company process the organic waste they generate, rather than incinerating it or sending it to a landfill. The company expects to benefit from increased concerns about sustainability and from legislation that is taking landfills and incinerators out of business or moving them to distant locations, Mr. Kreloff said.

"Bringing together a technology that's been proven [in Europe] and the capital associated with it," he said. "No one has really done that yet on a large scale here in the United States."

Bioenergy DevCo is developing four facilities in the U.S., including one within a mile of the Maryland Food Center, a roughly 400-acre area near Baltimore that concentrates wholesale food markets and food processors. Bioenergy DevCo's facility there is expected to begin operations next year and process about 100,000 tons of food waste a year, Mr. Kreloff said.

Directing food residuals to Bioenergy DevCo's plant won't only be better for the environment but also help nearby food companies reduce costs, he added.

"The one real saving is transportation fees" because incinerators or landfills are usually in remote locations, Mr. Kreloff said. He added that cost reductions also might come from Bioenergy DevCo selling the natural gas and soil-enhancing digestate generated by its plant.

Newlight was formed last year as the result of a spinoff of the group that managed private-equity investments for Soros Fund Management. Newlight is led by David Wassong and Ravi Yadav, while other former professionals of the Soros operation also have joined the firm. They include Mr. Longstreth and David Taylor, who acts as the firm's chief operating officer and general counsel.

The team continues to follow the same strategy they adopted at Soros Fund Management, focusing on five sectors: renewable energy and power, financial services, telecommunications,

health-care services and business services. Newlight managed about \$3.47 billion in assets as of end of last year, according to documents filed with the Securities and Exchange Commission.

Write to Luis Garcia at luis.garcia@wsj.com

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