

**THE CORPORATION OF THE TOWN OF AYLMER  
INTERROGATORIES  
TO NATURAL RESOURCE GAS LTD.**

**Issue 1 – Is an Order of the Board requiring NRG to provide gas distribution services and gas sales to IGPC to meet its facility expansion and upgrading plans necessary and appropriate?**

**Aylmer Interrogatory #1**

**Preamble:**

In prior proceedings before this Board relating to the IGPC facility, The Town of Aylmer has filed written evidence and submissions highlighting the importance of the facility to the economic recovery and development of the Town and surrounding communities.

**References:**

Written Submissions in EB-2006-0246, February 28, 2008 and attached Exhibits A-1 to A-7, attached hereto.

**Questions:**

- a. Does NRG take issue with any of the background facts set out in the Town's prior evidence and submissions, and if so in what respects and based upon what evidence?
- b. Does NRG take the position that any of the background facts set out in the Town's prior evidence and submissions are not relevant to these proceedings, and if so in what respects and why?

**THE CORPORATION OF THE TOWN OF AYLMER  
INTERROGATORIES  
TO INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.**

**Issue 1 – Is an Order of the Board requiring NRG to provide gas distribution services and gas sales to IGPC to meet its facility expansion and upgrading plans necessary and appropriate?**

**Aylmer Interrogatory #2**

**Preamble:**

In prior proceedings before this Board relating to the IGPC facility, The Town of Aylmer has filed written evidence and submissions highlighting the importance of the facility to the economic recovery and development of the Town and surrounding communities.

**References:**

Written Submissions in EB-2006-0246, February 28, 2008 and attached Exhibits A-1 to A-7, attached hereto.

**Questions:**

- a. Does IGPC take issue with any of the background facts set out in the Town's prior evidence and submissions, and if so in what respects and based upon what evidence?
- b. Does IGPC take the position that any of the background facts set out in the Town's prior evidence and submissions are not relevant to these proceedings, and if so in what respects and why?
- c. Does IGPC have any information to supplement or update the background facts set out in the Town's prior evidence and submissions with specific reference to the proposed facility expansion and upgrading plans?

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,  
S.O.1988, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Natural  
Resource Gas Limited for an Order pursuant to Section 90(1)  
of the *Ontario Energy Board Act, 1998*, granting leave to  
construct a natural gas pipeline and ancillary facilities in the  
Township of Malahide, Municipality of Thames Centre and  
the Town of Aylmer.

AND IN THE MATTER OF Section 19 of the *Ontario Energy  
Board Act, 1998*.

**WRITTEN SUBMISSION OF THE TOWN OF AYLMER  
(Board Review Hearing, February 28, 2008)**

**BACKGROUND**

1. These proceedings involve a project (the "Project") by IGPC Ethanol Inc. ("IGPC") to construct a \$130 million ethanol plant (the "Plant") and related facilities on 50 acres of land purchased from the Town of Aylmer (the "Town").
2. The Town has been an active supporter of the Project from its earliest planning stages, and has been a supportive intervenor and participant in the proceedings before the Ontario Energy Board relating to the "Leave to Construct" the gas pipeline and ancillary facilities needed to supply natural gas to the Project (the "Proposed Facilities").

**THE FOCUS OF THE HEARING ON FEBRUARY 28, 2008**

3. The Town understands that the primary focus of the Review hearing convened by the Board to be held on February 28, 2008 is the Board's Order on the Leave to Construct

Application, and any outstanding disputes between IGPC and Natural Resource Gas Limited ("NRG") relating to the interpretation or appropriateness of the Conditions of Approval, the contracts between those parties, or other aspects of the application or evidence referred to in the Board's Order, that may be delaying the construction of the Proposed Facilities.

4. The Town does not wish to weigh in unnecessarily with respect to these disputes between IGPC and NRG.

5. The interests of the Town, and any evidence it may wish to call, relate entirely to any potential these disputes may have to delay construction of the Proposed Facilities.

6. All affected stakeholders and communities share the Town's overriding concern which is, simply, to ensure that construction commences, and is pursued to successful completion, as quickly as possible.

7. The Town will therefore be listening at this hearing for parties to re-commit themselves to the current schedule which, it understands, will see construction commence on or about March 17, 2008.

8. With respect to any disputes between IGPC and NRG, the Town hopes and expects that those parties will be able to resolve as many items as possible by agreement between themselves in advance of, or at the hearing. If these items involve the Board's Order or Conditions of Approval, those parties should clearly identify, and seek from the Board at this hearing, any further direction, clarification or variation required in that regard. If any disputed items involve unresolved issues of contract interpretation, then

the Town believes parties should be prepared to proceed “without prejudice” to construct the Proposed Facilities, reserving their rights to pursue any further remedies, if need be, in the civil courts after the Project has been successfully completed.

9. This approach is based on the Town’s conviction that this Project, and its successful completion, are of overriding importance to all affected stakeholders and communities. It is also based on the dire consequences for all concerned if the Proposed Facilities are not constructed, which may be summarized as follows.

#### **IMPACTS OF THE FACILITIES NOT BEING CONSTRUCTED**

10. The record demonstrates that the Town has always been a strong supporter of the Project. The Project is a major one for the Town, and one which, as this Board has noted, has the potential to address the deterioration of its economic base resulting from the recent loss of Imperial Tobacco. It is expected that this Project will lead a significant upswing in economic activity in both the Town and surrounding communities.

11. The Town wishes to demonstrate, publicly and in every way possible, its continued and unqualified support for all such measures as are necessary to enable this critically important Project to proceed. The Town has consistently made known to the parties its support of this Project, and its willingness to do everything reasonably within its power to ensure that it proceeds.

12. The Town, its Council members, and staff have incurred substantial costs and worked substantial hours in their efforts to make the Project a reality. This work has been ongoing for over two years. It has been undertaken because the Project is expected

to provide a material economic impetus and stimulus, not just for the Town of Aylmer, but also for many surrounding communities in the region.

