

# \$42 Million Mega-Dairy Factory Farm Gas Deal Defaults

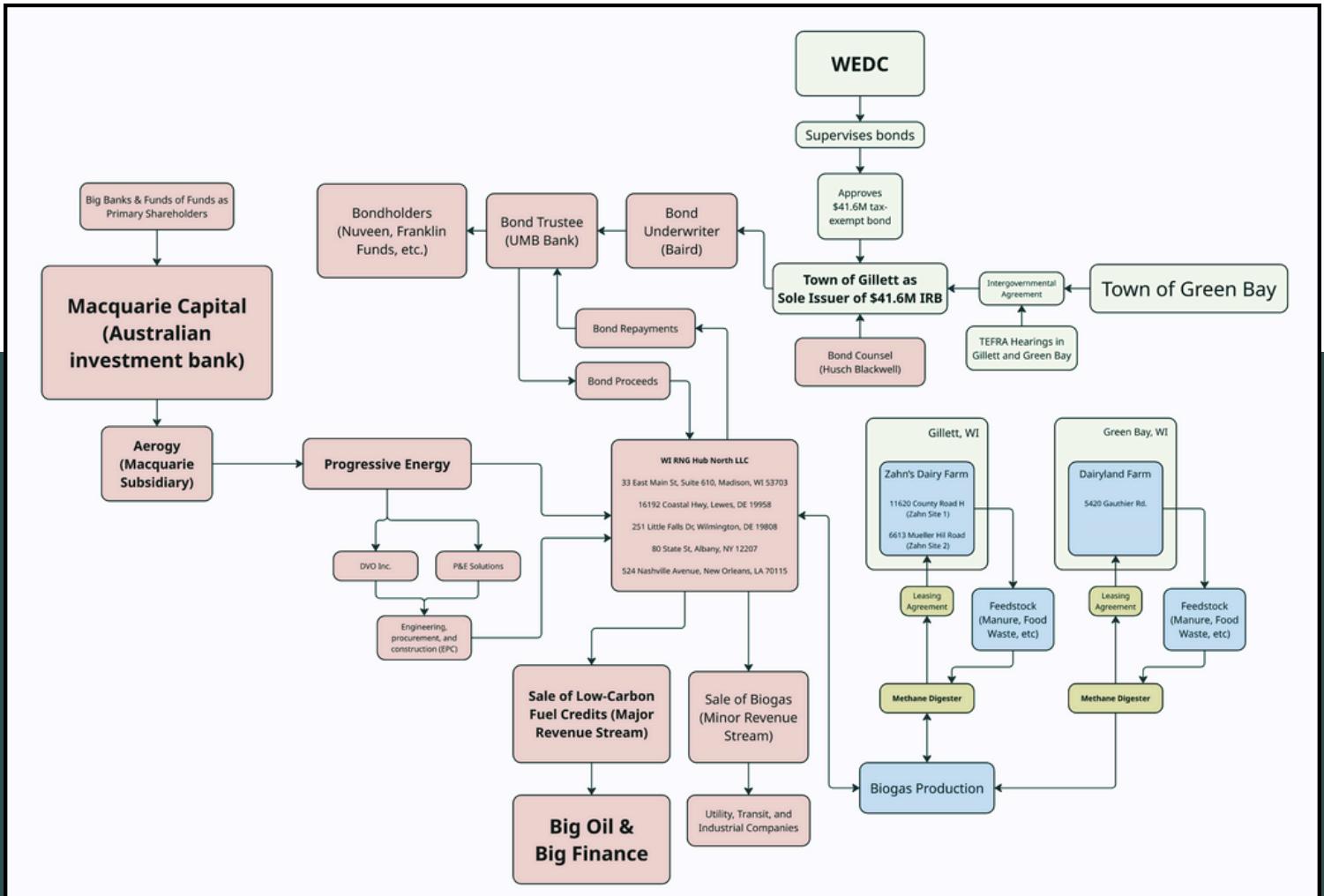
It may be impossible to ever figure out exactly how the tiny Town of Gillett ended up financing a mega-dairy factory farm gas deal with an Australian finance giant for \$41,585,000.

