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Clean Energy Gets a Boost

A U.S. Senate debate on a proposal to cut the nation's oil imports is helping to lift the green energy industry.

June 15, 2005

The clean energy industry and its investors appear to be getting a nice boost as United States lawmakers debate a proposal to cut the nation's oil imports by 40 percent in 20 years.

The WilderHill Clean Energy Index, an index of clean energy stocks, rose another \$0.84 to \$151.02 on Wednesday after rising \$3.17 on Tuesday, when the debate in the U.S. Senate began. The index is now at least 10 percent higher than it was in March.

Also driving up the index? Crude oil futures were once again trading above \$55 a barrel on Wednesday.

Rodrigo Prudencio, a principal at clean technology venture capital firm Nth Power, said the Senate's debate on policies to promote renewable energy sends a positive signal to the market for new energy technologies.

"It's an important step for us," he said. Mr. Prudencio added it wasn't immediately apparent whether the Senate debate was attracting new investors. The "market doesn't move that quickly," he noted.

But he said two "very significant" developments in the solar power field last week could help explain the clean energy industry's rally. Miasolé and Nanosolar, two solar energy firms, both closed new venture funding rounds last week, for \$16 million and \$20 million, respectively (see [Clean Energy Firms Get Funds](#)).

"Obviously those companies are looking forward to the continued strong growth of the solar markets," he said.

Bigger Impact

Mr. Prudencio said he isn't sure whether new technologies would be able to fill the energy gap if the deep cuts in oil imports, which are being proposed by Senator Maria Cantwell (D-Wash.), were enacted. "But we can certainly make a bigger impact," he said.

Mr. Prudencio said a long-term federal commitment to renewable energy in the form of a clean energy bill would go a long way.

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"The states and much of the private sector are well ahead of the federal government, so it would be a very important move for the Senate to recognize the importance of renewable energy," he said.

Some environmentalists have said the Senate proposal falls short because it includes no specifics about how the reduction in oil goal would be met. What's more, the proposal is scant on details on how to enforce the cuts.

In the meantime, the White House has already strongly opposed a provision in the current energy bill to reduce foreign oil use by 1 million barrels per day, which is less than 10 percent of last year's oil imports.

Up in the Air

Clean energy experts at a *Red Herring* conference in May said the U.S. energy policy was to blame for the nation falling behind Europe and Japan in clean energy use. Renewable energy standards and price supports for renewable energy would make a big difference, said Mr. Prudencio.

A federal goal to reduce foreign oil use could bolster the use of biofuels and landfill gases such as methane, he said.

Energy-efficiency technologies, such as hybrid-electric vehicles and more efficient internal-combustion engines, would also get a boost, he said. So would energy-management technologies, like advanced meters and load-control systems, which help manage power during peak demand times, he said.

The Senate Finance Committee is scheduled to vote Thursday on a total of \$16 billion proposed in energy tax credits. Any tax provisions that pass will be folded into the rest of the clean energy bill.

Solar companies like Berkeley, California-based PowerLight are backing one proposal by Senator Lamar Alexander (R-Tenn.), which calls for a 30 percent tax credit for solar energy systems in homes and businesses.

"Security and greater independence of energy could be ensured by the deployment of solar and other renewable energies," said PowerLight spokesperson Susan DeVico.

But Rona Fried, president of SustainableBusiness.com, an Internet community for green businesses, said she has little hope that the most important energy-efficiency provisions, like cutting oil use and significantly raising efficiency standards, will pass. "We're all holding our breath," she said.

A number of groups, including the American Council for an Energy-Efficient Economy (ACEEE), said they will be happy if the Senate energy bill passes through Congress unscathed. Even excluding tax incentives and other new proposals, the ACEEE said the Senate energy bill would more than double the energy savings of the bill the House passed in April, and would reduce national energy use by 2.4 percent in 2020.

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