



260kW Commercial Inverter **with 97% CEC Efficiency**
RAISING THE BAR ON UPTIME...ONCE AGAIN
 -Compliant with Buy American Act
www.pvpowered.com

PV Powered™
 Simply More Reliable Solar

SIGN UP:

THE GREENTECH MEDIA
WEEKLY NEWSLETTEREmail WEDNESDAY, FEBRUARY 27, 2008
LATEST UPDATE: 1:44PM
[PROJECTS](#) [STARTUPS](#) [POLICY](#) [MANUFACTURING](#) [PEOPLE](#) [TECHNOLOGY](#)
Search 
[Solar](#) | [Rachel Barron](#) | February 27, 2008

Hedge Fund Picks: Solar, Energy Storage, Water ... and Biofuels

In spite of biofuels' troubles, a Connective Capital partner says there's still money to be made in the sector. And fund executives say greentech isn't headed for a crash.

Despite all the difficulties facing the ethanol industry -- such as **shrinking margins, canceled plants, environmental concerns** and even a **study** suggesting an ethanol fire is harder to extinguish than a gasoline fire -- Rob Romero, a managing partner at Connective Capital, still thinks biofuel investments are worth pursuing.

At a hedge-fund investment panel Wednesday at the Cleantech Forum in San Francisco, he listed biofuel as one of his interest areas as a fund manager.

It's not that Romero is blind to the ethanol industry's hardships. He just thinks investors have to know where to look. And he's looking to invest, not in ethanol manufacturers, but in the industry's supporting businesses.

"All the people who are making money aren't the ethanol refiners," Romero said, adding that the moneymakers are farmers, seed suppliers and fertilizer manufacturers.

"[Those are] the type of markets we are chasing as a hedge fund," he said. "It's not investing across the value chain, but frankly making long and short investments to keep the volatility down for our investors."

Speaking to a crowd with an entrepreneurial bent, Romero also dispensed hints for venture capitalists and startups.

He sees a big opportunity for energy-storage technologies that can expand the use of solar and wind power, as well as for companies that can lower the cost of solar energy to that of conventional electricity -- about \$1 per watt, he said.

Not surprisingly, Romero cited thin-film maker **First Solar** (NSDQ: FSLR) as a low-cost leader.

First Solar has been an investor favorite, with shares **that doubled in December** and **a fourth-quarter income that grew more than sevenfold** from the year-ago quarter. And although **a slew of companies, like Nanosolar and HeliVolt, are developing the technology**, Romero doesn't see any of them as a threat to First Solar.

"Frankly, I'm really surprised that nobody has put up a big challenge to First Solar," he said. "They have the market to themselves right now, relative to the low cost point."

Another panelist, Gerard Sweeney, cited water as a top investment opportunity. Sweeney, a senior analyst at AquaTerra Asset Management, said water is inexpensive in the United States today.

"There is a great opportunity to really increase that pricing," he said. And utilities are going to be prime beneficiaries."

Companies repairing, replacing and building water infrastructure, such as piping and valves, as well as those developing filtration, metering and sensing technologies, also stand to benefit, he said.

Overall, the hedge-fund panelists said they aren't shying away from cleantech because of fears of a bubble. In spite of **record-breaking amounts of investment**, the hedge-fund executives



Introducing the D380 "TwinPack"
Microinverter

Optimized for commercial applications

[e] enphase ENERGY 1 877 797 4743
enphaseenergy.com

ARTICLES

[Google to Fund Clean Power Plants](#)
November 30, 2009

[Thin-Film Players Feeling Besieged](#)
December 2, 2009

[HelioSphera Plans 160MW Solar Factory in Philly](#)
December 1, 2009

[Report: Solar Electricity Cost Likely to Fall 50% in 2009](#)
November 23, 2009

DISCUSSIONS

[Swapping CIGS for Silicon](#)
November 20, 2009 | 19 Comments

[Solar PV: The Anatomy of a Project](#)
November 23, 2009 | 10 Comments

[Report: Solar Electricity Cost Likely to Fall 50% in 2009](#)
November 23, 2009 | 9 Comments

[Pre-Thanksgiving Sale: First Solar Sells Project to NRG](#)
November 23, 2009 | 2 Comments

New Reports from GTM Research

Third-Gen Thin-Film Solar Technologies: Forecasting the Future of Dye Sensitized and Organic PV

Greening the Supply Chain: Benchmarking Sustainability Practices and Trends

China PV Market Development

PV Manufacturing in the United States: Market Outlook, Incentives and Supply Chain Opportunities



December 3rd, 2009
San Francisco, CA
Permitting

December 10, 2009
Mountain View, CA
Creative

said they see significant differences between the cleantech industry and the dot-com industry of the 1990s.

"Despite the amount of capital that has come into the space, I do think the market is just a lot bigger," Romero said, adding that energy consumption continues to grow dramatically, especially in developing countries like India and China.

Spenser Hempleman, a portfolio manager with Ardsley Partners, added that the difference is the number of "real" greentech companies with assets in the ground.

"Yes, I agree that multiples have gotten excessive in certain subsectors and certain companies," he said. "I agree there is some vulnerability to that growth going forward."

But alternative energy prices are falling while other energy sources are becoming more expensive, he said.

Add that to major motivators like flooding in South Africa, a blizzard in China and a major power outage in Florida, as well as the growing difficulty of getting permits for coal-fired plants in Europe and the United States, and "you don't have a lot of alternatives" to alternative energy, he said.



Boosting Biofuels With Extra Chromosomes
Michael Kanellos | December 2, 2009

Energizer Triples Zinc Air Battery Run Time
Staff | December 1, 2009 | 1 comment

Battery Tuesday: EnerDel and Mazda Team on V2G and More
Michael Kanellos | December 1, 2009

Comments [0]

Name Email (never displayed)

Notify me of follow-up comments.

Enter your comment here.

Viridity Energy: Microgrids as Market Players
Jeff St. John | November 30, 2009

Time-of-Use Test Next Year in Burbank
Michael Kanellos | November 24, 2009

Batteries Edge Out Compressed Air in Latest DOE Grants
Michael Kanellos | November 24, 2009 | 2 comments

Copenhagen: A Mixed Bag for Greentech
Ucilia Wang | December 1, 2009

Green and How I Got Here
Michael Kanellos | November 26, 2009 | 2 comments

Will Fuel Cells Rival Solar in California?
Michael Kanellos | November 24, 2009 | 19 comments