



Farmers and Energy by Doug Paterson, Q.C.

I attended a public information night on January 10th, 2008 in Forest.

It was put on by the Elton Energy Co-op Inc. Expert speakers were from Victoria, two from Toronto, Quebec, and Minnesota. They were well-experienced and versed in the process required for farmers/acreage-owners becoming part owners in a wind farm operation. Up to now I had believed there was only one option for landowners where a wind-farm is to be located. I was wrong.

It seems the usual method follows that used in the oil industry, whereby landowners receive say \$1,500.00 for the developer to have exclusive development rights for say between 15 and 20 years. If the project proceeds, a lease agreement then sets out the terms and yearly lease rates.

The option that Elton Energy Co-op promotes is very different. If all or a majority of the local farmers band together, they will have the resources and

heft to do all the testing and preliminary steps towards getting a Hydro contract and starting to build the turbines. Once all approvals are given and it's a go, then the Co-op negotiates with a wind-energy company. These are usually specialized corporations with large pools of capital, who take the project to completion. In Elton's case it could mean 12 turbines, \$40 Million dollars, and 4 years to production.

If this method is followed, there is much less opposition from neighbours because all the locals have a stake (if they buy a membership!) and are interested in long-term profits. There is much less NIMBY-ism and this is great for the energy company; because once the contract is signed it's clear sailing and only construction is needed to completion. For the energy company, it's a choice between taking a kayak down a set of dangerous rapids or a pontoon-boat down a quiet canal. Once the electricity is produced and profits flow, the land-owner Co-op splits the profits with the energy

company and the local cash-flow is much better than under the leasing scheme, not to mention diversification of industry within the community.

If you or your neighbours are approached to lease your surface rights for wind-turbines, you would be wise to consider the Co-op option. It's a method that still requires your business skills, and proper contracts, but these are done as a group. This approach gives some feeling of safety in numbers and also reduces costs. For sure, the neighbourhood is then more or less of one mind at this point and a feeling of cooperation and good-will exists rather than bickering and envy as may occur under the first described option of merely leasing the surface rights.