

Excerpt from Financial Times, January 22, 2009

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## **US clean energy**

Even as Barack Obama promised to “harness the sun and the winds and the soil to fuel our cars and run our factories” in his inaugural address, investors were fleeing the businesses that seek to profit from this green future. A basket of US-listed companies in the field, the WilderHill Clean Energy Index, has lost nearly 70 per cent of its value over the past 8 months. The mismatch between government enthusiasm and investor sentiment might seem strange. After all, more than almost any other business, renewable energy relies on taxpayer support.

Making money from clean energy has become harder for a variety of reasons though. The sharply lower cost of “dirty” energy is a key culprit. Expensive fossil fuels had lessened the need for subsidies to make technologies like photovoltaic and wind energy viable, and that gap has now widened. Meanwhile, the credit crunch has sapped funding for capital-intensive projects like wind farms. It has also made transferable tax credits less of an incentive and has strained government budgets in eco-friendly places like California. Private patrons like car companies planning green vehicles are also far more cautious.

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Washington’s new tone is music to environmentalists’ ears but the companies that stand to benefit will wait to hear concrete details before making new investments.