

# EAST BAY BUSINESS TIMES

JULY 11-17, 2008

## GKV turns its attention to green energy investments

**BY MAVIS SCANLON**  
EAST BAY BUSINESS TIMES

As a former co-head of software research at Banc of America Securities LLC, Greg Vogel has written plenty of research reports on companies such as Microsoft, Adobe, Oracle and other tech giants.

In 2002, Vogel, who was ranked in The Wall Street Journal's "Best of the Street" analyst survey for the software industry, joined his father, Peter Vogel, at GKV Capital, the Walnut Creek wealth management firm Vogel senior started in 1974. It now has about \$200 million in assets under management.

**"A lot of clients have been asking what are we doing to capitalize on some of those trends," Vogel said, and "asking what do we think is going to happen over the longer term."**

**Greg Vogel,**  
GKV Capital

significant shift of its own.

The dramatic increase in energy costs as emerging nations boost their energy consumption is one of two significant drivers causing changes across multiple sectors of the global economy, Vogel notes. A second driver is the widespread belief that carbon dioxide emissions must be reduced to head off dramatic changes in the world's climate.

"A lot of clients have been asking what are we doing to capitalize on some of those trends," Vogel said, and "asking what do



Stephanie Secrest | East Bay Business Times

**Greg Vogel says in the near-term, traditional energy companies should do well.**

we think is going to happen over the longer term."

Vogel's 42-page report, Changes and Opportunities in Investing Green, available on the company's Web site, answers some of those questions.

While making the transition to a "new energy" economy that derives more power and fuel from alternative or renewable sources such as solar, wind, hydropower and biofuel will be "difficult and expensive," Vogel said, investors can benefit by investing in companies that will continue to generate high profits in the near-term as a result of higher oil, natural gas and commodity prices, while also seeking out those companies that stand to benefit longer term from the move to renewable power.

"You can't stop driving or using oil just because it has gotten expensive or is not environmentally clean," Vogel said. Even as alternatives gain a foothold, global demand is growing, he added.

In its international energy outlook, released last month, the Department of Energy's Energy Information Administration forecast that the worldwide demand for petroleum would grow from 83.6 million barrels of oil equivalent a day in 2005 to 95.7 million barrels a day in 2015 and 112.5 million barrels a day in 2030.

That continued demand will put pressure on the major oil companies to continue to find and develop big oil fields. Vogel sees the continued spending by producers benefiting oil drillers and service companies such as Transocean, the world's largest offshore drilling company, and the oilfield services company Schlumberger Ltd. Vogel also likes the natural gas producer company Chesapeake Energy, as the use of natural gas continues to grow as an alternative to dirtier coal.

Vogel expects some solar companies that have developed innovative products to experience dramatic revenue growth in coming years. He likes First Solar, the Tempe, Ariz., company that has developed thin-film solar cells that he says are cheaper to manufacture than typical solar photovoltaic panels. Vogel also likes San Jose's Sunpower Corp., which has operations in Richmond; MEMC Electronic Materials, which designs and manufactures silicon wafers; and privately held Nanosolar, also of San Jose. In wind, the turbine suppliers General Electric Co. and Vestas Wind Systems, the largest turbine supplier in the world, will continue to do well as that market grows.

Vogel also favors the companies that supply ethanol producers - the big agricultural and equipment companies including Caterpillar Inc., Deere & Co., Monsanto Co. and Potash Corp. - rather than the producers themselves, he said, as there is a lot of competition in the ethanol-producing business and few barriers to entry.

mscanlon@bizjournals.com | 925-598-1405