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Trump and Supreme Court Crush Clean Energy Stocks. Some are Worth Buying.

A good week for Donald Trump and a series of Supreme Court rulings that limit environmental regulations have led to big losses for clean energy stocks in the last few days.

Few sectors are as vulnerable as clean energy to political setbacks, because of the tax breaks and environmental rules that support

The Invesco WilderHill Clean Energy ETF, a benchmark clean energy fund, was down 2% on Monday after the Supreme Court limited what kinds of charges presidents can face for actions they take while The ruling is likely to delay — and possibly derail — Trump's federal trials, and increases his chances of winning

.... And President Biden's weak showing in Thursday's debate weighed on clean energy stocks, too. Leading solar ... fell 10% on Friday, making it the second-biggest loser in the S&P 500. Trump has said he'll dismantle the Inflation Reduction Act, which includes an estimated \$370 billion for clean energy. The WilderHill index has fallen 31% this year, in part on worries about the November election.

... , a portfolio manager at sustainable investment firm Ecofin, says that investors shouldn't make knee-jerk reactions to political news. "Simple concepts like considering a Republican agenda as being negative to renewables and thus equity performance is inadequate," he wrote in a recent note.

"We do expect a lot of noise" if Trump is elected, ... said in an interview. A Trump administration may stop issuing offshore wind permits, for instance, which would be a blow to companies like Renewable equipment stocks like solar supplier ... could also be hurt by changing law, as well as rising competition from China,

The presidential election, however, isn't the only one that counts. In fact, only a Republican "Red Wave" election would be clearly negative for the sector. A split Congress or narrow Republican majorities would not lead to a complete dismantling of the Inflation Reduction Act, just as narrow majorities in Trump's first term didn't result in the overturning of Obamacare. Anything short of a Red Wave, in fact, will probably result in renewable energy stocks rising sharply, ... predicted.

Clean energy is not an easy sector to bet on today. But the continuing politically-driven weakness in the stocks could signal a buying opportunity for some of them. There is a realistic chance that Trump and a Republican Congress could eliminate

some of the clean energy subsidies in the Inflation Reduction Act. Still, some of the factors that are expected to boost clean energy in the years ahead are not connected to that law, and depend on more persistent economic

The most important of those drivers is the increasing demand for electricity. The electricity demand from new data centers powering artificial intelligence and electric vehicles will force utilities to add substantial amounts of new power sources before the end of Renewables like solar and wind farms will invariably meet much of that demand, because they are cheaper and faster to assemble than other New natural gas power plants can take six years to build, while large nuclear plants take more than a decade. By comparison, large solar fields can be assembled in less than two years, as long as there are enough transmission lines to serve

“Unless you think there are negative economic changes coming, then you want to continue to be exposed to companies that address the growth in power demand,”

.... If Republicans took away clean energy subsidies, it would cause power prices to rise, because less new electricity would be built to meet demand,

Even electric vehicles could perform better than expected under a Trump administration, despite his vow to cut their subsidies. Some of the companies that would be hurt if Trump removed government support are Korean manufacturers like Kia that are building factories in Republican-controlled states. “There would be serious political repercussions,”