13. It is estimated that the Plant will produce approximately 150 million litres of ethanol annually, requiring about 15 million bushels of corn annually or about 38,000 bushels per day. It is expected that IGPC will maximize its use of locally-produced corn. Typically, existing ethanol plants of this size will draw corn from suppliers located within a 80-100 kilometre radius of the Plant. Studies of comparable, existing ethanol plants have shown that a plant of this size can be expected to increase local corn production profits by 5-10 cents per bushel. (Exhibits A-1 and A-2, attached)

14. This economic opportunity is extremely important to local farmers. The recent close of the Imperial Leaf tobacco plant was a serious economic blow to this important sector of our regional economy.

15. The major co-product of ethanol production from corn is wet and dry distiller's grain. This co-product is an excellent feed source for cattle, swine and poultry. Distiller's grains, which are rich in protein, are typically one of the most cost effective sources of protein for livestock producers. The Plant is expected to produce large quantities of this feed per day (approximately 330 tonnes of dry distillers grain per day), which will be available for local livestock users to include in their feed rations, and will supplement or replace other more expensive feed sources. (Exhibits A-1 and A-2)

16. The construction of the Plant has already commenced. The construction requires substantial amounts of building materials and it has created approximately 150 jobs, much of which are being sourced locally and regionally. (Exhibits A-3 and A-4)

17. Direct employment at the Plant is estimated to be about 35 full time employees.  
(Exhibit A-4)

18. Once operational, the Plant will require ongoing maintenance services, including the repairing and replacing of electrical motors, pumps, conveyors and other plant components. Plant operations will involve moving about thousands of tonnes of material in and out of the Plant annually, thus providing substantial business opportunities for local truck, rail and related service companies.

19. A study done by AUS Consultants and SJH and Company has estimated that a plant of the size under construction would create in excess of 600 permanent jobs in all other sectors of the economy as a result of the ethanol Plant. (Exhibit A-2)

20. An important and unique feature of the Plant is that the project owner is a co-operative made up of 840 farmer and rural community members, who have invested over \$48 million in the value-added agricultural processing venture. (Exhibit A-3)

21. Not only would the failure of this project be a lost economic growth opportunity in a region already under extreme economic pressure. Such failure would also have a significant and direct impact on those 840 members of the Co-Operative.

22. The Town has committed substantial resources over the last five years to encourage and support local economic recovery opportunities. One of the Town's projects was the development of its municipally-owned industrial/business park, which provides the location of the Plant, as well as other significant local businesses and industries. The Town has approximately 28 acres of industrial park land remaining for

sale, some of which is optioned. With the assistance of grants from the Province of Ontario, the Town has designed, developed, serviced and marketed the industrial/business park in order to make serviced land available to attract new and expanded businesses to the region. The failure of the ethanol Plant to be completed and become operational would significantly impair the ability of the Town to market the industrial/business park land and attract other, much needed business investment.

23. As the disputes between IGPC and NRG become publicly known, they have the potential to result in unease among business owners and investors. The Town is concerned that these disputes will (if not quickly resolved) have ongoing negative impacts on the ability of the Town to attract new and/or continued business investment and expansion.

24. Other municipalities in the region are similarly affected and share the Town's concern. For example, the City of St. Thomas and the Council of the County of Elgin have both passed resolutions indicating their support for the Project, and the County of Elgin has solicited surrounding Counties for their support. (Exhibits A-5, A-6 and A-7 respectively).

## **CONCLUSION**

25. The importance of these impacts is not just related to the prospect of failure to construct the Proposed Facilities.

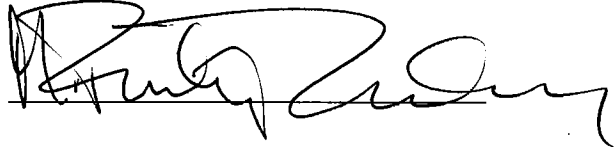
26. More important, for the Town and other stakeholders, they also highlight the importance of its successful completion. The opportunity is here for all parties to contribute to and gain from that success by taking an important step, together, in the



economic renewal of the Town of Aylmer and surrounding communities. This hearing should allow all participants to take up that opportunity.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**

February 27, 2008

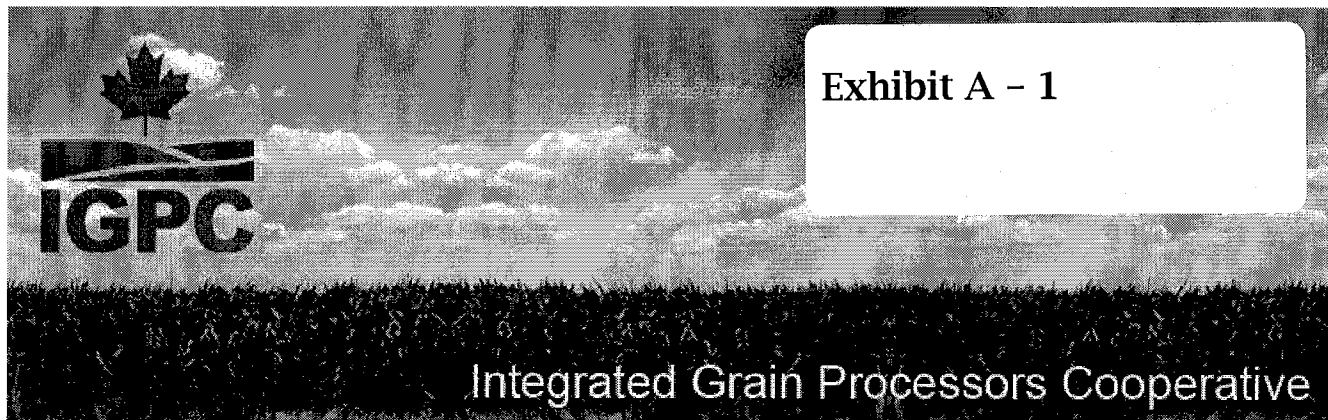
A handwritten signature in black ink, appearing to read 'M. Philip Tunley', written over a horizontal line.

