



POLICY PAPER

“The Voice of Manitoba Farmers”

203-1700 Ellice Ave. ~ Winnipeg MB ~ R3H 0B1

ph: (204) 697-1140 ~ fax: (204) 697-1109

kap@kap.mb.ca ~ www.kap.mb.ca

Alternate Energy

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Manitoba’s alternate energy industry is in its infancy and, if enabled with the appropriate information and tools, the province’s farmers are well situated to benefit from these new opportunities. The provincial government continues to act on its commitment to “green initiatives,” and there are many areas where farmers can be part of a wide-reaching environmental solution. This paper specifically deals with the biodiesel, biomass, ethanol, and wind energy industries, and establishes KAP’s vision of how these industries should progress in the province.

KAP believes that the development of an alternate energy industry in Manitoba must follow a number of overall principles to ensure that farmers and their communities benefit from these new ventures. Farmer ownership, and policies to facilitate this ownership, are needed to ensure that the ventures accrue benefits back to the local community. Strong local ownership in conjunction with strategic alliances with other stakeholders will help to prevent these ventures from takeovers by larger, outside interests.

There is also a need for provincial support of these initiatives, through effective policies, programs, and incentives that allow for their development in a timely and efficient manner. Government backing will also allow farmers to invest in these new ventures with the confidence that they are protected. It will also be important that government programs and other initiatives continue to improve Manitoba’s competitiveness when compared other jurisdictions and marketplaces. As public funds are invested into the alternate energy industry through programs and incentives, it is critical that there is a strong evaluation framework in place. KAP believes that governments must be able to report on how many dollars were spent and where, whether the program design was suitable, and what the “on-the-ground” impacts were.

To facilitate producers’ involvement in alternate energy initiatives, KAP has standing policy that calls on government to develop a “green loan” program that is workable and accessible for the farming community. Alternate energy provides a new market for producers and a new stream of revenue, so it is important to provide farmers with tools to move forward. KAP also believes that each of these opportunities in alternate energy establish security for its supply and market to ensure the viability of the investments made by communities and farmers.

As alternate energy industries continue to grow in Manitoba and elsewhere, KAP believes it is important for government and other stakeholders to also consider potential impacts from the perspective of livestock farmers. The connection between grains and alternate energy is often quite clear, but the inter-relationship between alternate energy production and livestock has a number of complexities that must be considered.

While some livestock sectors can use some of the by-products of alternate energy production, more research and development is needed to make more usable feedstocks. At the same time, livestock producers may be in the position of having to compete with the energy market for the grains that they use as feed for their animals. In years where livestock margins are tight or feedstock prices are high, this creates a financial burden on producers that should be addressed. Other jurisdictions have created programs designed to assist livestock producers transition to an environment with increased alternate energy production, and this may be a beneficial approach to take in Manitoba as well.

The province must also consider how the disposal of specified risk materials (SRMs) fits into its alternate energy plan, as it does present some opportunities. The cost of SRM disposal is relatively high, but they must be dealt with to minimize environmental risks. The use of SRMs in biodiesel production or via incineration to create energy may be alternatives that address these issues. KAP also recommends that government develop a practical and adequately-funded infrastructure plan to address the needs of this emerging value-added industry.

BIODIESEL

KAP supports mandated biodiesel usage to develop the critical mass in Manitoba that is needed for investment and opportunity to grow. Strong direction is also needed to ensure that farmers can purchase alternate fuels like biodiesel in their communities.

Farmers must have an ability to support community biodiesel facility initiatives, without excluding them from the opportunity to build larger facilities in conjunction with larger industry players. KAP believes that incentives should be implemented to encourage grower ownership of production facilities, with the level of incentive varying on the size of the facility. To that effect, we believe that large biodiesel production facilities that do not have significant producer ownership should have reduced support levels.

There is room in Manitoba's biodiesel market for a diverse range of facilities. Whether large or small, KAP believes that high quality standards like ASTM D 6751 must be in place to ensure that smaller-scale or community-based plants can sell their products to larger facilities and a broader market.

BIOMASS

There are emerging opportunities in Manitoba for several sources of biomass to kick-start the province's green economy. The potential for production of biomass, including switchgrass and other sources, appears to be positive, as they are well suited to growth in the provinces with no

known concerns relating to disease control or the climate / length of growing season. However, the consistent market demand in significant volumes to warrant production does not currently exist.

To address this barrier, KAP recommends that the province release the results of a feasibility study it commissioned on converting one or both of its steam hydro generating plants in Selkirk and Brandon to biomass burning plants. These plants would create an immediate market for biomass pellet stoves and would be reliable and sizeable enough to warrant farmers' entrance into biomass production. KAP believes that the provincial analysis should also evaluate the potential benefits to farmers as well as the environmental benefits of adopting this renewable energy source.

An increased focus on biomass would provide a productive use for buffer strips that may be required to meet any future nutrient management or water protection regulations. It may also encourage an increase in forage acres on fragile or erodible lands, by creating a market for the crop. The management of crop residue also continues to be an issue in Manitoba, and a strong biomass industry may create a new market for its disposal.

Biomass also offers another positive opportunity as the "food vs. fuel" debate continues to grow in intensity in Canada and the US. Green energy can be created with biomass, without creating a new market in competition for crops that are used to feed humans and animals.

The creation of managed marshlands and grasslands to utilize nutrients is also a relatively new concept in Manitoba, with limited involvement from producers and communities to date. By encouraging the move into biomass energy production, the province may also facilitate the use of municipal waste water spring releases to stimulate production as part of managed marshlands or grasslands. These could be harvested to safely incinerate in the biomass plants, while also removing more significant amounts of nutrients that currently add to the concerns surrounding Lake Winnipeg.

ETHANOL

KAP supports the current mandate for ethanol in Manitoba, which establishes some conditions for community involvement in ethanol facilities, and this may assist smaller producers with the marketing and sale of their denatured ethanol. We believe that this creates the opportunity for small producers to become involved in the ethanol industry, without having to establish independent distribution and marketing chains, as this is often cost-prohibitive.

KAP believes that there is also future opportunity for ethanol production as technology advances. Specifically, research and practical studies are currently being undertaken to develop processes for cellulose-based ethanol production. This could create additional markets for straw, switchgrass, and poplar trees. KAP encourages government and other stakeholders to follow developments in this area to determine a practical approach for the province.

WIND ENERGY

KAP believes that wind energy development must be built on good local discussions to ensure that it is suitable for the area's residents and farming community.

“Wind prospectors” have also been approaching landowners in Manitoba, offering contracts and signing bonuses. KAP is concerned that, without a standardized contract or appropriate information available to landowners, that a lack of information may be to the landowner's detriment. There is a role for the provincial government to play in this area, to ensure that timely and accurate information is available to farmers, to assist them in their evaluation and decision-making process relating to these contracts.

Manitoba Hydro and the Manitoba government have called for expressions of interest for wind development, with emphasis on 10 megawatts (MW) or more. KAP believes that it is in smaller MW projects where farmers and rural communities can become active participants and a Standard Offer Contract (SOC) is needed for them to progress. The purpose of a SOC is to guarantee a project the same cents per kilowatt-hour all the time, at an elevated rate. KAP believes that Manitoba should pass this kind of legislation, which has already been implemented in other jurisdictions.