

# Sask. ethanol project rivalry heats up

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Saskatoon newsroom

Two recently announced rival ethanol projects planned for Saskatchewan's irrigation district are taking potshots at one another.

Mark Langefeld, spokesperson for a group of investors interested in building a potato-based plant in Lucky Lake, Sask., had harsh words about a project proposed a half-hour's drive north.

In a presentation sponsored by the Prairie Policy Centre, Langefeld said delivering grain to a plant like the one proposed by the Gardiner Dam Terminal Ltd. is not that much different than the status quo.

Farmers will still be trapped in the existing system where they are paying exorbitant grain handling fees, said Langefeld, adding that the Lucky Lake facility requires only two weeks worth of storage and minimal handling fees.

That salvo prompted a response from Rob Hundebly, chair of GDT Ltd.'s ethanol committee, who encouraged Langefeld to take the high road rather than bashing rival projects.

He said a person could poke plenty of holes in the Lucky Lake proposal too, such as building a business plan based on paying farmers \$5 per bushel for their wheat.

During the question and answer session Langefeld was asked what would happen to the plant he is proposing if the province's potential ethanol demand all materialized and doubled the price of wheat.

Langefeld said if wheat hits \$6 per bu., most stand-alone plants would have to close if they weren't using a gasification process to convert the byproduct of the ethanol process into a methane gas that can be used to provide it with power.

However, he said his group's business model makes a good return with \$5 per bu. wheat and still makes money at \$8 per bu.

Hundebly has crunched the numbers and finds Langefeld's assertion tough to swallow, especially at the higher value.

"If you're going to pay \$8 - good luck," he said in an interview following the presentation.

He said even \$5 per bu. is ambitious, considering the group has yet to secure a marketing agent such as the Calgary petroleum company that will manage GDT's sales program.

Hundeby said even though the two projects are on opposite sides of Lake Diefenbaker, there is no doubt there will be overlap when it comes to buying grain.

However, he supports the proposal and hopes the feeling is mutual.

His plea for Langefeld to tone down his attacks on rival ethanol projects didn't appear to be successful.

During his luncheon presentation, Langefeld took swipes at a variety of Saskatchewan ethanol projects.

While he had kind words for the Pound-Maker Agventures Ltd. facility in Lanigan, he said Husky Energy's new plant in Lloydminster will draw wheat from too far afield and is too closely aligned with Agricore United.

He also said the NorAmera BioEnergy Corp. plant in Weyburn will produce an excess quantity of basically worthless dried distillers grains.

During an interview following his presentation, he took what appeared to be another shot at GDT, which issued a News release

news in September saying it was proceeding to the business planning stage of its 100 million litre ethanol plant.

"I'm seeing everyone have announcements just to say they have a business plan. For God's sake, everybody can do that," said Langefeld.

He also had plenty of vitriol for the provincial government, which he battled for years over the failed Spudco venture, a spat that ended with Langefeld's investor group receiving a \$7.9 million out-of-court settlement from the province.

"I can't tell you how much damage the NDP did to our potato industry. It is an economic carnage from one end to the other," he said.

He told reporters he now knows how to deal with the provincial government.

"Put about \$1.5 million in your business plan for future suits with them. Just take them to court. Don't be scared of these guys."