

Media release

14 December 2011

Air New Zealand signs MOU with biofuel company Licella

Air New Zealand today announced it has signed a Memorandum of Understanding (MOU) with Licella Pty Ltd to examine the development and commercialisation of a process to convert woody biomass into sustainable biofuel in New Zealand.

Licella has developed a unique process using a Catalytic Hydro Thermal Reactor (Cat-HTR) which converts woody materials and other bio-mass into a high quality bio-crude oil. Under the MOU Air New Zealand and Licella will jointly explore the potential of the technology to produce sustainable aviation biofuel in New Zealand.

Air New Zealand has been at the forefront of aviation's drive to create sustainable second-generation aviation biofuels which can be used as alternatives to the existing fossil based aviation fuels. The airline played an important role in the certification of sustainable aviation biofuels, with the data collected from the airline's biofuel test flight in 2008 contributing to the certification of second-generation biofuels.

Air New Zealand Deputy CEO Norm Thompson says Air New Zealand is collaborating with a number of parties to research and develop bio-derived sustainable fuels that can be used to progressively replace conventional aviation fuels, with a particular focus on developing a local aviation biofuel industry in New Zealand.

"We are excited about signing the MOU with Licella to work more closely together to examine the potential commercialisation of their technology to produce sustainable biofuel in New Zealand," says Mr Thompson.

Air New Zealand and New Zealand Trade and Enterprise have been working closely with Licella and Norske Skog for more than two years regarding opportunities for the technology in New Zealand.

Licella Fibre Fuels, a new joint venture formed by Licella and Norske Skog Australasia, holds the exclusive license of proprietary knowledge and IP for converting sustainable ligno-cellulosic biomass into a bio-crude oil using the Cat-HTR.

Licella CEO Steve Rogers says their joint venture will hopefully lead to construction of a large-scale second generation bio-crude oil production plant in New Zealand or Australia.

“Our ability to be able to make a bio-crude oil which can be ‘dropped in’ and blended with traditional crude is a key differentiator of our technology, as it significantly reduces the capital costs of its implementation and enables us to increase volumes over time,” says Mr Rogers.

The aviation industry has a target of carbon neutral growth from 2020 and it is believed biofuels will play a key role in achieving this target.

Air New Zealand is a member of the ‘Sustainable Aviation Fuel Users Group’ (SAFUG) and the SAFUG ‘Sustainable Aviation Fuel Road Map’ (SAFRM) Australasian group.

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