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Is Clean Tech Immune From Market Woes?

Posted by Mark Gongloff

MarketWatch's Steve Gelsi has this report on signs of resilience in the clean-tech sector:

Deal makers in the so-called clean-technology business are mostly brushing aside recent market weakness and forecast a **healthy flow of venture capital and other transactions in the solar, biofuel and wind energy sectors** for the remainder of the year.

“Every area has momentum right now,” said Dan Pullman, vice president at investment bank McNamee Lawrence & Co. “You see it solar, you see it wind, alternative transportation, fuels, and plug-in vehicles.”

“We have a need to more efficiently use energy, and get more energy from renewable sources,” said Michael Carboy, clean energy analyst at Signal Hill. “**Those don't change based on market valuation.** Corrections are an opportunity to look at names thought of as too expensive in the past.”

Carboy sees continued investment by venture capitalists in the sector, especially in energy storage and electric grid efficiency specialists, as well as new solar energy technology. However, he's **bearish on the ethanol stocks** because they're subject to swings both in corn prices and gasoline prices.

Jeffrey Saut, market strategist with Raymond James, sounded **a word of caution** on solar and other alternative energy shares, however. “If you bet the farm, you better have two farms,” Saut said. “Despite what the clean-tech people will tell you, if crude oil goes down, the price of anything related to alternative energy comes down with it. **Most don't stand on their own feet without high energy prices,** or without government tax benefits.”

Saut also said he likes solar energy long-term, is bearish on ethanol, and wonders why free energy from geothermal heat isn't more widely used.

Pullman of McNamee Lawrence said **obstacles to clean tech include the Bush administration,** which plans to veto the recently-passed House Energy Bill, as well as

the **high cost of silicon** for solar energy panel makers. Players in the clean tech space expect more action from Washington — such as carbon trading legislation — after the presidential elections in 2008.

Jeff Lipton, managing director of the Clean Tech Group at Jefferies, expects to see **more IPOs and secondary offerings** this year. First Solar, for example, just set plans to raise a whopping \$1 billion in a stock offering. On the IPO front, GT Solar International Inc. has filed a \$200 million IPO to boost its business as a maker of manufacturing equipment for the solar power industry.

Venture deals on the clean-tech radar screen include a \$78 million round for Energy Photovoltaics, a \$70 million round for GreenVolts and a \$60 million infusion for BullMoose.