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Finland

Bio-Fuels

Finnish Companies Join Forces in Biofuel Development

2007

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Report Highlights:

Neste Oil, the developer of the NExBTL second-generation biofuel process and Stora Enso, a paper, packaging and forest products company, are joining forces to develop technology for producing new-generation biofuels from wood residues.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Stockholm [SW1]
[FI]

On March 16, 2007, the Finnish company Neste Oil signed an agreement with Finnish paper, packaging & forest products company, Stora Enso to jointly develop technology for producing new-generation biofuels from wood residues.

The joint venture partners will first build a Euro 14 million demonstration plant at Stora Enso's Varkaus Mill in Finland. The plant, owned on a 50/50 basis by the two companies is expected to start up in 2008. It will produce heat and electricity for use locally and crude biodiesel to be refined into commercial fuel at Neste Oil's refinery in Porvoo.

Expertise from Neste Oil, Stora Enso, and VTT Technical Research Centre of Finland will be utilized to implement the development phase and commercialize wood-based biofuel production. Neste Oil and Stora Enso see the growing biofuel market in Europe as a promising and sustainable business opportunity for meeting the increasing demand for premium-quality products made from a wide variety of feedstocks. The project will also focus on using Fischer-Tropsch process to produce crude biodiesel from gas.

Following the development phase and completion of technical testings, and after the partners have gained sufficient experience from the demonstration plant, the joint venture will build a full-scale commercial production plant at one of Stora Enso's mills. This facility will also be owned on a 50/50 basis by the joint venture partners.

Stora Enso will be responsible for supplying wood biomass and utilizing heat generated at its pulp and paper mills, while Neste will be responsible for final refining and marketing of the biofuel.

Developing wood-based biofuels is a logical step for Neste Oil and underpins the company's strategic goal of producing high-quality traffic fuels from a broad base of feedstocks. The project is designed to complement Neste Oil's biofuel portfolio. The company is currently commissioning its first plant to produce 170,000 tons/year of NExBTL Renewable Diesel, a high-quality fuel from vegetable oil and animal fat at its Porvoo refinery in Finland. The facility is scheduled to come on stream in the summer of 2007. A second similar plant with the same capacity, 170,000 tons/year, is also under construction in Porvoo and is scheduled to begin production towards the end of 2008. Neste Oil aims to become the world's leading biodiesel producer.

The press release for Neste Oil's and Stora Enso's joint venture can be found at:
www.nesteoil.com

While Finland is leading in utilizing renewable energy resources, it has been less successful when it comes to using biofuels for transportation. However, Finland is actively promoting the biofuel issue and is committed to increasing its share of biofuels by 2010 in accordance with EU requirements of replacing 5.75% of the fossil fuels used in transportation with biofuels.