

An Unlikely Spark In Alternative Energy

By **NORMALSTER**

AFTER a year of stellar perform-

DuPont that would produce a sugar-based fuel for the British market in 2007. In November 2005, BP announced that it would invest \$8 billion

ance, producers of alternative energy — from ethanol to solar and wind power — took a beating in the stock market this spring.

Up more than 80 percent from May 2005 to May 8 this year, the **PowerShares WilderHill Clean Energy** fund, an exchange-traded fund that tracks the sector, tumbled more than 20 percent by June 30.

The sell-off unnerved the managers of some mutual funds that own alternative energy stocks. David J. Schoenwald, co-manager of the **New Alternatives** fund with his father, Maurice L. Schoenwald, acknowledged being fearful and uncertain of the causes or likely duration of the stock slide. "I don't know what's going on," he said. For the first six months of this year, the fund was still up 18.9 percent.

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The fact that major oil companies are scouring the field for investments could help create a floor for alternative energy share prices, said Stuart Bush, an analyst at RBC Capital Markets. For the major companies looking to hedge their bets with biofuels, "it would be easier to buy than to build capacity," Mr. Bush said. For example, Chevron announced in May that it was taking an equity position in Galveston Bay Biodiesel, which is building a plant to turn soybeans into diesel fuel.

Mr. Bush likes the prospects of a broad range of alternative energy stocks. He predicts a 35 percent increase in the next year for the WilderHill Index, a basket of 40 stocks mirrored by the PowerShares E.T.F.