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Business

Wellesley company sold to BlackRock

Renewables firm Vanguard bought for \$700 million

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Waste-to-energy producer Vanguard Renewables has signed an agreement to be acquired by investment giant BlackRock in a deal that Vanguard's chief executive says promises to make the company the dominant provider of renewable natural gas in the country.

Vanguard on Wednesday announced that New York-based BlackRock's real estate and infrastructure investment arm, known as BlackRock Real Assets, is buying Vanguard from former majority investor Vision Ridge Partners. The deal is valued at \$700 million, according to a source familiar with the terms of the transaction.

Vanguard chief executive Neil Smith said the backing from BlackRock should supercharge Vanguard's growth plans for the next few years, and he expects at least \$2 billion in additional investment from BlackRock in various Vanguard projects over time. The management team, which includes Vanguard cofounders John Hanselman and Kevin Chase, will remain in place.

Today, Vanguard employs about 150 people. By the end of 2025, Smith expects that number will grow to 700. Meanwhile, Smith expects Vanguard's portfolio of anaerobic digesters, which produce electricity or gas from methane emitted from food waste and cow manure, will grow from six today to roughly 150, over the same time frame. The company is preparing to move to a bigger office in Weston this fall, from its headquarters on Walnut Street in Wellesley, and Smith expects to hire about 100 people in the Boston area in the next year to keep up with the pace of growth.

"There isn't a department that we don't need more people in," Smith said. "We're a development company that's going to be a



TODD BALFOUR/VANGUARD RENEWABLES

An aerial view of Vanguard's anaerobic digester at the Goodrich Family Dairy Farm in Salisbury, Vt. Vanguard's chief executive said the BlackRock deal will make the company the main provider of renewable natural gas.

very big operating company in the future."

The company received multiple bids after Vision Ridge launched the sale process, he said. BlackRock emerged as the winner.

"This is a really big bet for them," Smith said. "They're skating to where the puck is going to be. ... The demand for greener, cleaner fuel solutions is lining up really well with our business."

Vanguard now has two business lines: one that focuses on digesters that largely run on food waste collected from big institutions and restaurants, and one that focuses solely on animal waste. Vanguard's five existing digesters in Massachusetts use the gas from the food waste to generate electricity that is then sold on the region's electric grid.

But Smith said he expects most of his

future anaerobic digesters will be used to create renewable natural gas — that is, natural gas for heating and industrial uses that comes from a renewable source instead of an underground well.

"What we're really doing is repurposing methane that would otherwise emit into the atmosphere," Smith said.

That's what BlackRock's diversified infrastructure team found so attractive about Vanguard. In particular, BlackRock director Doug Vaccari said, the group liked how Vanguard Renewables is removing carbon emissions from three industries: natural gas, food service, and agriculture.

"There's a lot of room to grow this business while decarbonizing each of those sectors," Vaccari said. "They're well positioned as the leader in the US in this sector. It's very exciting for us."