Nonetheless, according to a public [securities filing](#) first reported by [Bloomberg Law](#), the WI RNG Hub North defaulted in June and [December 2025](#) and investors are looking for millions in principal payments.



## WI RNG HUB NORTH CASE STUDY

Town of Gillett  
Oconto County  
\$41.6 million for a \$57 million project  
Wisconsin Economic Development Corporation (WEDC)  
Status: In default



[DOWNLOAD THE FULL SCHEMATIC](#)



Publicly financed deals such as WI RNG Hub North can be especially difficult for communities to navigate. The deal was financed through an extremely complicated set of players, including Gillett-based Zahn's Farms mega-dairy, the towns of Gillett and Green Bay, Australian-based MacQuarie Capital, Louisiana-based Progressive Energy, Milwaukee-based law firm Husch Blackwell, and Wisconsin Economic Development Corporation (WEDC).

Based on WEDC documents and extensive research, however, it is possible to sketch out the byzantine group of private and public players that put together this \$42 million payday.

WEDC's [preliminary 2020](#) and [final 2021](#) authorization documents map out a deal totaling more than \$57 million. Under this scenario, financing would cover the development of a factory farm gas plant and a gas "hub" at Zahn's 4,500-cow facility in Gillett. Zahn planned to expand to 9,000 cows under the proposal.

Like many dairies, Zahns Farms is located on a natural gas pipeline. Under this plan, gas from Zahns' manure would be collected and then a "scrubber" would clean up the gas and feed it into the pipeline through the hub.

A second location at the Dairyland facility in the Town of Green Bay would possibly ship gas to the hub. In addition, there was talk of [14 other dairies](#) located within a 60-mile radius of Zahns participating. It is known that the Zahns hub was built and has now defaulted. It is not known if any of these other locations ever participated.

Leading the project is [MacQuarie Capital](#), a multi-billion-dollar investment bank with close to 20,000 employees worldwide. Macquarie put together WI RNG Hub North through one of its subsidiaries, [Aerogy](#). Created in 2022, Aerogy looks to do project development, financing, construction, and commercial operation, as well as subsequent project expansions.

**ACCORDING TO AEROGY, THE WI RNG HUB NORTH PROJECT COULD THEORETICALLY PRODUCE [200,000 MMBTU OF GAS PER YEAR](#) FROM ZAHNS FARMS. DEPENDING ON MARKET PRICES, THIS COULD BE WORTH MILLIONS OF DOLLARS.**

New Orleans-based [Progressive Energy](#) served as the project developer. With a leasing agreement with Zahn's Farm, Progressive contracted with [DVO, Inc](#) for an aerobic digester to make the factory farm gas. [P&E Solutions](#) did the construction on Zahn's Gillett property. According to [WEDC](#), the digester began operations in 2023.

Progressive's [marketing materials](#) describe how the facility receives low-carbon fuel credits from federal and state agencies for gas production. These credits are sold to companies looking to stay in compliance with their pollution permits. Revenue from the sale of credits is used to recuperate costs, repay the bond, and make a profit. [PurEnergy LLC](#) registered WI RNG Hub North for credits under California's tax credit program.

Crucially, this means the WI RNG Hub North digester relies on federal and state fuel credits for revenue, with a negligible amount of money coming from gas sales. For example, one recent [University of Wisconsin-Madison study](#) found that nearly 95% of one dairy's factory farm gas revenue came from government programs instead of gas sales.

**CRUCIALLY, THIS MEANS THE WI RNG HUB NORTH DIGESTER RELIES ON FEDERAL AND STATE FUEL CREDITS FOR REVENUE, WITH A NEGLIGIBLE AMOUNT OF MONEY COMING FROM GAS SALES.**

One [Wisconsin mega-dairy](#) estimates that gas from each cow is worth \$1,360 a year. Of that only \$100 is from selling gas. For more details on tax credits and other government programs, see [The Rules](#).

