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Playing BP's Renewable Prediction

At this point it's no secret that the global energy demand continues to rise. Driven by emerging economies and non-[OECD](#) nations, total worldwide energy usage is expected to grow by nearly 40% over the next 20 years. The sheer amount of required energy is certainly staggering. This huge increase in predicted demand has made funds such as **PowerShares Dynamic Energy** (ARCA:[PXI](#)) popular choices with [investors](#). While fossil fuels will undoubtedly be part of our energy mix for a long time, a recent report by **British Petroleum** (NYSE:[BP](#)) highlights the importance and growth of alternatives. For investors, the report helps underscore the need for some exposure to the sector.

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So big, in fact, that the oil producer predicts that renewable energy growth will far outpace fossil fuel demand, including natural gas. The worldwide switch towards various alternative energy sources will see the sector, growing at an average of about 8% per year through the reports timeframe. BP estimates that demand for natural gas will only grow at 2% a year until 2030. Power generation is expected to account for more than half of the growth in primary energy use, and BP estimates that this is where the greatest changes to the fuel mix are expected.

BP also envisions energy efficiency and green transportation options such as hybrid cars, which will boost renewables' roles as well. Advances in new biofuels and electric cars will see oil accounting for around 87% of the transport sector energy use by 2030, down from nearly 95%.

Playing BP's Green Ambitions BP's [CEO](#) Bob Dudley said of the latest report that, "It helps us to be both realistic and optimistic," underscores the need for some exposure to alternative energy in a [portfolio](#). While fossil fuels will still be the dominate source of power, the growth in renewables will still be impressive. The **PowerShares**

WilderHill Clean Energy ETF (ARCA:[PBW](#)) tracks 56 different alternative energy firms, like **Cree** (Nasdaq:[CREE](#)) and **Suntech Power** ([NYSE:STP](#)), could be the easiest and broadest bet. The fund is down considerably over the last year and could make an interesting [value investment](#) at these levels. Similarly, the ... **Global Alternative Energy ETF** ... is down quite a bit as well.

BP's focus on transportation efficiency and biofuels should please investors in that space. Advanced battery maker, **A123 Systems** (Nasdaq:[AONE](#)) had its [share price](#) skid since its much hyped [initial public offering](#), but could rebound as more car makers switch to hybrid vehicles. Battery filter maker, **Polypore International** ([NYSE:PPO](#)) has also seen its share price slip, but could see more demand for its products as well. In addition, the follows futures contracts on soybeans, corn, soybean oil and sugar that can be used as play on biofuel growth.

The Bottom Line Global energy is certainly growing and BP's latest energy forecast highlights the trend towards more renewable energy resources. For investors, adding some exposure to the sector could produce some great long term gains. The previous ideas along with ... make great plays on the theme. ...