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<http://www.forexyard.com/en/news/ANALYSIS-Green-buying-binge-after-Japan-crisis-wont-last-2011-03-17T195239Z>

ANALYSIS-Green buying binge after Japan crisis won't last

JAPAN-QUAKE/RENEWABLES (ANALYSIS)

- * Analysts split on near-term impact on solar demand
- * Fossil fuels could also get new support from nuke crisis
- * Green power needs new government support

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Japan's race to avert a meltdown at a tsunami-wracked nuclear power plant was viewed as a rallying cry to some supporters of renewable energy, triggering a debate about whether the power source is a safe and viable form of emissions-free energy.

That led to a surge in shares of alternative energy stocks, including some double-digit gains in solar companies that were lagging of late.

But investors cautioned that renewable energy still depends heavily on government subsidies and won't get a meaningful shot in the arm without new laws in many nations.

In addition, nuclear power is hardly expected to be replaced altogether, given its size in the global market -- and any short-term gaps could be filled by traditional power sources such as oil, gas and coal.

For now, the Japan crisis is a wake-up call to investors who might have concentrated their energy holdings in too few sources.

"For the institutional investment community this, like the BP disaster in the Gulf, has given them a vivid reminder of the virtues of diversification," said Alan Salzman, chief executive of Silicon Valley-based venture capital firm VantagePoint Venture Partners, a top investor in green energy startups.

The WilderHill New Energy Global Innovation index of alternative energy stocks has gained 4 percent since the earthquake hit on March 11 despite a 1.8 percent decline in the Standard & Poor's 500 index.

But the rise in green energy stocks has been stoked by knee-jerk sentiment rather than a fundamental shift in demand, experts said. In fact, shares in the sector have been battered recently because several European markets have trimmed their lavish subsidies for solar power, in particular.

"The sentiment on renewables before the crisis can be summed up like this: It was not in the focus of investors -- until Japan," ..., fund manager at ..., said.

..., who oversees about \$8.2 billion in energy-related funds, added, however, that other nations may follow Germany and China, where nuclear projects were immediately suspended.

Germany earlier this week reacted decisively to several explosions at a Japanese nuclear plant by backtracking on last year's decision to extend the life of aging nuclear stations.

China, too, temporarily suspended approval of nuclear power projects, putting a halt to its major push into the power source and fueling hopes by advocates of green energy that the sector may see a regulatory revival.

But notwithstanding those moves, ... said it was far too soon to know what the impact would be.

In fact, fears about the safety of nuclear power could even make dirtier fuel sources such as coal look better to both investors and the public.

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