

South West Biofuels Forum

NOTES OF MEETING

Fri 22 Feb 2008 10am–12:30pm
Herda SW, Exeter

Attendees

Guy Hitchcock	STS – <i>Chair</i>
Alastair Stevens	SWEA
Marjolaine Pont	NELEEAC
David Jeal	NELEEAC
Tanya McArtle	NELEEAC
Kierson Wise	SWEA
Archie Montgomery	Farmer
Alan Bailey	ABS Biodiesel
Paul Albone	ABS Biodiesel
James Barrett-Miles	Ernst & Young
Jacquie Middleton	National Rural
Andrew Butler	NFU
Martin Turner	Exeter Uni
Christopher Maltin	Organic Power

Apologies

Marcelle McManus	Uni of Bath
William Mezzullo	Uni of Bath
Paul Adams	Uni of Bath
Peter Wortley	Federation of Petroleum Suppliers

Ernst & Young – presentation

James Barrett-Miles from E&Y's Energy Group (www.ey.com/renewables) gave an interesting presentation on financing options for biofuels projects.

This included a brief overview of relevant EU and UK legislation, some current biofuels projects, and types of financing structure: Project Finance vs Equity Finance. External issues were also covered, but challenges are seen as easing.

One question raised was the issue of *where* in the supply chain fuel duty is levied.

Notionally, it is as fuel leaves the refinery, but it's a grey area due to complex pooling arrangements etc. This is important to clarify, with the RTFO and buy-out fund coming into play in April.

Round table update

The NELEEAC team noted that there are currently no biofuel producers within London; efforts are proceeding to setup small schemes collecting used cooking oil, but there are coordination problems.

There is a company called Pure Fuels, based in Edmonton, which is small and growing, but current has quality issues. There are no large-scale consumers as yet.

There is also Infinitum Energy, which produces a dedicated 30% biodiesel blend called E3 for London-based Radio Taxis.

National Rural in the south-west provides 'knowledge partnerships' between regional universities (Bath, Bristol, UWE, RAC).

Organic Power reported that the UK's first gas filling station will shortly open in Wincanton, offering natural gas and biomethane. The UK is a long way behind in this area, and moving in the opposite direction to the rest of world, or at least Europe. Organic Power has a V8 petrol engine running at a diesel-like 19:1 compression ratio on biomethane, "the most environmentally friendly car in the world".

But climate for progress is bleak: both government and City/venture cap organisations are 'ill-informed' and generally 'hopeless' with regard to this field. Christopher Maltin summed up what is needed in the UK: no impossible-to-get grants, no arbitrary 'obligation' schemes (such as ROC banding and the RTFO), just clear long-term policy that should be based on the cost of carbon reduction. Transport is where support is critically needed, not electricity generation.

NFU – farm-based biodiesel is now more competitive to make, now that rape meal (the leftover shells after oil extraction) can be sold as animal feed from an "assured source". More farmers are keen, now that red diesel has reached over 50p/litre.

SWEA – Severn Wye Energy Agency gave an update on the activity in the South West under the BioNETT project with details of some of pilot project running in conjunction with

Gloucestershire County Council and the upcoming training with Commercial group in Cheltenham. The BioNETT website was flagged up <http://www.bio-nett.org/> which will have details of all the project activities as well as a list of useful 'biofuels tools' from all project partners.

ABS Biodiesel– presentation

The company was formed in Oct 2005, and is now moving to the operational phase. They have assembled a very strong team for manufacturing, operations and trading. There is some work on international projects, but their Bristol (Avonmouth Docks) site is to be the advanced 'testbed' facility.

The Bristol site is a 5 acre plot purchased from the Bristol Port Company, next to the 'oil basin', and with 6 berths. Aiming to produce 225 ktonnes per year, using an oilseed press with a capacity of 1 ktonne per day, and a vegetable oil refiner than can handle 600 tonnes per day. Planning consent for the £60m plant was granted in Oct 2007.

Avonmouth Docks is a key national asset, undergoing a huge resurgence at the moment. ABS is focusing on flexibility, in order to move with markets and regulations. The south-west currently has a rapeseed surplus of around 100 ktonnes.

There's an interest in algae biotechnology; but although fascinating and important, it is *not* imminent, and lots more R&D needs to be done first.

Finally, there was a discussion about public perceptions of biofuels, and the battle to get the truth heard above the negative media image. Major work is needed, but it was felt that the industry needs one united voice in order to be heard.

Action points

Kierson Wise to organise next meeting, in May/June