Energy Manager E2 to Go Public Via SPAC at $500 Million Value

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(Bloomberg) -- Energy management firm e2Companies LLC, propelled by AI's power demands and a stressed electrical grid, is going public through a blank-check company backed by oil and gas drilling contractor Nabors Industries Ltd.

E2 has an equity value of $500 million in the deal with Nabors Energy Transition Corp. II, with the combined company having a valuation of $770 million including debt, according to a statement reviewed by Bloomberg News. The deal follows a December announcement that Nabors and Bonita Springs, Florida-based e2 are collaborating to develop energy solutions to electrify oil fields that rely on diesel generators.

"We feel like we found a needle in a haystack with e2," said Guillermo Sierra, a vice president at Nabors who leads strategic and energy transition initiatives. In terms of power demand, the needs of oil fields and AI data centers are large and volatile, Sierra said in an interview.

Across industries, Nabors and e2 are betting that the grid's shortcomings and AI's voracious appetite for power will drive the market for technology that improves energy reliability while reducing costs.

"Today the grid has Ferrari prices with AMC Gremlin quality," said James Richmond, e2's chief executive officer. "The utilities are dead men standing. They just don't know it yet."

E2’s “virtual utility” operates behind the meter, determining in real time whether to use power from the grid, external power sources or a combination of them. A mix of hardware and software, including AI trained on millions of hours of customer data, allows customers to choose how they want to optimize for power quality, costs, carbon footprint and resiliency.

The company’s revenue has grown at an compounded annual rate of 110% since 2021, reaching $28.7 million in 2024, according to the statement. With a$3.8 billion backlog of signed agreements, e2’s customers include Liberty Mutual, FedEx, GEICO, Cleveland Clinic, Frontier Communications and GlaxoSmithKline.

E2’s deal with the Nabors special purpose acquisition company will provide the combined company with as much as $400 million in gross proceeds. Most of that — $331 million — will come from the SPAC’s trust account, with much of the restfrom a private investment in public equity, or PIPE, according to the companies.

The combined firm is set to list on the Nasdaq stock exchange under the symbol VUTL after the transaction is completed in the third quarter.

Though corporations seldom back SPACs, it’s the second such effort for Nabors.In 2023, the first Nabors SPAC took Australian renewable energy company Vast Solar public. A SPAC lets Nabors partner with the company it takes public without diluting its own cash flow, allowing for investment despite a limited balance sheet, Sierra said.

SPAC deals can be more difficult to execute than a standard merger or acquisition and the process is grueling, he added.

Still, that didn’t deter Nabors from pursuing a second SPAC deal.

Momentum for the energy transition has also changed, as AI shifts attention away from reducing carbon emissions to simply producing more power.

“The idea of energy transition is becoming energy addition. We need a lot of it,” Sierra said.

For e2, growth doesn’t depend on the pace of reducing hydrocarbons.

“We’re agnostic to what makes the electron. We just need to make sure you have it when you need it and it works correctly,” Richmond said. “Whether we’re using low carbon or no carbon or all carbon, it doesn’t matter, it’s the piece in between — the efficiency piece — that needs to be solved.”

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