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Economist's energy plan taking off

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WASHINGTON — It was a serendipitous meeting at an ice hockey rink that sparked Connecticut native Guy Warner's most recent business venture — Pareto Energy, which is advising Ansonia as it sets up the state's first mini-power network.

Warner, an economist who lives here, had worked in Central and South America helping companies with the financing and construction of on-site energy plants. The business tumbled after Sept. 11, 2001, and the collapse of Enron, and Warner was ready for a change.

"I took a year off and coached my daughter's hockey team," Warner said.

When he wasn't skating around, Warner was thinking about how to reshape his business.

There were plenty of companies in need of reliable power supplies, but few could afford to do it themselves. The obvious answer was to have them pool their resources.

In the 1980s, businesses in New York's Times Square, Washington's K Street and downtown Philadelphia organized "business improvement districts" to hire private security and cleanup crews to improve their neighborhoods.

If businesses could organize into an "Energy Improvement District," Warner felt certain that he could attract private investors — using tax-free municipal bonds — to finance the capital improvements needed to build a cost-effective and reliable energy system.

Back at the hockey rink, Kathryn Kretschmer-Weyland, whose daughter was on the team, was impressed with Warner's winning and passionate coaching style. She wanted to know more about him.

Kretschmer-Weyland is the chief operating officer of the U.S. Conference of Mayors and had heard an earful from mayors about the problems they were having with brownouts and rising electricity rates.

"We started talking about what he did and what I did," she said. "I thought there might be a nexus here."

Regulators and utilities typically propose billions of dollars of investments to fortify conventional grid infrastructure — large, central power plants that have an extraordinarily negative impact on the environment and land use and are connected to

customers over wires that can easily be knocked down by weather or human violence, Warner said.

"It's 1950s technology," he said.

Smaller, more efficient generators can be designed to provide the electricity needed for the Energy Improvement District as well as supply air conditioning to nearby buildings by capturing the heat otherwise lost up the generator's smokestacks, he said.

Warner, 50, speaks in long run-on sentences bouncing from one idea to another as he explains how he went from being an economist to the head of a company that provides energy and financing advice to municipalities.

In some ways it goes back to his hometown.

Warner grew up in Wallingford in central Connecticut. He graduated high school from Choate Rosemary Hall prep school, then attended St. Lawrence University in New York and received a master's degree from George Washington University.

Wallingford operates its own power company and has worked with local businesses to keep rates down and provide reliable service. He thought that other municipalities could benefit from a similar local approach.

"I grew up in a town where the power company was well-respected," he said.

Warner employs about 10 people at his Pareto Energy office in Georgetown near the Potomac River. The company pushed through legislation in the Connecticut General Assembly — approved last month — that allows towns to set up Energy Improvement Districts. They are advising Ansonia, Stamford and Watertown on setting them up.

Pareto Enterprises hopes to be hired to organize the EIDs — traversing the legal and regulatory steps, pulling together the partners and rounding up the financing that will bring the projects to reality.

Kretschmer-Weyland considers Warner a genius.

"As an economist, he knew the way to make this work," she said.

Kretschmer-Weyland thought that cities like Stamford could benefit from providing a reliable energy source to financial services companies that cannot afford to lose computer links to Wall Street.

Stamford Mayor Dannel Malloy, who is active in the conference, was intrigued and has embraced Warner's approach.

In August 2003, a major power outage hit much of the Northeast and Midwest. New York City alone estimated that the failure cost the city more than \$500 million in lost revenues. All together, the total economic damages of the blackout exceeded those ascribed to the 9/11 terrorist attacks, Warner said.

"Power became a front-door issue for mayors," Warner said.

Ansonia will likely become the first city to embrace Warner's concept later this summer, now that the Connecticut General Assembly has passed a law allowing these unique districts to be established within municipalities.

Mayor Jim Della Volpe said that instead of relying solely on large nuclear, oil and coal-burning power plants, a portion of Ansonia's electricity needs will be met by a cluster of newly built, small, environmentally friendly power plants sited in an energy improvement district.

On Thursday, Della Volpe signed a resolution officially establishing the city's EID following a vote earlier in the week by the Board of Aldermen authorizing its creation.

The power generated there — all of it from clean-running sources like natural gas-powered fuel cells — will provide low cost, reliable electric power that will serve as a catalyst for continuing Ansonia's economic revitalization, Della Volpe said.

Bridgeport Mayor John M. Fabrizi said he is enthusiastic about the concept and would like to launch a pilot program with a city building as the focus.

"I believe this can be a real benefit to economic development and would help draw private investors in to the city," Fabrizi said.

Warner hopes to bring EIDs to municipalities across the country and is working on other ideas for more efficient and reliable energy. For now, he is happy that his concept has taken root in his home state.