



Minister for Resources and Energy, Minister for Tourism

Biofuels Plant Offers Cleaner Energy Options

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A new biofuels commercial demonstration facility at Somersby in New South Wales, opened today by the Minister for Resources and Energy, Martin Ferguson AM MP offers the potential to reduce greenhouse gas emissions and was made possible with funding from the Australian Government.

The Licella plant near Gosford will demonstrate the production of bio-crude oil that has the potential to be refined into petrol, diesel and jet fuel that emits less carbon dioxide than traditional fossil fuels.

Licella, a wholly owned subsidiary of Ignite Energy, has been supported through a \$2.3 million grant from the Australian Government's Second Generation Biofuels Research and Development (Gen 2) Program.

Licella's catalytic hydro thermal reactor works by converting woody materials and other bio-mass into liquid bio-crude oil and will begin trials of the technology early next year.

In addition to opening the plant Minister Ferguson also welcomed four exciting commercial agreements based on the Licella technology to advance its future deployment across a range of prominent sectors in the Australian economy.

Licella and its parent company Ignite Energy have entered into agreements with joint venture partners TRU Energy and Norske Skog and a memorandum of understanding with Virgin Australia.

"The versatility of Licella's technology to apply to a range of industries is truly remarkable and has the potential to benefit our energy security, the environment and provide for regional jobs," Minister Ferguson said.

The agreement reached between TRU Energy and Ignite Energy is to locate a commercial demonstration plant at Yallourn Power Station, in the Latrobe Valley, scheduled for mid 2012.

"Trials of the technology will assess its potential to add significant value to Victoria's brown coal resource by producing quality liquid fuels and solid coal products, while also testing its capacity to significantly reduce greenhouse gas emissions from burning brown coal," Minister Ferguson said.

"The prospect of this venture demonstrates the opportunities that may be available to utilise the Latrobe Valley's brown coal resource in a way that reduces greenhouse gas emissions and could provide much needed jobs to the local community."

The second agreement announced by Minister Ferguson is between, Licella and Norske Skog Australasia, to form a new joint venture company called Licella Fibre Fuels.

This new joint venture company will hold the exclusive global license to Licella's catalytic hydro thermal reactor technology to transform multiple biomass feedstocks, including forestry residues, agricultural waste and energy crops into bio-crude oil.

In addition to the activities in Australia, Licella and Norske Skog have also been working closely with New Zealand Trade and Enterprise and Air New Zealand for opportunities for the technology in New Zealand.

"This exciting joint venture could lead to the construction of a large-scale 'second generation' bio-crude oil production plant in either Australia or New Zealand and has the potential to see an Australian developed technology and company expanded globally," Minister Ferguson said.

"This type of venture represents a first step towards the type of activities that a low carbon economy can offer regional communities through new

regional employment opportunities.”

The Member for Robertson, Deborah O’Neill said that the opening of the Licella plant and the agreements announced today in support of their technology put the Central Coast front and centre on the international stage for the cutting-edge development of next generation biofuels.

“I’m thrilled that innovation right here on the Central Coast is playing a part in developing Australia’s Clean Energy Future,” said Ms O’Neill.

“We know that finding better ways of producing energy from existing sources is one way to lower our carbon emissions substantially.”

“Putting a price on carbon provides a greater incentive for companies like Ignite Energy and Licella to further invest in this kind of research and development in our region.”

Licella has also announced that it has entered into a memorandum of understanding (MoU) with Virgin Australia to support the commercialisation of a process to convert biomass into sustainable aviation fuel. Under the MoU, Virgin Australia and Licella will explore the potential of the Licella technology to produce aviation fuel, with the aim of supporting its certification and reaching a commercial off-take agreement.

“If this technology can provide for a competitively-priced sustainable aviation fuel, the potential for the aviation industry, which faces rising aviation fuel costs, could be significant,” Minister Ferguson said.

“I congratulate Licella, its parent company Ignite Energy, and their partners. This technology is a great example of an Australian company making solid advances in developing clean energy technologies with support from the Australian Government.”

In recognition of the growing importance of biofuels Minister Ferguson also released the Advanced Biofuels Study by LEK Consulting, which outlines Australia’s potential competitive advantage in the biofuels sector.

The report commissioned by the Australian Government study has been an input into the Government’s Energy White Paper and identifies the potential opportunities to further develop Australia’s biofuels industry and proposes a pathway to getting there.

This report is available at www.ret.gov.au

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