



Ontario Large Herd Operators Group

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The Honourable Dwight Duncan
Minister of Energy
Ministry of Energy
900 Bay Street, 4th Floor
Hearst Block
Toronto, ON
M7A 2E1

Dear Minister Duncan,

The Ontario Large Herd Operators Group (LHO) welcomes the opportunity to comment on the Renewable Energy Standard Offer Program (RESOP) draft rules.

LHO is a self-supporting organization, comprised of a membership of dairy producers, and related professionals. We are dedicated to introducing innovative dairy technology, and contributing a larger commercial viewpoint to industry dialogue. The primary objective of the LHO group is producer education, focused on management of the dairy herd in the free stall system. We strive to support a strong and efficient dairy industry in Ontario by bringing innovative technology and management concepts to the attention of producers and agribusiness, and encouraging its adoption.

This past August LHO sponsored a tour to the Netherlands, Germany, and Denmark to visit anaerobic digester (AD) systems producing biogas at a variety of agricultural locations. 32 participants attended from the dairy, beef, swine, vegetable and cash crop sectors, as well as research and extension people, waste haulers, industry people, a banker, a representative from Hydro One, and a representative from the Ontario Power Authority. The tour focused on digester technology from a variety of companies with standardized designs and proven track records. During the tour different inputs such as: manure, corn silage and other energy crops, food processing by-products, and household organic waste were studied. On-farm and community digesters were both visited to understand systems of ownership, partnerships, and manure and by-product transport.

The group also had several opportunities to visit with technology suppliers, and leaders in the biogas industry. One leader from the German Biogas Association noted that, in Germany, direct benefits from the biogas sector include: 650 MW of installed electrical capacity, a reduction of 4 million tonnes/yr of CO₂ emissions, \$960 million spent in construction in 2005, and revenues of \$500 million to farmers from electricity sales each year. He also noted that the anaerobic digestion/biogas sector in NW Europe is a mature industrial sector with over 200 businesses (8000 employees) offering services to farm-based, cooperative, and industrial biogas facilities. The vast majority of biogas facilities are farm-based systems. In contrast to the German experience, Dutch green energy policies did not differentiate between wind and biogas and did not include enabling regulations for handling off farm organic waste. As a result the biogas industry in this country has seen little development.

AD systems have many positive factors for dairy producers, besides producing biogas for the production of electricity and heat. Anaerobic digestion preserves the nutrient content of the manure, so that it can continue to be land applied as a fertilizer. Anaerobic digestion also greatly reduces the pathogen content of the manure, and greatly reduces the odour. This was most evident when the group visited the Futterkamp Research Station. While the group stood and viewed the digester, 50 ft away, the long term storage tank was being agitated and the digestate was being hauled to the fields. There was no smell, other than what was coming from the cows in the barn! Rural economic development similar to Europe could also be experienced here.

We would like to commend the Ministry for its recognition of the importance of renewable energy through the Renewable Energy Standard Offer Program (RESOP). However, based on what we saw and learned in Europe, we are concerned that the RESOP, in its present form will not be economically attractive enough to lead to significant development of farm based anaerobic digestion. The Ontario Large Herd Operators feel that the dairy industry in Ontario can play a major role in supplying renewable energy. We have reviewed the RESOP and the attached submission made by farmers, professionals and businesses with an interest in the biogas industry in Ontario. We share the same concerns that they have addressed in their submission. We would ask the Ministry to address these concerns, many of which are barriers to Ontario's farm-based bio-gas energy industry, so that the benefits of anaerobic digestion can be realized in Ontario.

Sincerely,



Bob Kerr

Chair

Ontario Large herd Operators Group

cc: The Honourable Dalton McGuinty, Premier and Minister of Research and
Innovation
The Honourable Greg Sorbara, Minister of Finance
The Honourable Leona Dombrowsky, Minister of Agriculture, Food and Rural
Affairs
The Honourable Laurel Broton, Minister of the Environment
The Honourable Sandra Pupatello, Minister of Economic Development and Trade
The Honourable Harinder Takhar, Minister of Small Business Entrepreneurship

Ontario Power Authority, Peter Jones, Chair / Jan Carr, CEO
Ontario Energy Board, Howard Weston, Chair
Hydro One, Rita Burak, Chair / Tom Parkinson, President/CEO