

# Alternative Energy ETFs Are Impressing This Year

Over the years, exchange traded funds focusing on alternative energy themes have had their shares of struggles, but the group is surging this year. The **Invesco Solar ETF (NYSEARCA: TAN)** is one of this year's best-performing non-leveraged exchange traded funds.

TAN, which is nearly 12 years old, follows the MAC Global Solar Energy Index. That index "is comprised of companies in the solar energy industry. The index is computed using the net return, which withholds applicable taxes for non-resident investors," according to Invesco.

"What's behind the sector good fortune? After years of depending on regulation for growth, the clean-energy industry can now sell itself as the most cost effective source of electricity generation," reports Sophia Cai for Barron's. "Thanks to falling costs, some are beginning to out-compete traditional high-carbon energy resources like oil, coal and natural gas."

TAN and its components can be volatile investments and the solar industry has had its bouts of volatility and struggles in the past. The tariffs pinched the solar industry, creating job losses, but state initiatives, including California's push to require all new homes built in 2020 and beyond to include solar panels, are bolstering the solar industry.

"Costs of unsubsidized solar PV have fallen from \$359/MWh to \$43/MWh, a 88% decrease over the last nine years. Unsubsidized wind saw similar cost reductions over the same period: from \$135/MWh to \$42/MWh, a nearly 70% decrease," according to Barron's.

# Another Clean Energy Investing Idea

Up 22% year-to-date, the **ALPS Clean Energy ETF (Cboe: ACES)** is another alternative energy ETF to consider. The ALPS Clean Energy ETF tries to reflect the performance of the CIBC Atlas Clean Energy Index, which is comprised of U.S. and Canadian companies involved in the clean energy sector including renewables and clean technology. ACES provides exposure to multiple clean energy themes.

The ETF's components provide the products and services that enable the evolution of a more sustainable energy sector. The green energy companies are engaged in renewable energy sources, including solar power, wind power, hydroelectricity, geothermal energy, biomass, biofuels, and tidal/wave energy; clean technologies, including electric vehicles, energy storage, lithium, fuel cell, LED, smart grid, and energy efficiency technologies; and other emerging clean energy activities and technologies.

"As costs continue to fall and clean energy becomes mainstream, clean-energy companies should experience accelerating growth and become better investment opportunities," reports Barron's. "Prospects for wind and solar technology are most upbeat since they have learned to stand on their own without subsidies."

*For more information on the renewables space, visit our renewable energy category.*

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