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Solicitors for the Town of Aylmer



## Exhibit A - 1

## Integrated Grain Processors Cooperative

## Project Specifications

[Home](#)[What is ethanol?](#)[How is ethanol made?](#)[Why an ethanol plant?](#)[Industry Info](#)[Building an Ethanol Plant](#)[Project Specifications](#)[How to Participate](#)[About IGPC](#)[Contact Us](#)[Energy Balance](#)[FAQs](#)[Related Links](#)[Members Login](#)[Archive](#)

- 150 million litres of ethanol produced per year
- \$132 million capital cost
- 15 million bushels of corn consumed or about 7% of average Ontario Crop
- 110,000 acres of corn
- 38,000 bushels of corn per day- 30 trailer loads
- 420,000 bushel corn storage or about 10 day supply
- 15,000 bushel per hour corn unloading capacity
- 330 tonnes per day dry distillers grain produced or 750 tonnes wet distillers grain
- 420,000 litres of ethanol per day
- 600,000 cars running daily on IGPC ethanol
- 5000+ feet of rail siding

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### ETHANOL AND THE LOCAL COMMUNITY

John M. Urbanchuk, Executive Vice President, AUS Consultants  
Jeff Kapell, Associate Principal, SJH & Company

June 20, 2002

#### Executive Summary

The ethanol industry in the United States is poised on the threshold of the most significant growth in more than three decades. The Renewable Fuel Standard (RFS) provision of the comprehensive Energy Bill currently in Conference combined with the need to replace MTBE in the nation's motor fuel supply is expected to increase the demand for ethanol from current levels of about 1.8 billion gallons to five billion gallons over the next decade. This increase in demand will require a substantial investment in new ethanol production facilities ... an investment that largely will be made in the nation's rural communities.

The purpose of this study is to examine the economic benefits to a local community of building and operating an ethanol plant. To illustrate these impacts, we have based our analysis on a 40 million gallon per year (MGY) dry mill ethanol plant that uses grain as the feedstock for ethanol production.

In overview, a new 40 million gallon per year ethanol plant would have the following impacts on the community in which it is located:

- It will cost approximately \$60 million to build and equip a 40 MGY dry mill ethanol plant. This cost represents expenditures for goods and services, most of which will be made in the local economy. Construction of a production facility typically takes a year and the spending it pumps into the economy will generate a one-time boost of \$142 million in final demand as each dollar of spending circulates throughout the local economy.
- The most significant value of building a new ethanol plant comes from the impact of spending for operations. A 40 MGY ethanol plant will spend more than \$56 million annually on goods and services ranging from corn or other grains to labor and utilities such as water, electricity, and natural gas. Virtually all of these

purchases will be made from local suppliers and every dollar spent on annual operations will circulate several times throughout the entire local economy. On an annual basis, a 40 MGY ethanol plant will generate the following economic benefits to the community in which it is located:

- Expand the economic base of the local economy by \$110.2 million
- Generate an additional \$19.6 million of household income
- Support the creation of as many as 694 permanent new jobs throughout the entire economy
- Generate at least \$1.2 million in new tax revenue for the state and local governments
- Generate additional revenue for local grain farmers by increasing demand, which in the case of corn, in most circumstances results in an increase to the average local basis of an estimated 5 to 10 cents per bushel

### **The Study Approach**

We have selected a 40 MGY dry mill plant on which to base our analysis because most of the new ethanol plants are expected to be dry mill technology and 40 MGY appears to be a reasonable size operation to finance while still taking advantage of significant economies of scale. Currently ethanol is being produced in 62 plants in 19 states. While some of these facilities are large wet milling plants, the average size of currently operating facilities is 39 MGY. An additional 14 ethanol plants are under construction and are expected to come on line within the next year. All of these are dry mill plants and more than half will have an annual capacity of 40 MGY.

Even if half of the additional ethanol required over the next decade comes from new large wet milling production facilities, there would still be the need for over thirty more 40 MGY dry mill ethanol plants, placed primarily in rural communities, in addition to those already in operation and in construction. The ethanol industry will invest more than \$10.5 billion on structures,

machinery and equipment, and supplies needed to build new production plants and to expand existing facilities to meet this new demand. Additional investments in infrastructure will be made for storage facilities and transportation infrastructure to handle the larger production of ethanol. Most of these new production facilities are likely to be located in or near rural communities in which grain – the major input for ethanol – is grown.

### **Local Effects of Ethanol Production**

The expansion of ethanol demand resulting from the Renewable Fuel Standard provisions of the Energy Bill and replacement of MTBE in the nation's motor fuel supply will provide significant benefits to the entire American economy. More specifically, the attendant increase in ethanol production over the next decade will prove to be extremely beneficial to the economies of the communities where new production facilities are located.

The spending associated with building new ethanol production capacity will stimulate aggregate demand, create new jobs, and generate additional household income. The gross output, household income, and job impacts were estimated by applying the most appropriate final demand multipliers calculated by the U.S. Bureau of Economic Analysis (BEA) for output, earnings, and employment to the estimates of new capital spending and annual operating expenditures associated with a 40 MGY dry mill ethanol plant.<sup>1</sup> The multipliers for the grain milling industry were used to estimate the impact from annual operations since the main input for ethanol production is grain while the most appropriate multipliers for new plant construction are those for the construction sector.

The estimates summarized below result from a static analysis of the impact of building and operating an ethanol plant. That is, they reflect the combination of a series of snapshots of the economy rather than a dynamic flow analysis. The major economic benefits of a 40 MGY dry mill ethanol plant include the following:

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<sup>1</sup> The multipliers used in this analysis are the current two-digit industry RIMS II multiplier estimated by the Bureau of Economic Analysis, U.S. Department of Commerce. The final demand multiplier for the grain milling and construction sectors are 1.9623 and 2.4266, respectively; the household income multipliers are 0.349 and 0.7878; and the employment multipliers are 10.5623 for grain milling and 24.607 for new construction.

- The capital spending associated with building a 40 MGY ethanol plant will add \$142.2 million to final demand in a local economy and generate \$46 million in new household income. This is a transitory or “one-shot” impact that will last as long as construction takes place.
- The major economic benefits of an ethanol plant will be derived from continuing profitable operations. Annual operating expenses for a 40 MGY ethanol plant will average \$56 million over a ten-year period. The major input for ethanol production- grain (corn in the case of our example)- accounts for about 71 percent of operating costs. Virtually all of these expenditures represent purchases of goods and services from local suppliers and every dollar spent on annual operations will circulate several times throughout the entire local economy.
- New jobs will be created as a consequence of the expansion of the local economic base. The direct effect of operating a 40 MGY ethanol plant will create approximately 41 permanent new jobs. However, as the dollars expended for goods and services in the local economy are spent and re-spent thereby creating new final demand for local businesses, an estimated 694 additional new permanent jobs will be created in all other sectors of the economy as a result of the ethanol plant (includes the 41 direct jobs).
- Increased economic activity and new jobs will result in more income for local households. The continued profitable operation of a 40 MGY ethanol plant will create an additional \$19.6 million annually of household income for the community in which the ethanol plant is located.
- State and local governments will benefit from increased tax revenue associated with higher levels of business gross receipts, and taxes on income and retail sales. Using the average state and local tax rates in the 19 states where ethanol is currently produced as a guide, a 40 MGY ethanol plant will contribute at least \$1.2 million annually to state and local tax revenue. This represents new revenue that will be available for investment in schools and education, emergency services, or community infrastructure projects.

