

## Investing in Clean Energy

### *Special Report*

#### **Greenhouse emissions endanger human health: EPA**

On Friday, April 17<sup>th</sup>, 2009, the U.S. Environmental Protection Agency (EPA) officially reported that greenhouse gas emissions put the health and welfare of human beings in danger.

Specifically, the EPA stated that "greenhouse gases in the atmosphere endanger the public health and welfare of current and future generations".

Stating the obvious, the EPA also declared that human activities advance global warming. On this topic, the agency reported that "these high atmospheric levels are the unambiguous result of human emissions, and are very likely the cause of the observed increase in average temperatures and other climactic changes".

There are six greenhouse gases in total endangering health and contributing to global warming. The agency specified that carbon dioxide is a main concern and is released by natural human-made sources such as coal-fired power plants, oil refineries, and fossil-fueled vehicles.

The five others reported are methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

The official reporting of this cleared the way for U.S. regulation, although it will not automatically come into play due to the following 60-day comment period.

#### **The U.N. and Climate Change**

U.N. Secretary-General Ban Ki-moon recently declared solving the world wide water crisis a top priority. Since then, he has been drumming up support for solving another serious issue--climate change.

According to Ban, global warming could cost the world upwards of \$20 trillion over two decades "to place the world on a markedly different and sustainable energy trajectory."

Now, a third grader could tell that \$20 trillion over 20 years means an average investment of \$1 trillion per year. But current U.N. statistics indicate that the global energy industry invests only \$300 billion annually in new plants, grid improvement and other new technologies.

Naturally, that leaves a \$700 billion gap to fill every year for the next twenty.

But where are the additional monies going to come from?

#### **Welcome to the Age of Green Economics**

Well, for starters, we'll begin to see not only clean energy dollars, but also efficiency and retrofit dollars pouring into the sector. As outlined earlier, fossil fuel-burning plants are going to have to start blocking their emissions, and not by simply investing in other clean projects. All those dollars should be included in the tally.

Beyond that, Ban believes "We're now on the threshold of another (transformation) -- the age of green economics.

Businesspeople in so many parts of the world are demanding clear and consistent policies on climate change--global policies for a global problem."

He continued, "With the right financial incentives and a global framework, we can steer economic growth in a low-carbon direction."

And he's right. Did you notice what developed around you in 2009?

- Cleantech Group: While clean technology venture capital was less than impressive in the first half of the year, the 3Q09 results rose to \$1.9 billion, up 58% compared to the previous quarter thanks to government funding and a recovering economy.
- The WilderHill clean energy index--an index of 53 clean energy stocks worldwide recovered from the late '08 slump by 45%, continuing to rise heading into 2010.
- According to research firm New Energy Finance, global investments in energy technologies-including venture capital, project finance, public markets, and research and development-expanded by 4.7 percent from \$148.4 billion in 2007 to \$155.4 billion in 2008. Stimulus spending to counteract credit weakness could supercharge 2009 and 2010 totals.
- Growing numbers of IPOs--like Iberdrola spin-off Iberdrola Renovables IBR (MCE: IBR).
- Emissions rules have become a main concern for companies. Thus, by 2012 it is estimated that Greenhouse Gas Emissions trading markets could be worth \$2 Trillion.
- Installed wind capacity grew 50% at the end of 2008.

- Countries are already claiming carbon neutral status. Many in Hawaii have already shifted to solar.
- The Philippines is phasing out incandescent bulbs completely by 2010.
- Cambridge Energy Research Associates: Study Suggests That, Unlike in the '70s, Energy Lessons Will Last.
- *Financial Times* : Alternative Energy Fuels Long-term Opportunity.
- By 2020, the European Union wants renewable energy to represent 20 per cent of the total energy mix.

Folks, those are just recent headlines. As I've said before, the numbers are only going to get bigger as more projects and technologies are pursued. And all of those projects are going to create. . .

### **Green Collar Jobs**

The economic stimulus package signed by President Obama in February of 2009 aims to create and save 3.5 million jobs over the next two years. A sizable chunk of these opportunities are expected to be green collar jobs with allocations in the stimulus for broad ranged environmental spending.

