

Excerpt from Motley Fool, Sept. 2, 2010

<http://www.fool.com/investing/high-growth/2010/09/02/dont-buy-this-clean-energy-stock-yet.aspx>

Don't Buy This Clean Energy Stock Yet!

[Green power](#) may replace dirty coal-burning and oil-drinking power plants in due time, and early investors will ultimately get rich. But it's still too early in the game to make any money in this investment market. Exhibit A for this thesis comes from alternative power expert FuelCell Energy (Nasdaq: [FCEL](#)).

As the name implies, the company generates large-scale electric power from hydrogen-storing fuel cells, a technology you've heard plenty about in the context of [powering the next generation of cars](#). The concept is great:

But you might still want to hold off on buying shares in this company for the moment. You see, FuelCell is nowhere near profitable yet, and it will probably take another couple of years before the company builds enough economies of scale to swim out of the sea of red ink in which it's dog-paddling today. Until that happens, the swooning stock chart will continue to point downward.

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All the trends are moving in the right direction here, but FuelCell has a long history of burning cash at a tremendous pace, and nothing in this report points to an end to that unfortunate condition. Whenever the company runs out of cash, FuelCell prefers to sell more stock instead of borrowing money, which leads to a lot of dilution. At the current pace, you should expect another secondary offering in the next couple of quarters.

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[Solar power](#) looks a bit closer to commercial success, if you insist on investing in clean energy right now; I'd suggest taking a closer look at five-star CAPS stock **JA Solar Holdings** (Nasdaq: [JASO](#)) or the **PowerShares WilderHill Clean Energy** (NYSE: [PBW](#)) [exchange-traded fund](#), for starters.