

# Pacific Biofuel

Biofuel Developments in the Pacific. This blog features news, articles, analysis, experiences, proposals, opinions on how to promote the use of environmentally friendly biofuel applications in the Pacific.

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## ➤ Philippines: PNOC subsidiary inks \$ 1.3-B deal with UK firm on biodiesel venture, spacer

Source:

By JAMES A. LOYOLA

PNOC-Alternative Fuels Corporation, a subsidiary of state-owned Philippine National Oil Company, has signed a \$ 1.3-billion memorandum of understanding with NRG Chemical Engineering Pte Ltd of the United Kingdom.

PNOC-AFC president Peter Abaya said the MOU calls for the setting up of a local firm which will produce biodiesel, polyols, and bioethanol mainly from the cultivation of jatropha.

The local firm will be 70 percent owned by NRG and 30 percent by PNOC-AFC and aims to build a 3.5 million metric ton biofuel refinery in three years.

The joint venture also aims to plant at least one million hectares of jatropha plantations commensurate to the needs of the refineries to be put up or attract third parties to plant up to the quantity of the land.

It will also build two cellulosic ethanol plants which will produce bioethanol from jatropha biomass or other materials for the ethanol requirements of bio-refineries.

PNOC-AFC chairman Renato Velasco added that they also intend to develop and utilize the commercialization of by-products from the processing of jatropha oil and convert polyols into polyurethane for an array of bio-materials.

Under the MOU, NRG will build 350,000 to 700,000 tons of biodiesel capacity by 2007, build 3.5 million tons of capacity through expansion or new plants in three years, plant one million hectares of jatropha and produce two ethanol plants with a refining capacity of 300,000 metric tons.

The 3.5 million ton refining capacity will cost NRG \$ 455 million since PNOC-AFC will infuse 30 percent of the \$ 47 million needed for first 350,000 tons while NRG will fully finance the succeeding 3.15 million tons at a cost of \$ 460 million.

PNOC-AFC will be given 30 percent free-carry ownership of the

## Coconuts



The Pacific Tree of Life

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3.15

million tons refining project with no liabilities or other financial obligations.

NRG expects to spend \$ 600 million for 500,000 hectares of jatropha plantations of which PNOCAFC will also get 30 percent free-carry interest.

Another \$ 200 million will be spent by NRG for bio-ethanol plants with a capacity of 300,000 metric tons wherein PNOC-AFC will also get a free-carry interest of 30 percent.

NRG corporate advisor Chris de Lavigne said they are also looking at sugar cane as a feedstock for bioethanol, but it will be predominantly the jatropha biomass that will be used.

He said they are focusing on the use of jatropha for the production of biodiesel since it produces a non-edible oil compared and, therefore, it does not compete with the food chain.

"It's also very attractive, because it is a crop that grows very quickly and gives high yields of oil per hectare. It can also grow in very arid conditions or wastelands -that's why it's a very attractive feedstock," De Lavigne said adding that biodiesel made from jathropa has very good properties.

The locations for the plants are being discussed at the moment, most likely the first facility will be located at the PNOC industrial park, and with regard to the jathropa plantation there are many areas that have been identified, but it will predominantly be in Palawan and Mindanao.(JAL)  
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