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DEALS & DEAL MAKERS

Ethanol Firms Set Public Plans Despite Rocky Debuts by Others

*Investors View the Industry
With Caution, Keeping Tabs
On Rapid Plant Expansion*

By LYNN COWAN

Hope and optimism must be creeping back into the IPO market: One ethanol producer aims to come public next week, and another is planning to later this year, despite mediocre trading from two other ethanol stocks that made their debuts this summer.

Investors have started to view the industry with more caution in recent months, says Rob Wilder, chief executive of California-based WilderShares LLC, creator of the WilderHill Clean Energy Index. Ethanol is expensive to transport, cars get lower mileage on it than from gasoline, and it isn't clear how difficult it will be to shift from the U.S.'s primary ethanol source of corn to alternative crops like switchgrass.

"After the initial falling-in-love stage of puppy love with ethanol, people's eyes opened up. There are all these very real problems with ethanol that in the stark light of day become troublesome," says Mr. Wilder, whose index tracks about 40 publicly traded companies that focus on alternative energy and energy efficiency. "The sector became too frothy, and the valuations were not realistic."