

Finland's UPM wins €170m EU grant for French biorefinery project

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UPM has won a €170m (\$225m) EU grant for a wood-based biorefinery project at Strasbourg, France, the Finland-based forestry and pulp and paper group said on Tuesday.

UPM's biorefinery at Strasbourg would, if realised, produce renewable diesel from "energy wood", such as logging residue or bark, it said.

However, the company said that a final investment decision on the project will depend on the long-term outlook for the market price and availability of wood.

In addition, amendments to the EU's biofuels' raw material-related directives that are currently being considered will have an impact on UPM's investment decision, it said. The company expects to make a final assessment within 18 months.

The EU made the grant under its New Entrants Reserve (NER300) programme, which is funded by the sale of emission allowances to European companies. The programme is part of the EU's efforts to reduce Europe's carbon footprint.

UPM added that its planned biorefinery project at Rauma, Finland, which is similar to the Strasbourg project, did not receive EU funding.

Earlier this year, UPM started construction at a wood-based biodiesel refinery in Lappeenranta, Finland.

That project, which is being built without public funds, will produce renewable diesel from crude tall oil, a residue of pulp production. Production is expected to start up in the summer of 2014.

"The EU's decision is recognition for UPM's genuine knowledge in biofuels development work," said Petri Kukkonen, head of UPM's biofuels business.

"The technology in the field continues to develop strongly. [The] UPM Lappeenranta biorefinery project will give us good experience also when considering the solid wood-based biorefinery [at Strasbourg]."

Source ICIS News