

Excerpt from Watthead, January 4, 2007

<http://watthead.blogspot.com/2007/01/clean-energys-big-year-clean-energys.html>

Clean Energy's Big Year: Clean Energy's Stock On the Rise in 2006

It's been a landmark year for clean energy, as solar and wind power blew past the records, despite supply shortages.

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Confidence in Clean

Institutional investors were generous. Research firm New Energy Finance expects the renewable energy and low-carbon technology industries to set a record of \$70.9 billion in investment this year, a 43-percent increase from 2005.

Of that amount, New Energy Finance expects venture capital and private equity investment to top \$7 billion in 2006, a 167-percent increase from last year.

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Notable IPO

IPOs were also notable. According to New Energy Finance, money raised in clean-energy-related IPOs more than doubled, reaching \$10.3 billion in 2006, up from \$4.3 billion in 2005 and \$0.7 billion in 2004.

After a stock dip starting in May, clean-energy stock values are back up more than 30 percent from the start of the year, according to the WilderHill New Energy Global Innovation Index, which launched in January to track clean-energy stocks globally.

According to New Energy Finance, solar companies raised the most on

the public markets, raising \$4.4 billion, more than double the \$1.7 billion raised in 2005 (see [Trina Solar Has Rollercoaster IPO](#), [IPO Watch: Hot, Crude, and Hertz](#), [Chinese Solar Firm IPOs](#), [Big Deals: IPOs](#)).

Biofuels raised the second-most, raising \$2.5 billion, more than 10 times the amount raised last year (see [Ethanol Firm Plans \\$300M IPO](#), [High on Ethanol](#)). Wind IPOs raised \$1.2 billion, compared with \$1.1 billion last year.

Solar Silicon Shortage

While demand for solar continued to grow rapidly this year, the industry was constrained by a supply shortage of silicon, the material that turns sunlight into electricity in most solar panels. The shortage boosted prices and led solar manufacturers to strike long-term deals with silicon producers, which began installing new plants.

The shortage also sparked new interest in silicon technologies, as well as in silicon-efficient technologies like thin-film solar, a solar technology that uses little to no silicon, and concentrator technologies, which use mirrors and lenses to concentrate the sun into smaller solar cells (see [Solar's Going Thin](#)).

Predictions about when the shortage will end vary from between 2007 and 2012. An ease in supply is likely to bring lower prices, and manufacturers have been investing in technology to hone their competitive edge once the shortage ends. Others have been looking at expanding into other solar services, such as installation and distribution.

Ethanol Grows

Ethanol production grew as new plants came online. According to [New Energy Finance](#) as of September, 36 new commercial ethanol plants were financed worldwide in 2006, compared with 25 in 2005 and seven in 2004.

Ethanol from materials like corn stover, wood chips, and switchgrass, got

a boost from high oil prices and government backing. Ethanol benefited from a mention from U.S. President Bush in February, a U.S. goal set last year to replace 30 percent of its transportation fuel with biofuel by 2030, and a declaration from Brazil's government that it would reach energy independence through the alcoholic fuel this year (see [The Fuel of the Future?](#)).

A number of ethanol startups raised funding, including Mascoma, logen, and GreenShift. And cellulosic-ethanol companies announced a series of milestones, such as the first cellulosic plant in China and the world's first "commercial-scale demonstration plant" (in other words, a plant that produces more than 1 million gallons per year).

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