

# ACCELERATING DAIRY SECTOR ENERGY SAVINGS AND PRODUCTION



Washington, DC July 19, 2011  
Improving Dairy Sector Sustainability  
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## Sustainability

- No longer a philosophical movement – now a consumer response
- Pressure coming internationally in the marketplace
- Nearly every commodity check-off is making an investment in sustainability (life cycle analysis)
- Wine and Dairy appear to be the furthest along (perhaps due to proximity to their consumers)

## Sustainability Definition

- UN in the mid 1980's - "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."
- 1995 Farm Bill – A formal definition - too long for any slide.
- Today – It's still in the eye of the beholder.

## Dairy Sustainability

- Driven by consumer demand
- 10 Projects that improve sustainability while decreasing costs
- Farm Energy Audit Program
- Dairy Power
- All projects must maintain or improve profitability

## Dairy is energy intensive

- Fuel for crop production
- Electricity – livestock heating and cooling
- Natural gas and propane for irrigation and drying
- Fertilizer
- Transportation of products and impact on prices
- Cooling of product throughout the value chain

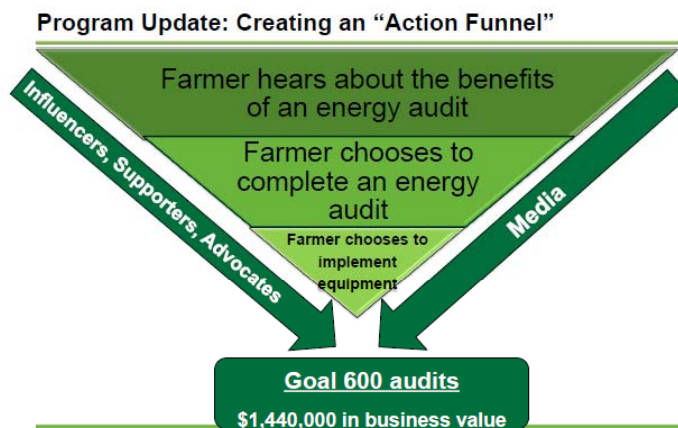
## Controlling energy costs

- Advances in energy and production technology
- Renewable and alternatives
- Conservation/Energy audits
  - Farm
  - Processing
  - Handling
  - Transport

## Farm Energy Audit Program – Achieving 2011 Goals -- 600 Audits

- **3-Prong Strategy “Awareness – Education – Action”**
  1. **Create awareness and demand for audits among producers**
  2. **Provide easy access to a one-stop-shop, centralized and comprehensive energy resource**
  3. **Launch a pilot campaign in 3 states:**
    - a) **Creates grassroots support with key influencers**
    - b) **Builds a scalable approach for generating sustained demand for audits and energy improvements for the coming years**

