

**Joel Moser** Contributor*I cover investment in energy and infrastructure.*

Opinions expressed by Forbes Contributors are their own.

ENERGY 2/22/2015 @ 4:33PM | 631 views

Bullish on Energy

[Comment Now](#)

With all eyes on oil prices, it would seem that energy investment is all about crude. But the energy industry is vast and diverse and there are many separate businesses within the sector. I am bullish on energy investment in the United States, not because or despite the recent fall in oil but as a result of the underlying disruption of traditional patterns that has led to that most obvious recent trend. There are two unrelated revolutions occurring in energy at precisely the same time: the unconventional energy revolution and the alternative energy revolution. The first is increasing the supply of carbon-based fuels and the second is slowing the demand. These mega-trends provide fertile investment opportunities. Here are three I like.

Distributed Solar

Solar panels are becoming much less expensive and this is leading to a proliferation of solar installations. While SolarCity is taking on the single family home market, builders large and small are creating synergistic as well as free-standing businesses in installing roof-top solar on commercial, industrial and institutional roofs. This is fast endangering the utilities and they are not taking this threat lightly, challenging the regulatory environment and installing competing solar capacity. I am not concerned about this struggle. I like investing in distributed solar as each installation is in effect a free-standing business with its own PPA—power purchase agreement—and separate stand alone economics as the owners of the homes and businesses beneath the roofs look to reduce electric bills without making the capital outlays necessary for the installation.

Smart Grid

The inevitable growth of distributed generation is a game changer for the utilities. But the country needs the utilities as they provide the necessary base load and transmission system. Public service commissions around the country will do what it takes to keep them healthy. This will require capital investment in smart grid systems that assure the flow of electricity from diverse points of generation and in both directions, as some distributed generation sites will sometimes be net producers. These investments will not all be made directly off the credit of the utilities, which live and die on the basis of their regulated rates, so many will free standing project finance style investments.

Midstream Gas

What about unconventional? While falling prices is new to oil, gas fell a few years ago at the dawn of fracking. So many investors are squeamish about investments in gas. But gas is a potential bridge fuel as an easy alternative to coal which still powers much of the nation's electrical capacity. With increasing regulation around carbon, pretty much anywhere that a gas line runs, an old carbon belching coal fired power station will be replaced with a new efficient gas powered plant. And with gas so plentiful that it's being flared in North Dakota where the oil is pumped and still mostly stuck in the shale in Marcellus and Utica regions, this is a business model that is here to stay for a few decades. An anchor or two of contracted capacity will help to get a pipeline investment going but this is a bit of infrastructure that will continue to cash flow long after the capital investment is returned.

These are but three of many places where capital is needed and can be well invested in energy in the US in a way that pretty much exist completely disconnected from the Brent or WTI or crude prices generally. Technology is not the only place where disruption is itself a business trend worth following.