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<http://seekingalpha.com/article/726071-iaa-covers-renewables-points-to-where-the-profits-are>

IEA Covers Renewables, Points To Where The Profits Are

Notice I didn't say they called them profitable.

The International Energy Agency's decision to [start reporting on renewable energy](#) is a milestone. The IEA says it will start generating regular reports on renewables [alongside](#) its current work on oil, gas, and other conventional fuels.

And the first such report has some startling conclusions. Most of the growth in this sector over the next five years will come from the developing world. Solar systems could represent one-sixth of the global heating-and-cooling market. The energy produced by the sector will [grow 40% over the next five years](#). This is big news, because as the report notes half of all energy consumed in the world goes to heating or cooling.

This doesn't mean the sector is profitable. The situation hasn't changed much since February when TheStreet.com ran a piece on the 10 largest renewable ETFs, all of whose charts [look like the business end of a roller coaster](#).

Since that story was published most of the ETFs have continued to move downward. The ... Global Wind ETF ... is down by a third, as are the ... and the Powershares Global Clean Energy Portfolio (PBD), ... Global Wind Energy ... is down over 40%, the ... Solar ETF ... is off by another half.

Of course, oil and gas hasn't been burning it up this year, either.

Until costs get below those of fossil fuels, renewable producers have to rely on clever financing and buyer guilt to get the premium prices needed for production and pull demand from the market.

That's why, for now NRG Energy (NRG), parent of Reliant and

Green Mountain Energy, is the reliable play for profit. It's on the buy side of the solar equation. It buys energy from scaled solar plants, then sells it through "green energy certificates." Since the start of the year, with oil and gas prices both rolling over, NRG has done almost as well by investors as Exxon Mobil ([XOM](#)).

Another place to look for a bottom is First Solar ([FSLR](#)), and for the same reason. They have gotten into the business of solar development, selling solar power plants to companies like Berkshire Hathaway's ([BRK.A](#)) Mid-American Energy, which apply the same "green energy" tag to sell the resulting energy to companies like Kohl's and Starbuck's.

Demand is also growing in the developing world. Without an extensive electric grid there's nothing to compare solar power in Latin America to. Fossil fuel prices are often much higher in developing markets, making more renewable sources competitive with current technology.

Finding companies with extensive marketing operations in the global south is another great way to invest in the space right now. And as the prices of oil and gas start to rise, so will the renewable energy players.