

It's signer beware on wind farm contracts

BY BONNIE BALTESSEN
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ST. LAURENT

Wind energy can offer opportunity for farmers to generate more revenue from their land — if they're careful about what they sign.

Normand Mabon farms at St. Leon, where Manitoba's first wind farm was installed, and he now offers his experience in risk management to other farmers approached by wind energy companies.

"Contract knowledge is everything," he warned and said there are plenty of such contracts that don't offer proper compensation or rights to landowners. Some, he said, could allow a company to do what it wants and restrict the farmer's ability to generate income from his land.

Mabon feared that too many people sign agreements without studying them. He reminded farmers they have the power not to sign.

As part of the negotiating team at St. Leon, Mabon has learned plenty. "We spent 3-1/2 months negotiating that contract," he said.

At St. Leon, the first company involved was Sequoia Energy, which sought permission from farmers to study the wind energy at that location. It didn't take long for Sequoia to decide St. Leon had plenty of wind.

There are two rules of thumb Mabon considers the basic minimum requirements that farmers will want in these agreements.

"No. 1 is to make sure they don't restrict your ability to farm," he explained. "No. 2 is, if you are restricted, you are compensated."

Some farmers, he said, have signed agreements that put



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— NORMAND MABON

restrictions on their property, but that don't provide for compensation for the farmer until a turbine is placed on the property. Under such an agreement, a farmer can be restricted on his or her own land for 40 years with no benefit.

"The only compensation goes to the person with the turbine," he said. "What they don't tell you is that once a turbine goes on your neighbour's property, your land is not released."

Some agreements may also prevent a farmer from installing his own turbine on his property, even if the company chooses not to use his land for their turbines.

During the St. Leon negotiations, he said, one of the most contentious issues came up when farmers discovered only

those with turbines built on their land would be compensated. A field without a turbine would still be locked in under the contract, but not eligible for compensation.

The negotiating group objected and negotiated \$5 per acre, with regular cost-of-living adjustments. Then, if a turbine is erected on a farmer's land, he's compensated according to the turbine's production.

"I guarantee that the first thing I do every morning is check if (the turbine blades) are turning," said Mabon.

Farmers with turbines on their land are paid 64 cents per megawatt generated per hour, which, over the course of a full year, amounts to \$4,000.

Benefits reach well beyond this income as the taxes gen-

erated go in part to the municipality.

St. Leon also serves as a training ground for young people wanting to develop careers in the wind power industry.

Mabon figured about \$1.68 million came flowing into the area from the wind farm projects.

Ultimately, he said, the turbines were a good deal for St. Leon. The wind farm has proved to be a little gold rush and as such, Mabon warned farmers, people would look to stake claims of their own.

"It probably isn't going to be the fellow who comes to your door who stakes the claim. It's the guy who's going to own the (wind) farm or build the farm. So you have to be very careful because once you sign your

name on the contract, it's only what's on the contract that you've agreed to. It doesn't matter what the fellow said when he came to the door — it's what the agreement says."

However, he warned farmers to beware of companies coming around looking for farmer investments. Viable projects shouldn't need money from the farmer, he said. "You know the project makes sense when nobody is asking for money."

A group in Elton is challenging that theory somewhat, as it moves toward a community effort to entice wind farm prospectors to the area. Dan Mazier said he's thankful his group has the St. Leon experience to learn from.

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With this right of way, I thee wed

BY BONNIE BALTESSEN
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Using the metaphor of a marriage, St. Leon farmer Normand Mabon outlined the four possible types of contracts farmers may be asked to sign as more wind power developers touch down in Manitoba.

First, there's an option, he explained

to farmers at St. Laurent. "The option is like being engaged to be married. You propose to your wife; she agrees; you're engaged. Anytime before you get to the church, either one can refuse."

The second contract — used at St. Leon — was the "right of way." When Mabon and his group negotiated right of way, they insisted on limited restrictions on farming — and where there

had to be restrictions, farmers would have to be adequately compensated.

Once a marriage is negotiated under this type of contract, Mabon said, "if the man wants to get married, the woman has no choice, but if the man changes his mind, the deal is off." In this case, he said, farmers are the women.

The third type is an option with a lease. Often, he said, such leases give

the company the right to do what they want, where they want, when they want. "It's not like a marriage proposal anymore. You're sold into slavery."

Then there's the fourth type of contract — a straight lease.

Regardless of the type of contract, Mabon's advice to farmers was to be prepared to read and understand everything a company asks them to sign.

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