The economic impacts stemming from annual operations of a 40 MGY ethanol plant are detailed in Table 1.

**Table 1**  
**Impact of Operation of a 40 MGY Ethanol Plant**  
**(Million \$)**

<b>Year</b>	<b>Local Spending (Mil \$)</b>	<b>Final Demand Impact (Mil \$)</b>	<b>Earnings Impact (Mil \$)</b>	<b>Employment Impact Jobs</b>
1	\$50.2	\$98.6	\$17.5	531
2	\$53.7	\$105.4	\$18.7	567
3	\$54.1	\$106.2	\$18.9	572
4	\$54.7	\$107.3	\$19.1	578
5	\$55.6	\$109.1	\$19.4	587
6	\$56.8	\$111.4	\$19.8	599
7	\$57.6	\$112.9	\$20.1	608
8	\$58.8	\$115.4	\$20.5	621
9	\$59.9	\$117.5	\$20.9	632
10	\$60.0	\$117.7	\$20.9	634
Average	\$56.1	\$110.2	\$19.6	

In addition to these "macro" level impacts, an ethanol plant promises major positive benefits to those grain producers who invest directly in the ethanol facility as well as those local producers who do not.

The ethanol industry has provided farmers with a proven vehicle for capturing a greater share of the value added to their commodity by participating in the down stream processing of that commodity. Typically this has involved direct equity investment by farmers in ethanol facilities. There are several different business models that have been employed, but most provide participating farmers with a market for their grain through supply arrangements where the farmer is guaranteed a market for a set number of bushels. Additionally, the participating farmer benefits from distribution of profits from ethanol operations as an equity partner. Assuming an average corn price of \$2.40 and ethanol price of \$1.16 per gallon, a farmer who invests \$20,000 in a 40 MGY ethanol plant can expect to earn an average annual return on investment of 13.3 percent over a ten-year period.

### **Positive Impact on Local Price of Corn**

Farmers who do not participate as equity members can also benefit from local placement of an ethanol plant. The nearly 15 million bushels of grain that a 40 MGY plant requires annually will increase the local price of corn relative to the historic reference or market price. We estimate this local basis improvement at between 5 to 10 cents per bushel, building upon the more general rise in grain prices created throughout the United States by the production of ethanol. The U.S. Department of Agriculture estimates that every 100 million bushels of corn used to produce ethanol increases the price of corn by 3 to 5 cents per bushel.

Essentially this means that farmers in the area surrounding an ethanol plant will receive on average between 5 and 10 cents per bushel more for their grain as a consequence of the ethanol plant. For every 100 acres of corn produced at the national average yield this translates into as much as \$1,350 of incremental new revenue.

The use of corn and other grains to produce ethanol does not reduce the availability of feedstocks for livestock and poultry growers. Livestock, dairy, and poultry farmers in communities near ethanol plants will benefit from the increased availability of Distillers Dried Grains (DDG), a medium-protein, nutrient rich feed ingredient that is a co-product of dry mill ethanol production. DDG can replace corn and, to some extent, more expensive soybean meal in livestock, dairy, and poultry rations, thereby offsetting the corn price impacts discussed earlier. A 40 MGY dry mill ethanol plant will produce nearly 126,000 tons of DDG annually.

### **Local Basis Impact Methodology**

Historically, it has been extremely difficult for producers, grain traders, and policy makers to get a sense of the potential impact to local corn prices, referred to as local basis, from the addition into the local grain flow of a significant user of grain, such as an ethanol production facility. There are numerous factors that influence local and regional corn pricing such as weather, year-to-year swings in production, changes in components of the grain handling infrastructure, as well as other external influences on demand such as changes in export markets and additional local feed mill production. In particular, the planting flexibility and commodity support provisions contained in the 1996 Farm Bill triggered changes in cropping and rotation practices in some locations in close proximity to ethanol facilities that resulted in declining corn production. Many of these factors can and have had greater impacts to local basis than new ethanol production.



External factors notwithstanding, it is reasonable to believe that a relationship exists between the additional demand for grain (corn) as a percent of regional corn production (i.e. within 10 to 50 miles of the production facility) and its impact on local basis. For purposes of establishing a relationship between ethanol demand on grain and local pricing, we investigated local conditions for nine facilities: two in Missouri, five in Nebraska, and two in Minnesota.

Corn demand was determined by using a conversion factor of 2.7 gallons of ethanol for one bushel of corn. Supply characteristics for dry mill ethanol facilities show that the vast majority of required grain typically comes from within a fifty-mile radius of the plant in order to minimize costs for grain transport. Estimates were made to establish the relative contribution to corn demand from each ethanol facility where the fifty-mile supply zone for a particular plant overlaps with the supply region of other ethanol facilities. Corn production was based upon the six-year average USDA NASS county corn production data.

Estimated basis impacts were based upon previous work performed by SJH & Company for the two Missouri ethanol facilities, and on conversations and interviews with more than ten industry experts for the remaining seven-ethanol facilities. Available historic elevator prices do not always reflect the impacts to local basis, as these facilities will hedge their profitability by "staying" out of the market when prices are high. As a result, typically elevator volumes show local impacts before or simultaneous with impacts to published prices. Local facility managers, grain traders, and commodity purchasers typically have a realistic, intuitive understanding of the impacts on basis from local and regional shifts in demand, such as from a new ethanol production facility.

