

Proposed ethanol plant based on culled spuds

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Saskatoon newsroom

Saskatchewan taxpayers have, in a round-about way, invested in an unusual ethanol project.

Government money from an out-of-court settlement involving the province's ill-fated Spudco potato initiative is being reinvested in an ethanol venture in Lucky Lake, Sask., that will be partially based on potatoes.

Mark Langefeld, who spearheaded the lawsuit against the province on behalf of Lake Diefenbaker Potato Corp., said \$1.7 million of the \$7.9 million settlement has been spent on acquiring a potato dehydration packing plant, which will house the proposed \$60 million ethanol facility.

The remainder of the money from the 2005 settlement with the province was spent on legal fees and acquiring the other potato processing assets of Agristar Produce (Sask.) Ltd., which was in receivership.

Langefeld said the 10 investors he represents would never have settled with the provincial government if the opportunity to purchase Agristar's assets hadn't arisen.

"We were ready to go to war. We were that close," he told reporters shortly after announcing plans for the ethanol plant.

But the remnants of LDPC's original investor group felt they owed it to the community to resurrect the failed potato processing business. Langefeld said the ethanol plant will be a pivotal part of the new company because it will consume culled spuds.

"We can't grow our potato industry without a home for what we throw out," he said.

The group has spent \$2 million completing a business plan and hiring an engineering firm to build the 50 million litre plant.

Langefeld expects financing to be in place by February, with "Calgary oilmen" putting up most of the capital.

"We wouldn't be having the announcement if we weren't pretty sure about the money," he said.

If everything goes as planned the facility will accept farmer deliveries by summer 2008.

Lucky Lake farmer and investor Lorne Sheppard thinks the plant will be a saviour for his community and farm. He said it angers him to watch elevator companies and railways usurp his scant grain revenues, and he is confident that won't be the case with the local ethanol project.

"We should be able to minimize elevation charges and we should be able to eliminate CN and CP from the freight picture," he said.

Langefeld estimated 10 percent of the 132 million tonnes of feedstock the plant will consume annually will be culled potatoes. The remainder will be irrigated wheat or corn, which is capable of achieving yields of 150 bushels per acre in the Lake Diefenbaker area.

In an effort to be self-sufficient, the company plans to buy, lease and contract irrigated farmland that would produce 65 percent of its raw material. This feedstock security program is expected to cost \$35 to 37 million.

High-yielding, high-starch crops grown within close proximity of the plant improves the environmental impact of the project by cutting down on transportation time and increasing processing efficiency.

But the big environmental perk comes from using gasification technology to convert the byproduct of the ethanol process into methane gas that will power the plant. The other byproduct is potash fertilizer that can be used by area farmers.

Langefeld said when those factors are combined, the plant has a net energy gain of 3.5 times what it uses. He hopes that will generate lucrative green credits, which he expects to be part of the federal government's upcoming biofuel policy.