



Source: Cedric MacLeod, Greenhouse Gas Mitigation Program Coordinator, Canadian Pork Council

Too expensive to produce power from your manure resources? ... it may not be as expensive as you think

All indicators are pointing in the right direction to get us thinking about manure management in a different light. Natural gas prices have seen a five-fold increase over the past 10 years. Crude oil is hovering around the \$60 per barrel range, making it expensive to heat or power anything. The Kyoto protocol, and activities associated with its implementation in Canada, is heating up, creating new opportunities for renewable energies and carbon credit sales.

Canadian farmers are still only making use of 30-40% of the energy content in their hog rations. So, why are we not seeing a major move towards value added processing of manure (ie., working towards the 'manure to power' scenario)? It's probably worth looking under the carpet where the idea has, no doubt, been swept.

Issue 1 - Fossil energies are (not) cheap

The fossil versus renewable energies story is an old one. Renewables are expensive, fossil fuels are cheap, case closed right? However, what if we were keeping fossil energy costs artificially low, in order to maintain a strong, low-cost economy? From 1970 to 1999, the Canadian federal government invested \$40 billion dollars in the oil and gas industry. This works out to about \$1.3 billion per year, for thirty years, heading to the oil patch. The renewable energy sector was awarded \$5.3 million per year over the same time period, representing only 0.4 % of total federal investment in the energy sector. The

sparing and responsible use of fossil fuels is important to Canada, given that it is cold and dark a good portion of the year. There is huge opportunity, however, to level the playing field on how we support our energy sector(s).

In September 2005, American-based Exxon Mobil posted the largest quarterly profit figure in American history at nearly \$10 billion. The oil patch is making big money these days, due in part to the increased price of the fuel you use to run the farm. So where should government support for energy producers be headed? It may be time to look at the overall environmental impact of existing power production options, and direct support to where the fewest environmental impacts can be expected. Chances are, this isn't the oil patch.

Issue 2 - Carbon credits will help finance projects

On January 1, 2006, greenhouse gas reduction projects became eligible to start generating credits for sale. Although the mechanisms for actually having the credits trade hands aren't likely to be in place until sometime in early spring. Agriculture has continuously, and gladly, answered society's call to stay on top of environmental stewardship. Generating carbon credit revenues from improvements in environmental performance could be considered as reimbursement for doing it right.

Issue 3 - Access to liquid capital

Agriculture is likely not the first place financial analysts are going to point investors these days. Consider the \$25-billion dollar, private sector investment in the Alberta tar sands, announced in November 2005. This is another in a string of big-money injections into the Canadian fossil fuel sector. Although your Canadian portfolio may be running strong on energy, remember that these investments are gambling with your pocketbook. You already made your investment in barns, land, equipment, livestock, etc. Chances are that your investments don't include an anaerobic digester system to produce your own heat and electricity. By relying on fossil energies, the agricultural sector has no protection against the rising cost of energy, and no protection against the erosion of the bottom line that rising energy prices inevitably bring.

Issue 4 - Little available support

The federal government is offering a \$0.01 per kilowatt hour incentive to produce renewable energy through the Renewable Power Production Incentive (RPPI). The total value of the RPPI program is slated to be \$886 million over 15 years or \$59 million per year. This is far short of the \$1.3 billion per year awarded to the non-renewable energy sector from 1970-1999.

Anaerobic digesters are still considered an 'unproven' technology by lending institutions, although thousands of units are already processing organic waste the world over,

producing renewable heat and electricity. Processing these organics reduces the environmental impacts associated with traditional organics disposal methods. Ottawa has acknowledged that there is potential in renewable energies, but you might have to knock on the door of the bank a few times to get investment help for a digester project.

The Canadian agriculture industry is being battered and bruised by low commodity prices and intense competition from developing regions boasting a big land base, good quality soil and lots of low-wage labour ready to work. We are not going to compete on the traditional playing field, one of the many costs of being a leading world nation.

Innovation is the new game of survival for agriculture. Raising pigs is a lot of fun, and feeding the world is an honourable profession. So is the idea that the lights and heating systems in your community are running on renewable energy produced from your manure.

If value-added manure management is something that you think will work on your farm, and you want to know more, contact Cedric MacLeod at the Canadian Pork Council, (506) 455-6088 or email macleod@cpc-ccp.com.



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