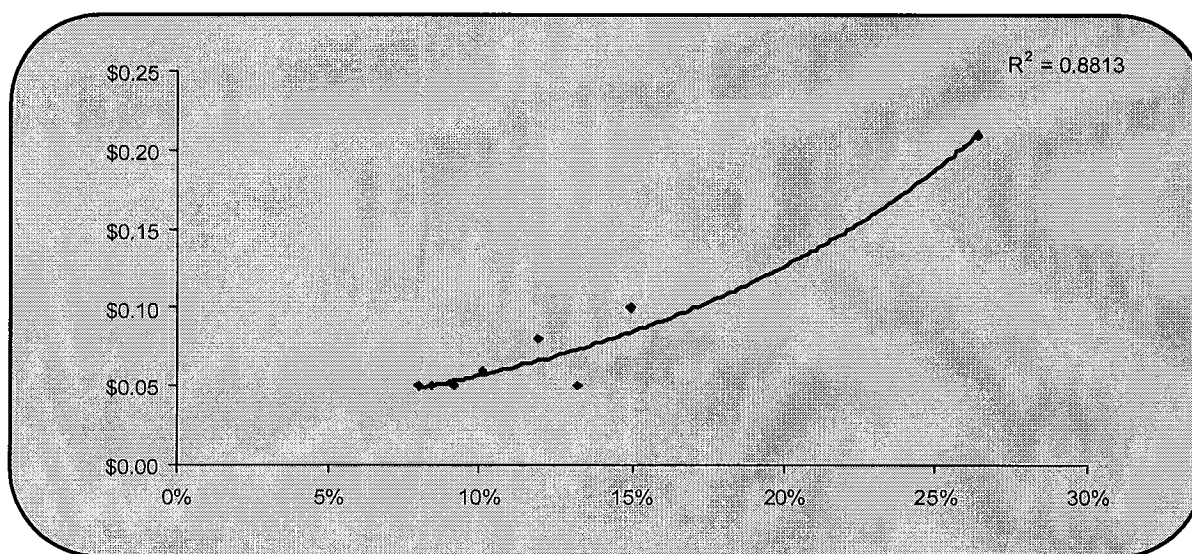
The analysis for the chosen ethanol facilities, along with determinations for ethanol-corn demand as a percentage of local corn production, and associated estimates for impact to local basis are indicated in Table 2.

**Table 2**  
**Ethanol Facility Corn Demand & Estimated Impacts on Local Basis**

Facility	Location	Ethanol Output (M gpy)	Demand (% Of Available Corn) 10 Mile Radius	Demand (% Of Available Corn) 50 Mile Radius	Est. Impact on Basis
Golden Triangle	Craig, MO	20	51%	10%	\$0.06
NEMO	Macon, MO	18	322%	26%	\$0.21
Heartland Corn	Winthrop, MN	35	70%	8%	\$0.05
MCP	Marshall, MN	50	80%	8%	\$0.05
Williams-Aurora	Aurora, NE	76	79%	13%	\$0.05
High Plains	York, NE	50	53%	12%	\$0.08
AGP / Chief	Hastings, NE	52	154%	9%	\$0.05
MCP	Columbus, NE	100	93%	15%	\$0.10

Figure 1 shows the scatter graph representation of the fifty-mile demand and local basis impact estimates indicated in the above table.

**Figure 1**  
**Ethanol Facility Demand as % of Corn Production within 50 Miles**



The resulting exponential trendline indicates a relatively high correlation for the data points in a relationship that generally meets expectations. Despite the complicating factors and influences, there does appear to be at least a directional relationship between corn demand from ethanol production measured as the percent of corn production within a 50-mile radius, and its level of impact on local basis. One caveat becomes clear. Placement of an ethanol facility into a region without adequate production can result in an impact to local basis that will have a detrimental effect on profitability margins, as well as a disruptive influence to existing players within the local corn marketplace.

However, placement of new ethanol facilities within regions with sufficient available corn (grain) production will have a positive impact on local basis, typically between 5 and 10 cents per bushel. This boost to local corn pricing exists on top of the national lift in corn (grain) pricing driven by U.S. ethanol production discussed above. As discussed earlier, the U.S. Department of Agriculture estimates that every 100 million bushels of corn used to produce ethanol increases the price of corn by 3 to 5 cents per bushel.

As a result of this beneficial local basis impact, farmers near an ethanol facility, even those who do not invest in the venture, will receive on average between 5 and 10 cents per bushel more for their grain as a consequence of the ethanol plant. In other words, for every acre of corn produced at the national average yield, the producer will receive more than \$10 additional revenue.

When calculated over the corn production within the home county of each ethanol facility, total contribution to values from increasing local basis can be quite substantial, as shown in Table 3.

**Table 3**  
**Improvement to Local Corn Revenue from Impacts to Basis**

<b>Facility</b>	<b>Location</b>	<b>Est. Impact on Basis</b>	<b>Home County Corn Production (million bushels)</b>	<b>Potential Value Added to County Corn Production</b>
<b>Golden Triangle</b>	Craig, MO	<b>\$0.06</b>	12.3	\$750,000
<b>Heartland Corn</b>	Winthrop, MN	<b>\$0.05</b>	18.6	\$950,000
<b>MCP</b>	Marshall, MN	<b>\$0.05</b>	23.1	<b>\$1,100,000</b>
<b>WilliamsAurora</b>	Aurora, NE	<b>\$0.05</b>	35.6	\$1,750,000
<b>High Plains</b>	York, NE	<b>\$0.08</b>	35.1	\$2,800,000
<b>AGP / Chief</b>	Hastings, NE	<b>\$0.05</b>	27.5	\$1,350,000
<b>MCP</b>	Columbus, NE	<b>\$0.10</b>	40.0	\$4,000,000

In conclusion, building and operating an ethanol plant can provide significant economic benefits to the community in which it is located. These include new jobs, additional income and tax revenue, and an expansion of the base of the local economy.



**FOR IMMEDIATE RELEASE**

**September 17, 2007**

**Ethanol Co-operative welcomes two new Directors as construction moves ahead.**

**Aylmer, Ontario.** At a recent members meeting of the Integrated Grain Processors Co-operative, two new directors were elected to join the board of the co-operative which, through its wholly owned subsidiary IGPC Ethanol Inc., is building a \$140 million ethanol facility in Aylmer, Ontario.

