United Airlines says it is investing $30 million in a biofuels company to reduce its vulnerability to oil-price shocks and limits on carbon emissions from planes.

United officials said Tuesday that they expect to begin receiving fuel from Fulcrum BioEnergy Inc. in 2018 and could be taking 90 million gallons a year by 2021.
That's enough fuel for 20,000 flights a year but just a drop in United's fuel bucket. The nation's second-biggest airline burned 3.9 billion gallons last year, including United Express flights.

United officials declined to disclose the airline's ownership stake in privately held Fulcrum, but the investment is a tiny fraction of United Continental Holdings Inc.'s $1.1 billion profit last year.

Still, Chicago-based United touted the deal as the biggest single investment in biofuels by a U.S. airline so far. Hong Kong-based Cathay Pacific announced an investment in Fulcrum last year.

Aircraft are a major producer of emissions blamed for climate change, and pressure is building for them to reduce emissions. The Obama administration has taken early steps toward setting emission standards, following the lead of an international aviation authority.

Angela Foster-Rice, United's managing director for environmental affairs, said the airline has greatly reduced emissions by buying more fuel-efficient planes, and it seeks to take the next step by expanding use of alternative fuels.

United made its first test flight using biofuels in 2009, and followed that with a passenger flight powered by algae-based fuel in 2011. This summer, United expects to begin flights from Los Angeles using biofuel from AltAir Fuels.
Environmentalists have long hoped for wider use of alternatives to oil-based fuel in transportation, but progress has been slow because of cost and the difficulty of large-scale production.

California-based Fulcrum has a pilot plant in North Carolina that produces fuel from municipal garbage — a virtually free feedstock — but it hasn't even begun construction on its first commercial-size plant, in Nevada. That plant is scheduled to begin production in 2017 but its capacity will be only around 10 million gallons. CEO Jim Macias said Fulcrum will quickly build several more plants with higher capacity.

United officials said as part of the investment in Fulcrum, the airline will be able to buy 90 million gallons or more of fuel a year for at least 10 years at prices similar to conventional jet fuel. They envision Fulcrum building five plants near United hub airports.

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