

## Father and son feel the breeze at their backs

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For the longest time, their business interests were worlds apart.

Bernd Schneider, a banker and heir to one of the largest private power companies in southern Germany, was deeply involved in the Canadian real estate market. His son, Thomas, a McGill University commerce and science graduate, was interested in marketing and new media and had launched companies serving the entertainment sector.

"It was not so much my thing," recalls 57-year-old Bernd, who took a pass on investing in those companies. He had hoped his son might pursue physics.

It wasn't until Thomas, now 31, hit upon the idea of wind-power generation, shortly after Canada signed the Kyoto agreement, that his father sat up and took notice. "I was very pleased when he came with this idea," Bernd says.

A family that had made its fortune producing clean electricity in Germany for close to 100 years would reinvent itself in Canada and return to its roots. Thomas, at the age of 22, would become the fifth generation of his family to run a power company specializing in renewable energy.

His great-great-grandfather, Josef Schneider, was converting flour mills into hydroelectric generators in the late 1800s, before most people had light bulbs in their homes.

Similarly, Schneider Power Inc. (formed as Schneider Power Corp. in 1998) was the first private wind developer based in Ontario, giving it a head start when the market exploded in 2003 with the provincial Liberal government's decision to deregulate power.

The company now has 10,900 hectares of land under development across the country, and one small wind farm already up and running, on Manitoulin Island in Ontario.

That is its bird in the hand, along with dozens of wind turbines on order -- a key strategic advantage given that it can take three years to procure a turbine -- and various power-purchase agreements signed with the provincial government.

"We're in a massive growth phase right now," says Thomas, the company's president and chief executive officer, from his downtown Toronto office.

"We're bringing power on-line faster than any other developer in Ontario."

If all goes as planned, by 2009 the company expects to have increased its total energy capacity to 115 megawatts from its current level of 2 MW, Thomas says. Its annual revenue could similarly increase to about \$3.5-million from the current \$200,000, he says, if projects under development in Ontario, Manitoba and Nova Scotia become operational.

"I'm almost afraid of giving numbers, as it sounds like a dot-com approach," he adds. "Is it growing fast? Yes, but it's actually a very solid, very safe industry."

For alternative energy companies such as Schneider Power, everything turned in 2003, when the Ontario government deregulated the sector. "That was the one big single barrier that had prevented us from opening up a wind farm," Thomas recalls. "It was a key, instrumental part of our development."

Then, the lights went out -- literally -- for three days in Ontario that summer, and the blackout caused people to take a hard look at the province's energy woes and dependence on foreign sources. It was fortuitous for companies like Schneider.

"That was sheer luck," Thomas recalls. "It was a wake-up call, and people realized they had to look at alternatives to coal-fired power."

There were also calls for Ontario to reinvest in its electricity grid and transmission lines, and to re-examine its dependence on electricity from the U.S. That tied in nicely with the Schneiders' idea of distributed generation, "so one tree hitting a power-line in the U.S. hopefully won't take out the entire Eastern seaboard," as Thomas puts it.

Governments have since made commitments to renewable energy, and are looking for ways to meet Canada's goals under the Kyoto Protocol. Ontario, for example, aims to have 10 per cent of the province's power from renewable energy by 2010, up from less than 3 per cent now.

The second key growth driver, the father-and-son team say, is their approach to community relations. Wind-farm projects often meet with strong resistance from local residents concerned about the destruction of natural vistas, turbine noise and vibrations, and bird safety, as well as the reliability and efficiency of electricity produced by wind farm.

The Schneiders say they make a point of bringing local people and other stakeholders onside early, knocking on doors and meeting people face-to-face. "We want to make sure our communities are happy -- and that's not just some outsourced communication strategy," Thomas says.

Ruth Frawley, clerk-treasurer of the Township of Manitoulin, where the company's Providence Bay/Spring Bay farm is located, can attest to the Schneiders' skills in community relations.

"Right from day one, they came and introduced themselves, and made presentations," she recalls. A zoning amendment was involved, because the development is on farmland, and the Schneiders "made a concerted effort to hold public meetings on their own. I think they were an excellent company to do that, and the locals appreciated it."

The Spring Bay wind turbines are painted green on the bottom and fade to white at the top, an attempt to blend in with the surrounding landscape. "I can see them from miles and miles away . . . and I don't have a problem with them. I like them," Ms. Frawley says.

Thomas says many communities oppose wind power because they don't feel developers listen to them. "It only takes one wind project that sours community relations and it will affect the rest of the province," he says, citing projects in Shelburne, Orangeville and Collingwood that have been controversial.

Schneider Power makes a point of avoiding communities where there's strong opposition to wind farming. So far, the strategy seems to be paying off when it comes to investor support: it has raised \$6-million through private placements, and now has 27 investors on its roster. And its 10,900 hectares of land under development represent agreements and continuing relationships with 40 to 50 landowners, Thomas says.

Investeco Capital Corp., a private equity investment firm specializing in green companies, was one of Schneider Power's first supporters. Investeco president Andrew Heinzman recalls that the start-up "had some interesting properties being developed, and had an entrepreneur who had a lot of energy and vision of where he wanted to go.

"We like the way it's unfolding so far," Mr. Heinzman adds. "It's all about execution now."

Schneider Power has 10 projects in advanced stages of development, and many more "in the pipeline," says Thomas. Its \$3.6-million Manitoulin project consists of two German-built Enercon wind turbines, which became operational earlier this year. The project calls for six more turbines, pending financing, for a total generating capacity of 11.6 megawatts.

It's small, but that's how the Schneiders like it. "When you have a lot of windmills, it becomes an industrial park," with a marked impact on the environment and local community, Thomas says. Bigger wind farms require more power lines and "do create noise" and other "nuisance factors."

Electricity produced by Schneider Power's Manitoulin wind farm is being purchased by Bullfrog Power, a Toronto-based green electricity retailer. Bullfrog president Tom Heinzman, who is Andrew Heinzman's brother, likes the Schneider family's long track record. "It's deep in their blood, and a family business, which we like. We get to know the proprietors."

Schneider Power's five other projects in Ontario, all 10-MW developments, are near Innisfil and in Arthur, Trout Creek, Amaranth and Laurel.

In Manitoba, Schneider Power has planned three much larger wind farms: a 60 MW development at Hilltop Heights, and 100.5 MW developments in Fairmont and Rapid City.

Still, Schneider Power faces challenges to make its plans a reality, including \$100-million in financing to complete projects under development. Other challenges include finding expert employees in the environmental technology field, and access to transmission lines, especially in Ontario.

The Schneiders expect consolidation in the industry, especially among players who can't access the financing, the turbines or the expertise needed. They don't expect to be among them.

"Electricity flows in our veins," Thomas jokes. "I truly enjoy working with my father, though 10 years ago, I couldn't have imagined it."

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#### **By the numbers**

**1,490**

Canada's current installed capacity from wind power, in megawatts

**440,000**

Number of homes 1,490 megawatts could power

**\$18-billion**

Projected investment in Canadian wind-power industry between now and 2015

#### **Staff**

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