Finally, Progressive's partnership with Aerogy appears to include an exit strategy. After three to five years, they plan to cash out. Pointing to multi-billion-dollar sales of similar projects to global asset managers such as BlackRock and oil companies like Shell, BP, and Chevron, these developers look forward to the "[very high valuations](#)" of selling their factory farm gas facilities.



# Why Did WI RNG Hub North Default?

None of the players involved have come clean publicly on the reason behind the WI RNG Hub North default. However, in January 2026, the [USDA's Rural Business Cooperative paused all action](#) on loan note guarantees while they investigate the 27% delinquency rate for digesters under the program. Concerns include elevated rates of project underperformance, loan delinquency, operational failures, and underwriting guidelines.

HERE ARE THREE POSSIBLE EXPLANATIONS →

1

Waste from Zahns Farms mega-dairy did not produce enough high-quality gas to meet the projected 200,000 Million British Thermal Units (MMBtu).

2

Prices for the state and federal credits are much lower than projected so the cash flow isn't sufficient to make bond payments.

3

Their "exit strategy" failed because there is no market for a project that's not generating enough gas or cash.

## What a Difference a Default Makes

Zahns Farms mega-dairy changed its tune dramatically before and after the default.

### [2022 Macquarie Press Release](#)

"We look forward to working with our partners to bring this exciting project to fruition. Macquarie's expertise coupled with DVO technology, one of the leading digester technology providers yielding some of the highest biogas per cow figures in the market, should make for a successful initial project with significant room for growth," said Robert Zahn, owner of Zahn's Farm.

### [2025 Sentient Media Article](#)

"Zahn's Farms LLC is not the owner nor the operator of the anaerobic digester, nor is responsible for making bond payments. Aerology [sic] LLC is who you are looking to communicate with."

While the ill-advised WI RNG Hub North deal went through unimpeded, there are [\*\*Specific Steps You Can Take\*\*](#) to stop developers in your community.

**FOR EXAMPLE, WITH A DEAL LIKE THIS, YOU COULD →**



**1**

Alert town officials and citizens of plans to get the town's approval for a bond deal.

**2**

Alert local, state, and national media of the deal and local resistance.

**3**

Circulate a petition within 30 days of a resolution requesting a referendum.

**4**

Campaign in your community asking people to Vote No on public financing for privately owned livestock operations.



# Community Background

Located about 35 miles northwest of Green Bay, the Town of Gillett in Oconto County has about 1,100 people. Despite having only 36 square miles, Gillett is home to five lakes and the Oconto River, which runs through Oconto County to Lake Michigan.

## WI RNG Hub North Players

1

Lynda Templen  
Bond Counsel, [Husch Blackwell](#)

2

Jim Rosenberg  
Regional Economic Director,  
[WEDC](#)

3

Steve Sabatke  
Underwriting Manager, [WEDC](#)

4

Cary Dequain  
Chair, [Town of Green Bay](#)

5

Andy Schaal  
Chair, [Town of Gillett](#)

6

Robert Zahn  
Owner, [Zahns Farms](#)

7

Nick Cioll  
CEO, [Progressive EnergyCo](#)

8

Michael Miller  
CEO, [Aerogy](#)

9

Stephen Dvorak  
President, [DVO Inc.](#) & Vice  
President, Progressive  
EnergyCo



# Timeline of Events

This timeline was developed with the following information:

- Public records requests related to the Zahns Farms financing through WEDC;
- Company websites and promotional materials;
- National and local media coverage.



**JULY 20, 2020**

Gillett Town Board approves resolution supporting bond to finance development of WI RNG Hub North.

**AUGUST 5, 2020**

The shell company, WI RNG Hub North LLC, is registered with the [Wisconsin Department of Financial Institutions](#).

