The great motivator

Aimee Kalnoskas, Editor-in-Chief

My neighbors, who live almost a hundred yards and up a hill away from me, love their SUV's, monster trucks and electricity. During the Christmas season, the illumination from their myriad of Christmas lights and blow-up, lighted lawn Santas and Frosties alone allow me to keep my flood lights off for most of December. The light pouring from their Rockefeller Center wanna-be Christmas tree streams through my kitchen window in such glorious greens and reds that I have no need for holiday decorations in that part of the house. This is by no means an environmentally conscious family. Yet last year, they installed a rather large array of solar panels and their meter is turning backwards every month. Their motivation is money; money they are saving. And the motivation of the solar panel installation company is also money; money they are making. But the end result is the same result the environmentalists are hoping to achieve — reduced consumption of electricity from coal-and oil-fired plants.

Take that one small example of a company making money by offering renewable energy in the face of rising fuel costs and throw it against the business and financial markets. You have, what authors Ron Pernick and Clint Wilder refer to in their book "The Clean Tech Revolution" (Harper Collins, 2007), the "next big growth and investment opportunity." If you believe what they write, investments in clean technology will be the financial equivalent of high-tech's killer app. The motivating forces taking clean technology in to the mainstream are what Pernick and Wilder call the "Six C's": Costs, Capital, Competition, China, Consumers and Climate. There isn't enough space here to devote an analysis of each, so I would like to point out a few highlights of Costs, Capital and China.

While the technology gathering and distributing fossil fuels is fairly steady, the cost of acquisition of those fuels is rising. Solar and wind energy, on the other hand, are free and the costs associated with gathering and distributing the energy will drop as that technology becomes more sophisticated, not unlike the computer industry.

Capital investments in clean energy by major multinationals (such as GE's Ecomagination business strategy), VCs and other investment houses (Goldman Sachs' acquisition of Zilkha Renewable Energy giving the firm 4,000 MW of wind-energy projects under development in 12 states) and individual investors, should signal to the world that clean energy is about to be big business.

According to the International Energy Agency, China will be consuming more energy by 2020 than the U.S. does today. Unlike many other countries, however, China is not yet overly invested in oil and the 2005 passage of the China Renewable Energy Law suggests that the country is at least open to renewable energy generation and distribution. Considering the amount of energy China consumes, this market could be a real hot spot for investors in clean energy.

You can find a more complete review of this book in the Efficiency Zone section of ecnmag.com later this month. You'll also be finding more extensive coverage of energy efficiency products and technology in ECN starting with this month's cover story and kicking off with more complete coverage next month.

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Aimee

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