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ENERGY

Washington lays groundwork to extend renewable energy boom

Senate extends and expands a renewable energy tax credit that is likely to be met with approval from representatives and White House.

By **Asher Price**

With the stock market struggling, clean energy stocks hit hard times in September. But this week Washington might have laid the groundwork for the next renewables boom.

"These are industries that remain reliant on government assistance. There's no question about that," said Ethan Zindler, an analyst in the Virginia office of New Energy Finance. "As an investor, if you don't have tolerance for ups and downs in Washington or London or Brussels or whatever policy-making body is involved, these are not the investments for you."

The crisis gripping Wall Street appears to have driven investors from wind and solar power toward old-school, seemingly safe bets, such as gold and oil.

Since Sept. 2, the first day of trading this month, the performance of the WilderHill New Energy Global Innovation Index, which tracks 91 clean and renewable energy companies, was down 14 percent, while the Dow Jones industrial average was off by 5.5 percent. The index is maintained by London-based New Energy Finance, which advises investors on renewable energy.

But a boost came Tuesday when Congress gave first-round approval to a tax credit extension, worth at least \$17 billion, to increase investment in renewable energy. The blow-by-blow in Washington and on Wall Street shows how the fast-moving economic and political situation makes it hard to pick winners and losers.

Texas leads the nation in wind energy capacity, and state lawmakers have talked

about carving out incentives for solar power in next year's legislative session.

"My gut feeling is that investments in renewable energy resources are as good as gold," said Russel Smith, head of the Texas Renewable Energy Industries Association trade group.

Despite the recent performance of the clean energy stocks, some investors say the renewable market is insulated in the long-term from Wall Street's gyrations. Mark Begert, a partner in Long Branch Capital, an Austin firm that invests in renewable energy, said renewable projects are often paid for with private money and are "not as subject to the whims of the public equity world."

"Clean-tech startups often have a five- to ten-year investment scenario, versus the Wall Street emphasis on quarterly earnings," said Begert, who is also the chief financial officer of Austin-based Meridian Energy Systems, a solar panel design and installation company.

Delay on Capitol Hill of the tax credit extension had raised concerns within the industry. The Senate had blocked the tax credit extension eight times this year before approving it by a wide margin Tuesday evening. The House must still approve the tax credits, which are paid for with higher taxes on the oil industry, and the White House has said it would support it.

"The doubt was not whether something would pass but when it would pass," Smith said.

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"The demand side is driven very much by policies," Zindler said, "On a purely economic basis, solar and wind (are) not economic without some form of assistance."