Joining the board for the first time are James Dowling, a poultry producer from Newmarket, Ontario and Andy Bruggeman a farmer and agri-business executive from Salford, Ontario. "We are very fortunate" said IGPC board chairman Tom Cox "to have such capable individuals joining the board at this important stage of our project's development." Also re-elected at the meeting were returning directors Adrian Opt'Hoog from Feversham, Ontario and Joe Kloeffer from Harley, Ontario.

Construction on the IGPC plant, which is being built by North America Construction (NAC), began in early July and has proceeded quickly through the summer with more than half of the plant's building foundations now in place. "We are very pleased with the progress to date." said Doug Burt chair of IGPC's engineering committee. "We have about 100 workers on site presently and expect to ramp that up to 150 workers later this fall."

Also released at the members meeting was a new offering statement to allow the co-operative to raise additional equity and admit new members. Copies of the offering statement are available for prospective members by calling the IGPC Office at 1-866-211-0435.

IGPC's 840 farmer and community members have invested over \$45 million to launch the community-owned ethanol plant, the largest start-up co-operative venture ever attempted in Canada. The government of Canada's Ethanol Expansion Program has committed \$11.9 million to the project and Ontario's Ethanol Growth Fund has committed a \$14 million capital grant. IGPC has also received funding under the Community Transitions Program.

Société Générale, the lead financing arranger, along with five other lenders, has formed the syndicate that provided the \$100 million credit package needed to finance the construction and operation of the IGPC plant.

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www.igpc.ca

## BACKGROUND

## INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.

IGPC Ethanol Inc., the wholly owned subsidiary of the Integrated Grain Processors Co-operative, has begun construction of a \$140 million ethanol plant in Aylmer, Ontario, capable of producing approximately 150 million litres of denatured fuel-grade ethanol annually. The plant will also produce approximately 120,000 tonnes of Dried Distillers Grains with Solubles (DDGS) annually. Approximately 90,000 tonnes of CO<sub>2</sub> will be produced annually by the plant.

The plant will create significant additional demand for Ontario corn by utilizing approximately 15 million bushels of corn annually, representing approximately 6% of Ontario's average annual corn production.

Up to 150 construction workers and trades people are expected to be working on the site over the course of the anticipated 16 month construction period. Upon commissioning, the plant will employ some 35 skilled workers and generate many more spin-off jobs.

Integrated Grain Processors Co-operative Inc. (IGPC) was incorporated in April 2002 as an Ontario co-operative. The objective of IGPC is to establish an ethanol plant in Southwestern Ontario to add value to local producers' corn, increase the price producers receive for their corn locally, and create jobs and environmentally sustainable economic growth in Southwestern Ontario. The Co-operative is committed to the reduction of greenhouse gas emissions through the production of renewable fuels.

[Home](#)[What is ethanol?](#)[How is ethanol made?](#)[Why an ethanol plant?](#)[Industry Info](#)[Building an Ethanol Plant](#)[Project Specifications](#)[How to Participate](#)[About IGPC](#)[Contact Us](#)[Energy Balance](#)[FAQs](#)[Related Links](#)[Members Login](#)[Archive](#)

### What is ethanol?

Fuel ethanol (ethyl alcohol) is a high octane, water-free alcohol produced from the fermentation of sugar or converted starch. It is traditionally used as a blending ingredient at 5% to 10% concentrations in gasoline. Ethanol is made primarily from grains or other renewable agricultural products. Ethanol also has a variety of food and industrial uses.

### What co- products will you produce?

Ethanol production yields large quantities of distillers grain. This grain, which can be used both wet and dry, is a high protein feed suitable for livestock.

A third product created during ethanol production is carbon dioxide. Carbon dioxide is used in many food preparations as well as other industrial processes.

### Why an ethanol plant?

The production of fuel ethanol is a way for farmers to add value to their corn through the ownership of a processing plant. It is an opportunity to participate in the fuel industry, which is a growth industry, versus producing a basic farm commodity.

Ethanol is made from renewable resources, reduces harmful emissions in gasoline, and creates jobs and economic activity in the local community.

### Why choose corn as a feedstock?

Grain corn is readily available on the world market and the infrastructure or transportation and handling systems are in place to move large quantities of corn. Corn yields are increasing at a rapid rate because of the considerable research that is done on corn, the introduction of new varieties and more efficient farming practices. In addition, the technology to produce fuel ethanol from grain corn has been researched and well developed over the past 10 to 15 years, making it possible to take advantage of the latest technologies.

### Will you be buying U.S. corn?

An ethanol processing plant needs to operate 24 hours a day, 7 days a week, 351 days a year. It needs a constant and reliable supply of feedstock (grain corn). The IGPC plant will require about 15 million bushels of corn per year, or about 20% of the corn produced within an 80 km radius of the plant.

The IGPC membership is comprised of grain farmers, grain elevators, community members and local businesses. There will be every attempt made to purchase as

much corn locally as possible. However, Ontario already imports 15 to 20% of the corn it uses and there are certain times of the year when local Ontario corn is not available. This may mean that IGPC will have to import some corn to meet its requirements.

**How does the ethanol plant help farmers?**

Increasing corn processing capacity in Ontario will increase the demand for Ontario corn. Economic impact studies have shown that the basis for corn increases by 5 – 10 cents per bushel within the 80 km radius of a fuel ethanol plant. Of more significance, is the opportunity for IGPC members to participate directly in a major value added opportunity and expanding industry.

## **WATER, NOISE & LAND**

**Why did IGPC choose the site it did?**

IGPC is purchasing a 48 acre site in Aylmer. The site has easy access to Highway #73, has rail access and is a serviced site with water, and hydro on Progress drive. Natural gas will be supplied by NRG. The property is zoned industrial suitable for an ethanol plant.

In addition, it is located close to its markets – close to livestock to sell distillers grains; close to the market for carbon dioxide; and within easy access via the 401 and rail to the GTA for the sale of ethanol. IGPC is also located in Ontario's grain corn production area.

**What about odours?**

The IGPC Board of Directors wanted to make sure that the project would have no unintended adverse environmental impact in our own community. We had certainly heard concerns expressed about the possible odours associated with some of the older ethanol plants. For that reason, before deciding to proceed with the construction of an ethanol facility in Aylmer, we carefully investigated the different technologies available to mitigate possible emissions which may cause odour.