University of Massachusetts economist Robert Pollin praised this environmentally focused stimulus package shortly after it was signed. In an issue of *The Nation* magazine, he stated, "The central facts here are irrefutable: spending the same amount of money on building a clean energy economy will create three times more jobs within the US than would spending on our existing fossil fuel infrastructure. The transformation to a clean energy economy can therefore serve as a major long-term engine of job creation".

### **Three Reasons Cleantech Will Make You Money**

#### ***Reason #1: Favorable Legislation***

Other newsletters seem to think that "coal and crude oil are the cheapest thing we've got." To think that is to be completely blind to [the current legislative environment](#).

The President has laid out the goal of doubling our use of renewable energy in the next three years. And he's committed to laying 3,000 miles of new power lines to do it. All those activities create profitable market opportunities.

The stimulus has a \$47 billion cleantech portion that creates tax-based incentives that will lure additional capital back to these markets and renew robust demand.

Congressional leaders have also indicated they intend to pass new energy legislation before the Memorial Day break. That legislation is slated to contain two provisions that will change the energy market as we know it.

The first, [cap-and-trade](#), will make it much more expensive to generate electricity with coal-and make renewables cost-competitive in most markets. The budget currently before Congress allocates \$15 billion in revenue per year from such a scheme. Part of that revenue would go to taxpayers to offset the rising cost of energy and part would go to funding new renewable energy projects.

I don't know where you'd get the idea that coal is the "cheapest thing we've got." Wind and solar are now competitive in many areas. And Obama has been quoted saying, "if somebody wants to build a coal plant, they can - it's just that it will bankrupt them, because they are going to be charged a huge sum for all that greenhouse gas that's being emitted." Doesn't sound too cheap to me.

The second coming energy provision, a national renewable portfolio standard (RPS), would require utilities to generate a certain percentage of their electricity-probably 20% by 2021-from renewable resources. That would create guaranteed minimum demand for wind, solar, and geothermal at much higher level than presently seen-driving up stock prices and your bottom line in the process.

#### ***Reason #2: The Non-U.S. Market***

Several companies (most of which my *Alternative Energy Speculator* readers are well-positioned in) have indicated that credit markets are starting to thaw in Europe. The German state development bank (Germany has the largest solar market in the world) KfW has indicated that financing is once again flowing for high quality projects, and new deals will be complete in time for installation by year's end.

Strong solar growth is also slated for Mediterranean countries, which boast some of the highest retail electricity rates in the world. The Italian solar market alone is slated to grow over 3,100% between now and 2015, from 190 MW to 6.2 GW.

As a whole, the [global solar market](#) is expected to grow 374% in the same time, from 15.22 GW to 72.17 GW.

And the global wind market is no different. Europe and Asia account for 76.4% of total installations to date, with 54.8% and 21.6%, respectively. Globally, the wind industry will grow 143% by 2015, from 121 GW to 294.2 GW.

The companies providing those solar panels and wind turbines are slated for equally impressive growth-much to the contrary of other observers. And you can harness that growth for your portfolio.

#### ***Reason #3: The Alternative Energy Speculator***

Of course you can't make money in clean energy if you're constantly misled by other newsletters that don't know enough about it to make profitable recommendations. (As such, they just dismiss it entirely.)

Sure, times are tough. But there's still money to be made when you're being guided by someone who knows the nuances of a specific industry-especially one that's in for such staggering future growth.

Already this year, readers of the *Alternative Energy Speculator* have closed out 42 winning plays, simply by following my advice on how to play the clean energy market.

That's an average gain of over 32% per closed position. . . all while the market tanked to its lowest levels in more than a decade. And we're ready to cash out on a handful of other plays at any moment.

Indeed, clean energy does make sense-both as an energy source and an investment vehicle-as long as you understand the complex associated industries and are willing to follow expert advice, not the ramblings of energy neophytes.

If you're ready to stop reading rhetoric in lieu of actually making money, [the time is now to join the \*Alternative Energy Speculator\*](#).

You can view the HTML version here: [Investing in Clean Energy](#).

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