

Excerpt from Red Herring:

<http://www.redherring.com/Article.aspx?a=16814&hed=New...+Track+Clean+Energy&sector=Industries&subsector=Energy>

### **New Way to Track Clean Energy**

***Clean Edge plans to launch a U.S. clean-energy index this month.***

*May 9, 2006*

Research firm Clean Edge said Tuesday it is launching an index to track U.S. clean-energy stocks in a reflection of their growing popularity with U.S. investors.

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-Robert Wilder,  
WilderShares

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The first cleantech index, the WilderHill Clean Energy Index (ECO), began tracking U.S. clean-energy companies in August 2004, and the PowerShares WilderHill Clean Energy Portfolio, an exchange-traded fund to mirror the index, launched last February (see Clean Capital).

Others include the WilderHill Clean Energy Global Innovation Index (NEX), which tracks global clean-energy companies (see Tracking Clean Energy Globally), and the Cleantech Capital Group's Cleantech Index (see U.S. Cleantech Index to Launch).

With growing investments in clean technology, it's no wonder groups are launching indices and funds. U.S. venture-capital investment in energy grew more than 25 percent in 2005, reaching \$917 million, according to venture-capital firm Nth Power. Those investments made up 4.2 percent of the total venture capital invested, up steadily from 3.3 percent in 2004 and 0.7 percent in 1998, the company said.

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#### **Weighted Index**

The index differs from its competitors in that it will use a "modified market cap" method, meaning that companies with higher market caps will be given more weight, but that no one company will dominate the index.

The WilderHill ECO index, for example, uses a "modified equal weight" method, where companies are weighted more equally, regardless of market cap.

Robert Wilder, president of WilderShares, which manages the WilderHill indices, said there probably won't be much difference between the indices in terms of the daily numbers. But he's not worried about competition, he said.

"There's absolutely room for competitors, and I'd be naïve to think there won't be competition," he said. "Any competitor will to some extent take business away, but it's a big tent. There's lots of money looking to be invested in clean energy. There's not just one index for oil or other fossil fuels, so the fact that there's going to be more than one index in clean energy makes the point that soon we'll be able to stop saying 'alternative' when we're talking about solar and wind."

Since launching the ETF, the fund has grown from \$187 million to \$800 million, Mr. Wilder said. "That is bound to bring in other indexes," he said. "You can't have these kind of eye-opening inflows without attracting

competition.”

He said he’s happy that the competitor is Clean Edge, which has a background in the field. He would be more concerned if it were a group with less experience that came out with “an ill-thought-out index that rushes out and gives a black eye to indexing in clean energy,” he said. “The reason I wanted to track this is to show that clean energy is real, so if other indexes can make the same point as well, I think that’s a good thing,” he said. “If the index is competent—and I think this one is—I welcome them.”

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