Ethanol plants have advanced considerably since the first plants were built. The emission control systems are designed to recover dust and recycle it back into the process stream. Volatile organic compounds (VOC's), which are responsible for any possible odours, are captured and routed through a thermal oxidizer where the VOC's are combusted at a temperature between 800 and 850 degrees Celsius. Through that process VOCs are converted into carbon dioxide and water vapour (steam).

IGPC is now going through the regulatory process set out by the Ontario Ministry of the Environment (MOE) which will require IGPC to demonstrate that any possible emissions from the ethanol plant are below the threshold levels established by the Ministry. We are currently finalizing our design plans and will shortly file a comprehensive application with the MOE.

**How much water will you use?**

IGPC will use about 1,700 litres of water per minute. All process water remains in the process. The water not in contact with the process such as the boiler and cooling tower will be discharged.



**How will you ensure that water is free of contaminants?**

**Process water is recycled internally. Any discharge from the plant will be stormwater and water that does not come into contact with production materials.**

**Will there be a lot of noise?**

**Noise levels are regulated by the Ontario Ministry of Environment and IGPC will meet all regulatory standards.**

**IGPC is working with a local engineering firm as well as our process engineering company to help us establish baseline noise levels, quantify the noise levels from our equipment and to develop appropriate controls.**

**What are you doing to control light from the site?**

**IGPC needs to have outdoor lighting for the safety and security of our employees. At the same time, we recognize the need to be neighbour friendly. We will ensure that any outdoor lighting is positioned so that it is directed internally onto the site. We are investigating different types of lighting systems.**

## **ECONOMIC IMPACT**

**How many jobs will be created?**

**Approximately 150 jobs will be created during construction. Once operational, IGPC will employ between 30 and 40 skilled people. Many of the jobs require secondary school education in biological processes and engineering.**

**What are the benefits to the community?**

**Studies of existing ethanol plants in the U.S. have measured the economic impact of ethanol manufacturing plants in the 80 kilometres surrounding the plant. Using these models, IGPC estimates that it will generate \$90 million of direct and \$175 million direct and indirect economic activity in Brant and surrounding areas.**

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### **Business Office**

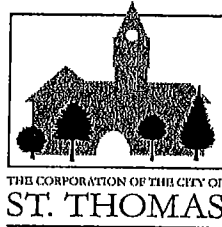
Off Paris Road  
(Entrance across from Ben Mar Family Fun Centre)  
Mail: P.O. Box 20087, Paris, Ontario, N3L 4A5  
Phone: 519 752 0447 \* Toll free: 1-866-211-0435  
Fax: 519 752 1887  
www.igpc.ca \* info@igpc.ca

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### **email us**

**IGPC home - What is ethanol? - How ethanol is made - Why an ethanol plant?**  
**Industry Info - Building an ethanol plant - Project specifications - How to participate**  
**About IGPC - Contact us - Related links**

Wendell Graves  
City Clerk



Ind-86  
Office of the Clerk  
P.O.Box 520, City Hall  
St. Thomas, ON N5P 3V7  
Telephone: (519) 631-1680  
Ext. 4120  
Fax: (519) 633-9019  
wgraves@city.st-thomas.on.ca

February 20, 2008

FEB 21 2008

Exhibit A - 5

Hon. Gerry Phillips, Minister of Energy  
900 Bay Street, 4th Floor  
Hearst Block  
Toronto, Ontario  
M7A 2E1

Hon. Leona Dombrowsky, Minister of Agriculture, Food and Rural Affairs  
Ontario Ministry of Agriculture, Food and Rural Affairs  
Public Archives Building  
77 Grenville St., 11th Floor  
Toronto, Ontario  
M5S 1B3

**RE: IGPC ETHANOL PLANT, AYLMER ONTARIO**

Please be advised that City Council received a Brief dated February 2008 from Mr. Jim McIntyre, Chair, Elgin County's Rural Initiative Committee and as a result Council passed the following motion:

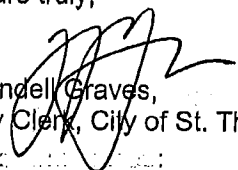
**"THAT: The Council of the City of St. Thomas endorse a brief dated February 2008 to the Minister of Energy and to the Minister of Agriculture, Food and Rural Affairs relating to the IGPC Ethanol Plant in Aylmer as submitted by Jim McIntyre, Chair, Elgin County's Rural Initiative Committee; and further,**

**THAT: A copy of this motion be sent to the Minister of Energy, the Minister of Agriculture, Food and Rural Affairs, MPP Steve Peters, MP Joe Preston, the County of Elgin, and the Town of Aylmer."**

Carried.

Thank-you for your attention to this matter.

Yours truly,

  
Wendell Graves,  
City Clerk, City of St. Thomas

cc: MPP Steve Peters  
MP Joe Preston  
Jim McIntyre, Chair, Elgin County's Rural Initiative Committee  
The Town of Aylmer

cc Council  
H.A.  
N.I.

MARK G. McDONALD  
CHIEF ADMINISTRATIVE OFFICER

(Mrs.) SANDRA J. HEFFREN  
MANAGER OF  
ADMINISTRATIVE SERVICES



450 SUNSET DRIVE  
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N5R 5V1  
PHONE 519-631-1460  
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February 12, 2008

Inc. 1852

FEB 19 2008

Ms. Nancie J. Irving, Clerk  
Town of Aylmer  
46 Talbot Street West  
AYLMER, Ontario  
N5H 1J7

Dear Ms. Irving:

The Council of the Corporation of the County of Elgin, at its meeting held on February 12, 2008, adopted the following recommendation:

"That the resolution from the Town of Aylmer supporting the application of Integrated Grain Producers Co-operative (IGPC) to the Ontario Energy Board (OEB) seeking assistance to ensure immediate construction of the vital natural gas pipeline for the proposed ethanol plant be referred to the County's Rural Initiatives Committee; and

THAT given the urgency of the matter, the Rural Initiatives Committee, including Councillor Habkirk, be authorized and directed to take all actions deemed necessary to expedite support of the construction of the ethanol plant and report back to Council at the first opportunity.

