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Hedge Funds Short Clean Power as Goldman Reduces Superconductor

Hedge funds increased short selling in U.S. renewable energy stocks to the highest level in a year, boosting bets against First Solar Inc. and Tesla Motors Inc. as government support for low-polluting technologies faltered.

Seventeen percent of the freely traded shares of the 35 U.S. stocks in the **WilderHill New Energy Index** are sold short, compared with 16 percent in October and 15 percent in August, data compiled by Bloomberg show. That's almost four times the 4.4 percent short ratio of the Standard & Poor's 500 index.

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"The lack of an international agreement on climate change and short-term uncertainty on policy support across the globe makes the sector fairly susceptible to predatory trades from hedge funds," said **Krishnan Shakkottai**, a market analyst at Bloomberg New Energy Finance in London. Republican gains in U.S. mid-term elections are "a huge deal," he said.

President **Barack Obama** said he may be unable to reduce U.S. greenhouse-gas emissions after Republicans regained control of the House in Nov. 2 elections. Republicans say they will seek to roll back Environmental Protection Agency rules limiting carbon venting, ease curbs on coal mining and may try to block billions of dollars in federal subsidies for clean power.

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Solar panel makers are also suffering as European governments, struggling to contain the fallout from the financial rescue packages requested by Greece and Ireland, curb rates paid for power from photovoltaic panels.

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