

**REPORT PREPARED FOR PEACE RIVER
AGRICULTURAL DEVELOPMENT FUND**

Title of Project: *Bio-Diesel in the Peace' Seminar 2007*
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OBJECTIVE:

The purpose of this seminar was to communicate to producers the outcome of a biodiesel feasibility study and the possibility of constructing a Bio-fuels plant in the BC Peace region. This seminar provided producers an opportunity to ask questions and to provide feedback on this project. There were discussions on marketing options and possible location of a bio-diesel production facility in the Peace Region. Other topics of discussion were issues affecting the Grain & Oilseed sector in the BC Peace, the Wildlife Damage Assessment Project and the impact of the drought.

OUTCOME OF BIOFUELS FEASIBILITY STUDY:

Press release for a biodiesel production facility in the Peace Region -- BCGPA, newspapers, TV, government and the general Public:

A study by the B.C. Grain Producers Association (BCGPA) shows potential for a biodiesel production facility in the Peace Region.

The Biodiesel Feasibility Study, initiated in August 2006, was made possible by a \$75,000 grant from the Ministry of Agriculture and Lands and the Ministry of Energy, Mines and Petroleum Resources.

"We wanted to see if biodiesel production was a viable option for Peace canola growers, and it looks like it is," said Irmi Critcher, president of the BCGPA.

"The results and opportunities outlined in the study have the potential to create a sustainable, environmentally friendly, agriculture-based energy project in the Peace." said Blair Lekstrom, MLA Peace River South. "Information like this will prove invaluable as we look to implement our Bioenergy Strategy."

"The study shows us that the project has good markets for biodiesel and canola meal, potential marketing and distribution partnerships, good agronomics, and consultants and an engineering firm with excellent reputations," said Garnet Berge, the Biofuels Committee Chair of the BCGPA.

The purpose of the BCGPA is to improve the viability of the grains and oilseed industry in the BC Peace River region. The association and its members partner with other agencies to benefit the field crop industry. The association encourages all farmers to participate within their industry so that their voices may be heard.

The Feasibility Study looked at the economic and environmental factors of locating a biodiesel production facility in the Peace Region. "If the project goes ahead, it will create 24 skilled jobs," said Ron Witherspoon of the consulting firm Interactive Management Group, "and provide 56% greater economic benefit to the local economy if it is locally-owned."

The federal government recently announced a \$350 million fund for biofuels and more announcements are expected in the federal budget. "Once the federal budget is announced in a few weeks," said Witherspoon, "we'll have a better picture of the production facility's potential."

Interactive Management Group is a well-recognized group of consultants working for Canada's agriculture industry. The firm provides a variety of interdisciplinary business services for new and expanding businesses. The experienced engineering firm R.L Stroup Ltd. has international experience in the oilseed crushing and biofuels industries. The firm is also the chief engineer on Dominion Energy's \$400 million project announced last year in Alberta — the biggest combination biodiesel and ethanol project in North America.

Biodiesel is a fuel made from biological sources such as canola oil or recycled grease that can be used in unmodified diesel-engine vehicles. Biodiesel can be used in 100% concentration, or mixed with diesel fuel. For example, fuel containing 20 percent biodiesel and 80 percent petroleum diesel is labeled B20. Pure biodiesel is referred to as B100.

BACKGROUND:

The study suggests that the best-sized plant for the Peace Region would:

- Produce 22.7 million liters of biodiesel (6 million U.S. gallons)
- Require 56,000 tonnes of canola; with the potential to expand (B.C. currently produces 45,000 tonnes per year, almost all of it in the Peace).
- Contribute \$25 million to local economy annually
- Create 24 skilled jobs with an annual payroll of \$1.7 million
- Pay farmer/shareholders a fair price for their canola, generate a positive return on their investment and generate \$1.5 million per year in local, provincial and federal taxes
- Cost \$22 million to build
- Be one of the most operationally efficient plants — designed to be one of the most environmentally-friendly projects in Canada (no chemical oil extraction processes)

OTHER TOPICS OF DISCUSSION:

2006 Drought:

A committee was formed to address the hurt issue. Members of the committee are Garnet Berge, Irmie Critcher and Edmund Rath. They are trying to come up with numbers for a drought update, but have been running into many roadblocks, including the cancellation of guest speaker Marc Yawney.

Wildlife Assessment project:

Beginning stages, huge learning curve. The impact is there, but numbers need to be collected to indicate the losses being experienced. Julie Robinson was hired and has been working on this project over the past year, and will be continuing with it.

It was full but abnormal year, and therefore the program will be run again this following year. This time Julie is going to do actual crop assessments (claims) similar to the type ran in Alberta. It is up to the producers to contact Julie when they see damages so that she can make a trip out and document it. Hot zones are going to be labeled; it will be those which see the edge effect from bush, trees and water. There is no average, each producer has a unique situation, and we are working towards receiving compensation.

COMMITTEE UPDATES:

Environment Farm Plan:

Environment Farm Plans have been the focus of activities for the Provincial Environment Working Group and BCGPA since 2004. This industry led initiative is to show a proactive approach on farms due to government regulations and pressure from the general public and consumer. One of the main concerns is the cost level of sharing as it is not sufficient to tip the balance for a number of producers. The current framework expires in March of 2008 so producers are encouraged to submit application no later than October 2007 if they want to participate in an EFP. We currently have three BCGPA directors sitting on this committee with Irmie Critcher, Chair.

Research Project:

Projects that have been approved:

- Personnel & Orientation Protocol Establishment Project: \$10,950.00 was approved to create a Standard Operating Procedures (SOP) to be prepared for new Quality Assurance programs that may impact new and future research.
- \$24,800.00 was funded by Western Grain Transportation Adjustment Fund (WGTAFF) to install a Wildlife Exclusion Fence at the Fort St. John research site. They also funded a portable geese deterrent system for \$3,500.00.

Summary:

There were 51 attendees at this seminar with representation from the farming industry, ministry staff, chemical companies, local businesses and consultants. Their feedback regarding the biofuels plant was positive and considered to be a realistic option for this region. This seminar also provided an opportunity for this committee, the membership (farmers) and industry to communicate with each other on the activities that are currently under way and the progress of each. There were discussions on the EFP project, 2006 drought, wildlife and the upcoming growing season. Again, the general mood was optimistic and positive as they were looking forward to getting back into the fields. Industry, once again, has demonstrated strong support by attending meeting and workshops, setting up display tables and advertising.

ATTACHMENTS:

- Financial summary
- Invitation pamphlet
- Agenda of meeting
- List of sponsors