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SPECIAL REPORT

Wall Street's New Love Affair

Why some of the world's smartest investors are betting billions on clean energy

You sense it from the waiting lists for Toyota ([TM](#)) Priuses. You see it on the faces of the solar-energy stalwarts who are suddenly being showered with attention. You read about it constantly in newspapers and magazines. And you hear it on TV and even at the movies. Warnings about global warming grow more dire by the day: Experts say Manhattan, Washington, and San Francisco will eventually be under water unless people start filling their tanks with corn squeezings and bolting solar panels to their roofs.

As troubling as the predictions are, even more urgent problems are weighing on the American psyche these days -- namely the price of oil, which is surging past \$75 a barrel, and the deteriorating Middle East situation. In liberal and conservative circles alike, energy independence is becoming a national imperative, and renewable energy is attracting an unprecedented array of groups. "We're seeing an alignment of the environmental interests, automakers, the agricultural industry, the security and energy-independence proponents, even the evangelicals," says billionaire venture capitalist L. John Doerr. "When did all those [interests] come together before?"

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Wall Street is champing at the bit to provide capital. Last year, \$17 billion poured into clean-energy projects in the U.S. -- 89% more than in 2004, estimates researcher New Energy Finance Ltd. Worldwide, the \$49 billion collected in 2005 was up 62% from 2004. Interest in this stuff is "out of control," says Credit Suisse Group ([CSR](#)) banker Paul T. Ho as he sifts through stacks of papers on his desk for potential initial public offerings of companies that produce fuel from corn, restaurant grease, prairie grasses, orange peels, and municipal waste. He says there aren't enough suitable opportunities out there for all the requests he's fielding from well-heeled investors.

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