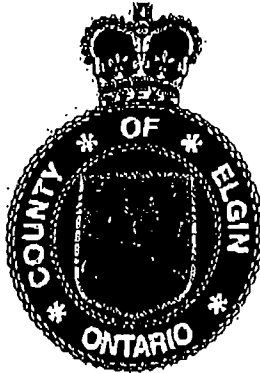
- Carried Unanimously.  
(signed) Warden Sylvia Hofhuis"

The Rural Initiatives Committee met immediately after Council today and developed a Ministerial Brief on this important matter. A copy of the document will be forwarded to you shortly.

Yours truly,

S.J. Heffren (Mrs.),  
Manager of Administrative Services.

RURAL INITIATIVES COMMITTEE



Inc. 1852

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## Exhibit A - 7

February 13, 2008

County of Brant  
County of Middlesex  
County of Norfolk  
County of Oxford  
Elgin County Constituent Municipalities

Dear Municipal Colleagues:

**Subject: IGPC Ethanol Plant in the Town of Aylmer**

The purpose of this letter is to request your support for the attached brief to the Ministers of Energy and Agriculture, Food and Rural Affairs respecting the proposed IGPC ethanol plant in the Town of Aylmer, in the County of Elgin.

In addition to the ministerial brief, please find attached a Press Release from IGPC explaining the current situation and the potential delay in the supply of natural gas to the project.

Given that your municipality, particularly your corn producers and related industries, stand to benefit from the plant, we respectfully request that you endorse our brief and send said endorsement to the provincial government with copies to local M.P.P.s and M.P.s.

It would also be appreciated if you would consider requesting your local municipalities to endorse the same.

Since this is a time sensitive request, we look forward to hearing from you at your earliest possible convenience.

Yours truly,

Jim McIntyre, Chair,  
Elgin County's Rural Initiatives Committee.

Att.  
cc Warden Hofhuis and Members of Elgin County Council  
Steve Peters, M.P.P., Elgin-Middlesex-London  
Joe Preston, M.P., Elgin-Middlesex-London  
Cliff Barwick, Mayor, City of St. Thomas

BRIEF TO THE MINISTER OF ENERGY AND TO  
THE MINISTER OF AGRICULTURE, FOOD AND RURAL AFFAIRS  
FOR ONTARIO  
ON:

"THE IGPC ETHANOL PLANT IN THE TOWN OF AYLMER AND  
THE COUNTY OF ELGIN"

PRESENTED BY: JIM MCINTYRE, CHAIR  
ELGIN COUNTY'S RURAL INITIATIVES COMMITTEE

FEBRUARY 2008

-1-

DEAR MINISTERS:

AS YOU ARE NO DOUBT AWARE, IGPC ETHANOL INCORPORATED HAS FILED A MOTION WITH THE ONTARIO ENERGY BOARD (OEB) TO ENSURE THAT NATURAL GAS WILL BE AVAILABLE TO THE ETHANOL PLANT IN AYLMER IN TIME FOR COMMISSIONING IN THE SUMMER OF 2008.

WE UNDERSTAND AND RESPECT THE ROLE OF THE OEB AND YOUR GOVERNMENT'S ARMS-LENGTH RELATIONSHIP WITH THAT INDEPENDENT BOARD. OUR GOAL IS NOT TO INTERFERE WITH THE OEB'S APPEALS PROCESS OR YOUR GOVERNMENT'S RESPONSIBILITIES IN SUCH MATTERS.

INSTEAD WE WISH TO EMPHASIZE THE IMPORTANCE OF THE NEW ETHANOL PLANT TO LOCAL AND "REGIONAL" ECONOMIES AND TO URGE THE PROVINCIAL GOVERNMENT TO CAREFULLY MONITOR THE PLANT'S PROGRESS.

THE IGPC PLANT, WHICH WILL EMPLOY 35 FULL-TIME STAFF, REPRESENTS AN ESTIMATED \$140 MILLION INVESTMENT AND WILL PRODUCE 150 MILLION LITRES OF ETHANOL ANNUALLY. THE PLANT WILL REQUIRE 15 MILLION BUSHELS OF CORN EACH YEAR OR ABOUT 38,000 BUSHELS PER DAY.

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-2-

THE MAJORITY OF THIS CORN WILL BE SUPPLIED BY LOCAL PRODUCERS WITHIN A 100 KILOMETER RADIUS OF THE PLANT.

STUDIES HAVE SHOWN THAT A PLANT OF THIS SIZE WOULD CREATE IN EXCESS OF 600 PERMANENT JOBS IN ALL SECTORS OF THE ECONOMY.

IN FACT, IT IS ESTIMATED THAT THE IGPC PLANT IN AYLMER WILL GENERATE \$90 MILLION OF DIRECT AND \$175 MILLION OF INDIRECT ECONOMIC ACTIVITY IN THE AREA.

THIS NEW MARKET FOR THE AREA'S CORN FARMERS WILL CREATE SPIN OFFS FOR GRAIN ELEVATORS, TRUCKING COMPANIES AND OTHER BUSINESSES.

MOREOVER IT WILL HELP ESTABLISH THE AREA AS A PREFERRED LOCATION FOR ALTERNATIVE ENERGY, BIO-PRODUCTS AND AGRI-BUSINESS.

THE TIMING OF THIS NEW ENTERPRISE IS ALSO IMPORTANT IN THE FACE OF DECLINING TOBACCO PRODUCTION AND PROCESSING, A ONCE STABLE AND RELIABLE COMMODITY.

-3-

ETHANOL PRODUCTION ALSO ADDRESSES THE PROVINCE'S "GREEN POLICY" BY REDUCING DEPENDENCE ON FOSSIL FUELS AND CONTRIBUTING TO A CLEANER ENVIRONMENT.

IT IS FURTHER ACKNOWLEDGED THAT THE PROVINCE HAS CONTRIBUTED \$14 MILLION IN CAPITAL GRANTS TO THIS PROJECT THROUGH A VARIETY OF PROVINCIAL FUNDING PROGRAMS AND MECHANISMS.

IN CLOSING, OUR REQUEST IS THAT THE PROVINCE OF ONTARIO CONTINUE TO MONITOR CLOSELY THE PROGRESS OF THIS PROJECT AND TAKE WHATEVER STEPS ARE DEEMED NECESSARY AND APPROPRIATE TO ENSURE ITS SUCCESSFUL COMPLETION.

WE THANK YOU FOR YOUR TIME AND ATTENTION TO THIS URGENT MATTER.