## Audits are a keystone in Sustainability



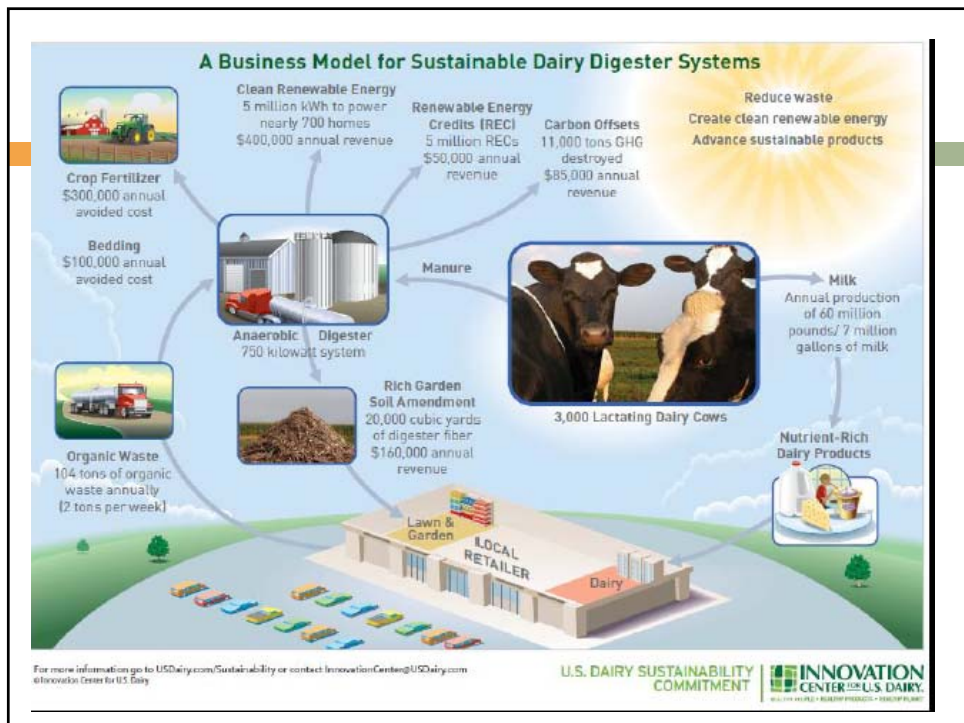
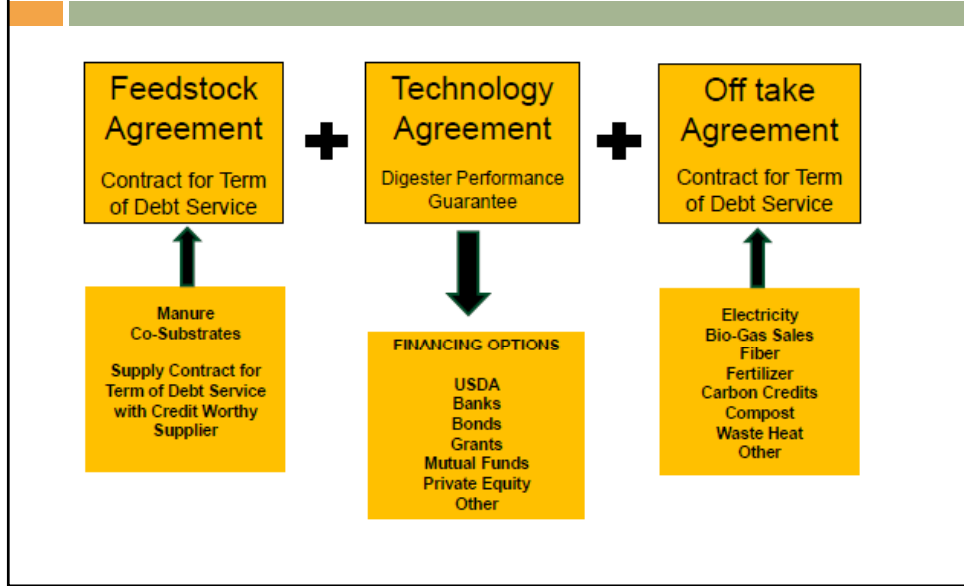
## Dairy Power

- Goal: 1300 digesters nationwide by 2020
- “Digester a week” in 2011
- Building finance models
- Building partnerships
- Streamlining Programs
- Dependent upon USDA program support

## Dairy/USDA – Progress

- Dairy Power Team identified key barriers REAP funding barriers:
  - ROI interpretation
  - Personal loan guarantees
  - Collateral requirements
  - Digester not treated as a system
  - Application scoring for REAP
- Interim Rules – Dairy Power Team Comments
  - Value-Added Producers Grant
  - Biorefinery Assistance Guaranteed Loan Program (9003)
  - REAP
- 21 Dairy digester applications received \$12.5 Million in REAP awards out of \$90 million in total awards
- “Stack” projects with multiple USDA programs (REAP, B&I, EQIP)

# “Project Finance” Business Model



## Thank you



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