

Producers Optimistic About Biogas Bill Aimed at Farmers



Senator Ben Nelson wants to increase tax incentives for farmers converting waste into biogas. (Photo: Stephen Crowley/The New York Times)

The street value of manure could rise sharply if a new bill introduced by [Senator Ben Nelson](#), Democrat of Nebraska, gets the green light from Congress. The [Biogas Production Incentive Act of 2009](#) would provide tax credits for transforming livestock waste into a renewable form of natural gas.

Under the proposed legislation, producers would be eligible for \$4.27 per million B.T.U.'s of biogas produced annually for a 10-year period. Running the numbers for a 1,000-cow dairy farm that produces 40.32 million B.T.U.'s of biogas per day — the average output for a facility that size, according to the Environmental Protection Agency's [AgSTAR program](#) — the tax credit would be about \$63,000 annually.

“Natural gas prices today are \$5 to \$6 per million B.T.U.'s wholesale. At those kinds of prices there isn't any motivation for dairymen to get into this business,” said David Albers, owner of Vintage Dairy in Riverdale, Calif., and president of [BioEnergy Solutions](#), which installs and operates biogas systems and then shares revenue from the sale of the gas with the farmer.

The tax credit, Mr. Albers said, “is a way to level the playing field so they can attract different sources of capital.”

The bill is virtually a carbon copy of legislation introduced in 2008 and 2007, both of which died in committee. Proponents feel the current political climate, with the focus on renewable energy as a means to invigorate the economy while reducing reliance on fossil fuels, is just right.

“An idea like this suddenly has a lot more cache,” said Jake Thompson, a spokesman for Senator Nelson. Mr. Thompson noted his office was lobbying the [Senate Finance Committee](#) to incorporate the legislation into the stimulus proposal, which in its draft form ([PDF](#)) provides nearly \$25 billion in tax incentives to producers of renewable energy.

Experts say such fiscal enticements from the federal government are needed for biogas to become a commercially viable alternative to natural gas. As of 2008, there were 121 biogas recovery systems in the United States generating about 256,000 megawatt hours of power, according to [AgSTAR](#) .

But the agency found that biogas systems were technically feasible at about 7,000 existing dairy and swine operations, with a potential of producing up to six million megawatt hours of energy annually ( [PDF](#) ).

“Existing incentives for biogas have been very weak compared to other renewables,” observed [Brent Gloy](#) , an associate professor at Cornell University’s [Department of Applied Economics and Management](#) . Mr. Gloy said the proposed legislation was “a real step in the right direction that could really get the industry going.

By [LEORA BROYDO VESTEL](#) New York Times