
Largest EU Bio-Refinery To Come Onstream H1 2009

LONDON, May 12 (Reuters) - The largest biorefinery in the European Union should be up and running in the first half of next year, consuming a substantial chunk of Britain's exportable wheat surplus, the head of UK biofuels firm Ensus said.

Ensus chief executive Alwyn Hughes told Reuters the plant, which the company is building in Wilton, northeast England, will make bioethanol and a protein rich animal feed co-product from about 1.2 to 1.3 million tonnes of British wheat.

"We are well into construction now and we will be producing ethanol and animal feed in Q1, Q2 next year," he said in comments released on Monday.

Britain traditionally has an exportable wheat surplus of about 2.5 million tonnes.

The plant will be the first major bioethanol plant in Britain, producing around 330,000 tonnes of the biofuel, far larger than the current leader, a British Sugar facility in eastern England with an annual capacity of around 55,000 tonnes.

It will also produce 350,000 tonnes of animal feed.

Ensus, a start-up company which was acquired last year by two US private equity funds, the Carlyle Group and Riverstone, has a contract to sell all the bioethanol produced in Wilton to oil major Royal Dutch Shell while Glencore will supply grain and take the animal feed, Hughes said.

The plant is expected to supply one-third of UK demand for ethanol under Britain's Renewable Transport Fuels Obligation (RTFO) which mandates that 5 percent of motor fuel should come from renewable resources by 2010.

Biofuels, now mainly produced by grains, sugarcane and vegetable oils, are seen by supporters as a way of reducing emissions of greenhouse gases and boosting energy security at a time when crude oil prices are at record highs.

Critics, however, believe the expansion of global biofuels production has helped to drive up food prices, causing severe hardship and even rioting in some developing countries and has led to deforestation.

GOVERNMENT REVIEW

Prime Minister Gordon Brown said last month that Britain would push for changes in biofuels targets if a government review showed rising biofuels production drove up food prices and harmed the environment.

"I think it is absolutely right that we should differentiate between good and bad biofuels because it is very important that we have biofuels that have a very positive carbon footprint and don't detract from our need to feed ourselves," Hughes said.

Hughes said he hoped politicians would clearly determine what represented a "good biofuel" and "create an environment for industries based on good biofuels to expand."

"We have the capacity to expand our plant in the UK but I would like to see a more confident position from the UK government before I would want to make that investment," Hughes said, adding the company was also looking at investments in continental Europe.

The Ensus plant is expected to provide carbon savings of about 70 percent compared with fossil fuel alternatives using current accepted UK methodology, Hughes said.

He said the animal feed, which is more suitable for cattle than pigs and chickens because of its high fibre content, should displace imported South American soymeal.

"That will reduce the pressure on deforestation," he said.

Two more giant bioethanol plants in Britain are planned by competitors although the Ensus facility should be the first to come online, Hughes said.

British Sugar, BP and DuPont have announced plans to build a bioethanol plant at Hull in eastern England with an annual capacity of about 330,000 tonnes of bioethanol. That facility is due to be commissioned in late 2009.

And Spanish energy and engineering group Abengoa has announced plans to build a plant in Immingham in northeast England with a capacity of about 315,000 tonnes of bioethanol. The plant should be up and running around June 2010.

Both the British Sugar/BP/DuPont and Abengoa plants are also expected to rely on UK wheat as the main feedstock.

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