

## Putting the wind in Windy City

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**CRAIN'S**  
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### Invenergy LLC taps a renewable resource



Michael Polsky's company is the fourth-largest U.S. developer of wind power. Photo: John R. Boehm

In 2001, the energy industry was a mess. Blackouts, price gouging and the Enron scandal prompted lawmakers to pledge to boost capacity and reform the system. Power companies stepped up, ready to build more plants.

But as price caps threatened profits, it became clear that existing infrastructure couldn't support a big expansion. Utilities abandoned new projects and looked hard at the profitability of existing facilities, opening the door to sell-offs.

That's when Michael Polsky moved in.

"It was an overbuilt situation," says the veteran energy entrepreneur, who'd started his latest venture, [Invenergy LLC](#), in Chicago that year with the purchase of one gas-fired plant. "I thought it would be a good idea to capitalize on market pullback and buy some power plants at reduced prices."

Soon, though, Mr. Polsky's attention turned to alternative energy. All that stress over rising fuel prices, plus growing concern about the environment and the security of the nation's energy supply,

made renewables appealing. So, in 2003, Invenergy began building wind farms — primarily in the South and West — and selling the resulting electricity to local utilities.

Although it continues to develop natural gas-fired projects, renewable energy is its primary business. The company is the fourth-largest developer of wind power in the country, part of an industry that generated 31 billion kilowatt-hours of electricity this year, enough to power 3 million homes.

Invenergy's current wind operations — six farms in the United States and one in northeast Poland — generate about 2 billion kilowatt-hours, enough to power 200,000 homes. Four other U.S. farms now under construction will nearly double that.

## **BRIGHT FUTURE**

Wind power generates less than 1% of the electricity used in the United States. But in the past five years, capacity has grown 22%, reports the American Wind Energy Assn. in Washington, D.C. It hasn't even neared its potential.

Because of that growth, "there has been a tremendous inflow of capital and resulting consolidation of the industry," says Randall Swisher, executive director of AWEA, where Mr. Polsky is a board member.

In one recent deal, Energias de Portugal S.A., that country's largest electricity utility, paid more than \$2 billion for Horizon Wind Energy LLC of Houston, the third-largest developer of wind farms in the United States.

Invenergy is one of the few independently owned companies in the wind sector — a position Mr. Polsky intends to keep, even as acquisitions escalate. "So long as Invenergy has access to capital, they are not at a disadvantage," Mr. Swisher says.

Mr. Polsky declined to disclose revenue, but valuation experts say the company, which has 150 employees, could be worth \$25 million to \$75 million. It has spent more than \$1 billion on its projects to date. The industry as a whole invested \$4 billion in new wind capacity in 2006.

Mr. Polsky is considering venturing into ethanol production, but "ethanol from corn is problematic from the environmental and cost standpoints and may not have a very bright future."

Sunlight, however, is bright indeed.

"Solar energy could be a major contributor to this country's renewable energy portfolio if technological advances would bring the cost down," he says.