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## The Prius Bubble

We're irrationally exuberant about alternative energy—but that's good.

*By Daniel Gross*

The tech elite and the financiers who fund them are bored with Google and MySpace. Their New, New, New Thing—apologies to [Michael Lewis](#)—is alternative energy.

*Wired* and *Business 2.0*, the print bibles of the dot-com boom, are now stuffed with stories about light-emitting diodes, zero-emission cars, rechargeable fuel cells, and hackers who pimp their Prius hybrids to run even farther on electricity.

Many of the people who cooked up the Internet revolution have moved over to the energy industry. Bill Gross (no relation) is the founder of [IdeaLab!](#), the incubator of technology-based companies that spawned eToys, NetZero, PetSmart.com, WeddingChannel.com, and a host of other dot-coms before it nearly busted in 2000. IdeaLab is riding high again, and one of its most promising portfolio companies, [Energy Innovations](#), develops solar panels for commercial buildings. Gross is still talking in revolutionary terms. "Reinventing energy is a multitrillion-dollar opportunity. It's the next big disruption," Gross told *Wired* last July. "It dwarfs any business opportunity in history."

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It's a natural for Silicon Valley types to get in on alternative energy. Like computer software and hardware, alternative energy is an engineering-based business. Cypress Semiconductor, an established company in Silicon Valley, last fall spun off to the public a unit that makes solar panels, [SunPower](#). Investors have thronged to the stock the way college students flock to Cancun on spring break, and it now trades at more than 100 times its expected earnings.

Indeed, just as they did with dot-com stocks in the 1990s, individual investors are latching onto pricey alternative-energy stocks. VeraSun Energy, an ethanol company that [went public in June](#), raised \$420 million and received a healthy 30 percent pop on its first day of trading. Just as the late 1990s saw the rollout of mutual funds that were entirely devoted to the Internet sector, investors today can buy a green-power Exchange Traded Fund, the PowerShares WilderHill Clean Energy Portfolio.

The *Fortune* 500 are jumping on the alternative-energy bus too. Just as big companies adapted to the dot-com boom of the late 1990s by dressing business casual and funding Internet startups, they're now going green. General Electric last year launched its [Ecomagination](#) initiative, an image and business strategy that represents the effort of CEO Jeff Immelt, who took over from icon Jack Welch in 2001, to stamp his own imprint on the vast company.

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Wal-Mart has similarly sought to improve both its image and its bottom line by going green. In [an interview](#) this spring, Wal-Mart CEO Lee Scott sounded more like the head of the Sierra Club than a member of the Business Roundtable. "I had embraced this idea that the world's climate is changing and that man played a part in that, and that Wal-Mart can play a part in reducing man's impact." And so the company has built experimental green stores like the one in [McKinney, Texas](#), which is equipped with solar panels and reuses cooking and motor oil. The mega-retailer has also embarked upon a serious effort to double the fuel efficiency of its monster trucking fleet by 2015. It's made some progress by [equipping trucks](#) with new types of tires, aerodynamic features, and an auxiliary power unit that burns less gas while idling.

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