

Tom Shields, chief executive of waste treatment specialist Sterecycle, agrees: "The recession has not really affected our business, because of the regulatory aspect." Sterecycle has developed autoclave technology that can safely recycle material and turn it into energy. The landfill tax is currently £48 a tonne, due to rise to £80 by 2014. But, he reports that new funding is harder to come by. The company, which is still private, is hoping to be listed on the stock exchange within the next two years, but takes a cautious view on the market.

Both these waste companies develop new technology and treat waste in their own plants. In this they are unusual in that the UK's clean-tech market divides, not always neatly, into (usually) small companies that are developing innovative technology and larger players whose work lies in the operational field – such as wind farm owners, or landfill gas producers. When well sited, wind farms can be lucrative, but for individual investors, buying shares in them is difficult because most are owned by big energy companies, many of them based overseas, such as Germany's RWE and Eon, and Denmark's DONG Energy.

Alternatively, UK investors can easily buy shares in the listed renewable energy generators, including Renewable Energy Generation and Renewable Energy Holdings. The Ventus Funds, managed by Climate Change Capital, also invest in UK renewables.

For investors who want to be ahead of the curve, there is a further dilemma, as so many of the companies involved with new ideas are not yet listed on

the stock exchange. In some cases investors can gain exposure to such innovations through the big companies that back them – in the Aerogenerator's case, that would include BP, Shell and Rolls-Royce. But buying their shares might go against the grain for investors who want a strong ethical bias to their portfolio, as so many of the big companies involved in renewables also have interests in fossil fuels. Instead, environmental investors can turn to one of the many funds specialising in this field, such as Impax, HgCapital, New Earth Solutions, Low Carbon Accelerator, Ludgate Environmental Fund and Four-Winds Capital Management.

But dark clouds loom over the sector. For the last five years, clean-tech has depended heavily on government grants and funding, loans and other incentives. Severe cut-backs across government have put that support under threat. For instance, a new 'green investment bank', which will invest in early stage clean-tech companies, is likely to receive billions less funding than originally conceived.

Alastair Martin of Flexitricity says this spells bad news for start-up clean-tech companies. His own company, starting in 2004, benefited from government grants – not enough in themselves, he says, but invaluable in attracting other investors. "Had we been facing this situation when we started, we would have had very big problems," he says. Projects like the Aerogenerator, with the backing of large companies with strong balance sheets, are the lucky ones.

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## UNLISTED COMPANIES TIPPED FOR SUCCESS

### AlertMe

Produces domestic smart meters which tell consumers how much energy they are using in the home in real time. The government has stipulated that smart meters should be rolled out to every household in the country.

### Aquamarine Power

Wave power generation specialist in Scotland which deployed its first demonstration system last year in Orkney, and is now planning a 200MW wave farm.

### Flexitricity

Aggregates energy from sources that would otherwise be wasted to enable the National Grid to meet its needs for reserve power.

### Marine Current Turbines

Makes tidal power turbines that can stand alone, so creating less potential damage than tidal barrages. The technology is now in the roll-out stage.

### PowerPerfector

Specialises in voltage optimisation. In the UK most of the power supplied by the National Grid is not at the optimum voltage for our electrical equipment, so we are oversupplied. Optimising the voltage would save vast quantities of energy.

### Solar Century

Its time in the sun might have come round at last, as changes to the UK's subsidy systems for domestic solar power have led to a boom in installations.