

## Biogas power generator offers new revenue to dairy farmers

The Ontario government's quest for cleaner, greener electricity generation is attracting proposals that range from solar collectors installed on urban rooftops to anaerobic digesters set up on livestock farms.

Of particular interest to dairy farmers, anaerobic digesters are a proven technology. The biogas they produce from manure drives generators that, in turn, produce electricity. Until Ontario unveiled its new Green Energy Act, however, rates paid by utilities for the electricity were too low to make digesters economically viable.

Once passed, the act will set an attractive feed-in tariff regime guaranteeing rates for renewable energy. It will also establish the right for renewable projects to connect to the grid, and streamline the approvals process.

BBG Equity Management Corporation is looking for 30 Ontario dairy farms to come on board as partners to produce electricity and share the revenue. John Gabriel, president and chief executive officer, explains how his firm's offer to dairy farmers would work:

**Q** How does your offer tie in with Ontario's new Green Energy Act?

*Farms could receive \$25,000 to \$65,000 for supplying manure.*



**A** BBG Equity is proposing to pay for the equipment, system set-up and installation, and all maintenance for the alternative energy power plant. This directly contributes to the green energy objectives set out by the Ontario government.

**Q** Is your partnership offer strictly in Ontario right now or could farm-

ers in other provinces participate?

**A** We are mainly targeting Ontario dairy farmers since the province has the best feed-in tariff program. Going forward, we expect to launch this model and provide all Canadian farmers with an opportunity to diversify their businesses. In addition to Canada, we see significant market opportunities in China, Latin America and the U.S.

**Q** What criteria must participating dairy farmers meet?

**A** The typical dairy farmer would have 75 or more milkers on a farm that has a suitable layout and reasonable access to the electrical grid. This offer is being made only to the first 30 dairy farmers who sign our letter of intent. While completely non-binding, this letter provides us with the first step toward establishing a business relationship with the farmer. After we have this letter signed, we would meet with the farmer, review the farm and get to the details of how we can make this work.

**Q** What are the farmer's obligations?

**A** The farmer is required to simply provide us with the land for our system—not a lot since the power plant is housed in a shipping container—and ensure manure is fed into the digester on a continuous basis.

**Q** After a farmer and BBG Equity reached an agreement, how long would it take before the first electricity went on the grid?



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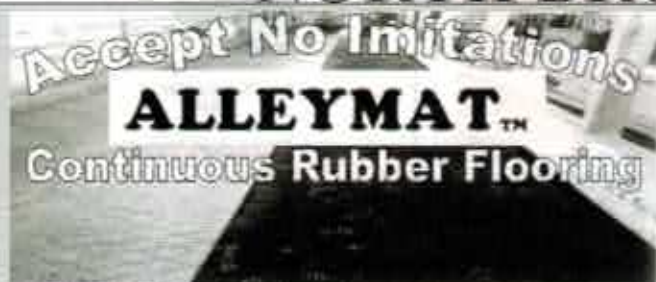
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**A** Once connection to the grid has been approved, the system should be in place within six months.

**Q** How would you calculate the revenue stream for farmers?

**A** Farmers will receive a portion of the electricity revenue generated. The amount of electricity that we generate depends on the farm, the number of animals and the ability to drive a continual flow of manure into the system. We expect farmers to receive between \$25,000 and \$65,000 per year for the use of their land and the provision of the manure. Farmers will also benefit from a reduction in their on-farm electrical consumption costs.

**Q** How do farmers qualify for this electrical cost reduction?

**A** All electricity generated on the farm is sold to the grid at the feed-in tariff rate. The farm becomes a wholesale electricity customer purchasing power at the Ontario hourly energy rate averaging \$0.06 per kilowatt hour, but pays no transporta-

tion or debt reduction expenses.

**Q** How will BBG Equity benefit?

**A** BBG Equity will benefit from the revenue generated from the sale of the electricity. This is one of those very rare opportunities where everyone wins; farmers receive an additional, diversified revenue stream; we have access to the revenues generated from the electricity sales; the province benefits from more clean energy and reduced air, wind and water pollution.

**Q** What is the length of the commitment?

**A** Ideally, 20 years. This is the length of the power purchase agreement.

**Q** Where are you sourcing the biogas plant technology?

**A** The system is a made-in-Canada solution provided by Powerbase Energy Systems Inc.

**Q** How much would one of these biogas plants typically cost?

**A** For the objectives that BBG Equity would like to serve, we would use a system that typically costs between \$1

million and \$1.7 million. There are, however, other system configurations that would provide farmers with a means to process manure and generate lower levels of electricity that would cost as little as \$500,000.

**Q** What is BBG Equity Management and how does it work?

**A** BBG Equity Management Corporation brings together expert business management and venture capital to companies seeking growth opportunities. We operate like a diversified business, and have developed expertise in businesses at the start-up and or turn-around phase. We assume an equity position and solid management representation in all of our businesses.

*For more information, contact John Gabriel at 613-789-8080 or e-mail [johngabriel@bbgequity.com](mailto:johngabriel@bbgequity.com). To learn more about the Green Energy Act, visit the Ontario Ministry of Energy and Infrastructure website at [www.mei.gov.on.ca](http://www.mei.gov.on.ca).*

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