**OCTOBER 13, 2020**

Green Bay Town Board approves resolution to support the WI RNG Hub North bond.

**NOVEMBER 10, 2020**

[Green Bay Town Board](#) holds meeting on bond financing. Templen discusses the bond process and answers questions concerning property taxes, the fire department, and possible odor.

**JANUARY, 2021**

Town of Green Bay holds the federally required TEFRA hearing on bond financing.

**FEBRUARY 17, 2021**

Progressive EnergyCo LLC awarded \$3 million in Qualified New Business Venture (QNV) investor tax credits from WEDC

**NOVEMBER 10, 2021**

Town of Gillett and WI RNG Hub North seek an additional \$8 million, citing “delays and supply chain issues” that bring the project total to \$57.7 million. WEDC approves a bond total of \$43 million.

**JANUARY 11, 2022**

Husch Blackwell notifies WEDC that WI RNG Hub North bonds are sold. Bonds sold at an interest rate of 5.5 percent to mature on December 1, 2032. WEDC receives \$41,585 closing fee.

**JANUARY 18, 2022**

Macquarie Capital officially launches Aerogy and announces Zahns Farms digester project as a success case.

**JULY 2022**

P&E Solutions moves forward with engineering, procurement, and construction.

**AUGUST 21, 2023**

“First gas” achieved with many “punch list” items needed for “substantial completion” by September 2024.

**DECEMBER 4, 2023**

PurEnergy LLC registers WI RNG North Hub with California Air Resources Board (CARB) to begin selling Low Carbon Fuel Standard (LCFS) credits.

**OCTOBER 19, 2024**

Construction does not meet “substantial completion” due to failure of compressor motors and other issues. Contractor, P&E, projects \$2.49 million in “disputed costs.”

**JUNE 2, 2025**

WI RNG Hub North defaults on principal payment. Trustee pays \$1.4 million in interest from reserve fund.

**DECEMBER 1, 2025**

WI RNG Hub North default continues. Trustee pays \$1.4 million in interest from reserve fund with \$3 million balance.

# Who Benefits?

WI RNG Hub North's financial structure very clearly shows how public financing can be used to channel profits from local resources to national and foreign investors. Australian-based Aerogy and Louisiana-based Progressive Energy are positioned to capture the largest share of potential profits given their role as primary shareholders in the project.

While the WI RNG Hub North shell company ensures the project generates local tax revenues, money from the sale of low-carbon fuel credits and factory farm gas is primarily retained by Aerogy and Progressive Energy. Unlike development projects owned and operated by state residents, this entails a significant transfer of wealth outside of Wisconsin.

Moreover, these benefits operate as incentives for mega-dairies like Zahns Farms to further accelerate industry consolidation. Simultaneously, smaller farms are squeezed out of the market. Communities miss out on opportunities to prioritize regenerative farming and are left to address the unregulated impacts of water and air pollution, road damage, fire risk, and carcass disposal.

## WEDC Authorization Form for RNG Hub North

NOVEMBER 10, 2021

Project description: Financing for an anaerobic digester project in the Town of Gillett and the Town of Green Bay.

Project Funding	
WEDC bond deal	\$43,000,000
Equity	\$14,729,458
<b>Project Funding Total</b>	<b>\$57,729,458</b>
Uses of Project Funding	
Land costs	\$695,000
Building	\$5,531,000
Equipment	\$28,758,641
Miscellaneous	\$22,744,817
<b>Uses of Project Funding Total</b>	<b>\$57,729,458</b>

# Is Nothing Sacred?

THOUSANDS OF TRUCKLOADS  
OF FEED AND LIQUID WASTE  
NEVER STOP ROARING UP AND  
DOWN RURAL ROADS.



SEMI-TRUCKS  
NOW PARK  
BETWEEN THE  
ABANDONED  
CHURCH AND  
CEMETERY JUST  
ACROSS THE  
STREET FROM THE  
DEFAULTED WI  
RNG HUB NORTH  
FACILITY.