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BBGI plans Bt1.55 bn boost to biofuel capacity on expected increased demand

THE NATION

TOP biofuel producer BBGI Plc will invest Bt1.55 billion to increase its production capacity for ethanol and biodiesel, while gearing up for high-value bio-product business on expectations of finalising an investment plan by the end of this year.

Pongchai Chaichirawiwat, chief executive officer at BBGI, said that of the total planned investment, Bt1.5 billion will be used to increase the daily ethanol production capacity from 500,000 litres to 800,000 litres by the end of next year, with a target to increase the capacity to 1 million litres later.

The remaining Bt50 million will be used to raise the daily biodiesel production capacity from 930,000 litres to 1 million litres.

"We have to wait and see whether the

local demand for ethanol will rise from 4.5 million litres per day," Pongchai said. "The current local production is 6 million litres per day. The capacity expansion will not be made through investment in new machinery, but via partners. Or if the government unlocks its regulation, allowing the use of molasses for production, the company is ready for expansion instantly."

The planned capacity expansion comes in response to an expected upward trend for oil usage in the next 10 years, although electric vehicles have been gaining popularity gradually, he said.

The government has also promoted ethanol through gasohol - E20 and E85, as well as biodiesel through biodiesel B7 and B20. Currently, about 15 per cent, on average, of all petrol types will be filled with ethanol

and biodiesel.

Use of gasohol is rising by 4-5 per cent per year and demand for ethanol is growing by 6-7 per cent a year, Pongchai said.

The country's demand for ethanol is 5.5 million litres per day and that for bio diesel is 4.5 million litres.

Based on the promotion policy for B20, demand for biodiesel is forecast to rise to 7 million litres by the end of the year.

Pongchai said that in the latter half of this year, BBGI will focus on extending its business to high-value bio products, while ethanol and bio-based products will exist to help the environment.

BBGI expects to finalise its investment plan by the end of this year, aiming to spend no more than US\$100 million per product and the period from plant construction to production is

targeted at three years.

Chalush Chinthammit, president of BBGI, said that the company, which was formed by Bangchak Petroleum's (BCP) bio-based business and Khon Kaen Sugar Industry (KSL)'s ethanol business, has advantages over rivals as BBGI's major shareholders are the leaders in upstream and downstream industries of biofuel products.

BBGI has secured raw materials with flexibility to manage and order them, while gaining economies of scale with strong business partners, he said.

BCP holds a 60 per cent stake in BBGI and KSL owns the remainder,

BBGI has submitted a filing for an initial public offering of shares to the Securities and Exchange Commission on expectation to be listed in the last quarter of this year.