

Milk Check- January 8, 2004

Take Time Determining if Methane Digester Fits Your Operation

Q: Should I consider utilizing a methane digester on my farm operation in the near future?

A: This question seems to be on many farmers' minds. In general, one or a culmination of the following factors has probably driven you to consider the option:

- Energy costs on the farm
- Challenges of manure disposal
- Air quality issues
- The search for solid economic return on investments
- Opportunity for reduced operating costs on farm
- New, exciting technology available

Although there are several facilities in operation that vary in size, design, functionality, production and level of performance, the methane digester industry is relatively new in Wisconsin and the upper Midwest. With that comes a substantial amount of risk and challenge for those people who want to be the innovators and implement the technology on their operations. We're all aware of innovative systems that didn't turn out quite as predicted. For example, the cost of planning, building and then operating a new system went beyond the dollars available, or the system took its toll on time and management resources. Unfortunately, normal operations often suffer when these types of things happen.

No one pursues a new venture wanting or expecting things to not work, but it does happen. However, the fact that even adequate planning doesn't eliminate all challenges shouldn't deter you from considering the option to utilize a methane digester. I believe there is opportunity in almost everything, and methane digesters are no exception to that rule.

The key here, as with any new project, is that a significant amount of time and research needs to be invested to determine if the methane digester business fits in with your farm business. You need to do your homework, utilize your resources and develop a solid business plan.

When considering a methane digester, following are a few questions you should answer. Most revert back to the individual owner/manager and his/her operation. Just keep in mind these only scratch the surface as you evaluate pursuing this opportunity.

- What is the present performance and goals of your current operation?
- Does management have time for additional responsibilities?
- Are other economic opportunities limited with your present operation?
- What is your utility willing to provide for the economic opportunity?
- Can you find and work with a system and construction plan that fits in well with your operation?
- Do you have the financial capability to make this move?
- Will there be a better opportunity in the future?
- What resources are available to help you through this project, in planning, building, and operations?

While I seem to be presenting more questions than answers, I hope you understand there is good reason for that. You and all farm operations must carefully and thoroughly review the situation and determine where the opportunities for greatest return are. By doing your homework and planning, you may find a methane digester is indeed the right business move for you.

If you have additional questions about this topic, or any other issues related to the business of farming, feel free to send an e-mail to tbooth@badgerlandfcs.com. Written questions also may be submitted to: "Financial Specialist," c/o Milk Check, 315 Broadway, P.O. Box 69, Baraboo, WI, 53913-0069.

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