The European wood pellet market

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Ekman & Co

WPAC conference
November 2014
Vancouver, Canada
Ekman is one of the world’s leading sales and marketing organizations, focusing on the global forest industry.
Ekman at a glance

- **Pulp**
- **Paper & Packaging**
- **Recovered Materials**
- **Bioenergy**

- Incorporated in 1802
- Represented in 100+ countries
- 277 employees
- 40 locations
- +4,800,000 tons/year
"We are specialized in the sales and marketing of forest products. We have broad experience in creating solutions for related financial and logistical matters."
Ekman Group
Volume & Turnover 10 years

Turnover, USD million
Tons, thousand
Bioenergy – at a glance

• Employees in Sweden, Latvia and Denmark
• Trading bioenergy products since 2008
• A leading biomass trader in Europe
• Exclusive agents for the wood pellet plants of VLK in Vyborg, Russia, and Scotia Atlantic Biomass in Halifax, Canada
• Delivering to the residential markets in Scandinavia, Germany and Italy
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Dedicated chapter on wood pellets

- Pellet production
- Pellet consumption
- Heating appliances
- Consumption for heating
- Report available from 19 November

for €500

Please order your report from: www.aebiom.org

GILLES GAUTHIER
EPC & EIPS General Manager
www.pelletcouncil.eu
World wood pellet production share in 2013 [in million tonnes]
Source: IEA Bioenergy Task 40

- EU28: 48%
- North America: 32%
- Russia: 7%
- China: 6%
- Rest of World: 4%
- Rest of Asia: 3%
European wood pellet producers’ perception of 2013 major difficulties [in %]

Source: EPC survey

- A survey by the European Pellet Council revealed the major concerns for European wood pellet producers.
  - 41% were most concerned by the increasing price of raw material
  - 24% felt that imports created too much competition
  - 23% believed that a lack of raw material is the major concern
  - 12% had difficulties with finding clients for their product
European wood pellet producers’ perception of growth by 2020 [in %]

- In another survey carried out by the European Pellet Council European wood pellet producers seem remarkably optimistic!
- 53% replied that they expected strong growth of more than 15% per annum
- 41% expressed a belief that growth would be more modest at about 5% per annum
- 6% believed that there would be no growth in the coming year

Source: EPC survey
World wood pellet demand in 2013 - power versus heating [in million tonnes]  
Sources: Hawkins Wright, EPC Survey

*2/3 of the global pellet consumption of CHP is attributed to heating & 1/3 is attributed to power.
Main European wood pellet producer countries in 2013 compared with 2012 [in thousand tonnes]  

Source: EPC
Top ten wood pellet consuming countries, by end-use in 2013 [in million tonnes] Sources: Hawkins Wright, EPC Survey

* 2/3 of the global pellet consumption of CHP is attributed to heating & 1/3 is attributed to power.
Top 10 of the EU-28 wood pellet exporting countries
2009-2013 [in thousand tonnes]

Source: EPC
Main EU-28 wood pellet consumers for heating in 2013 [in million tonnes]

Source: EPC
Improved technologies for small scale wood gas CHP running on premium quality wood pellets

- Main Features
  - 110kg/hr wood pellets feedstock
  - 190kW electricity
  - 260kW thermal (90degC hot water)
  - Compression ignition CHP with bio diesel pilot fuel
  - >43% engine efficiency
  - Guaranteed 7500hrs/year availability
Evolution of wood pellet consumption for residential and commercial heating in highest consuming countries 2012-2014
[in thousand tonnes]

Source: EPC
ENplus certification

- Certification managed by the European Pellet Council
- Based on European standard-EN 14961-2
- A handbook describes the requirements for certification
- Reduces risk for buyers – buyer can expect specifications are being met
- Is highly valued in residential grade markets – significant improvement of marketability
- Market price for certified wood pellets is higher
- License fees for certification (10-20 c/t) support lobbying at the national and European Level
Evolution of EN plus certified wood pellet volumes 2011-2014 [in thousand tonnes]

Source: EPC
The European wood pellet market

Conclusions

• The European wood pellet market is the world’s largest market this will not change
• Europe is still the worlds largest wood pellet producer with 48% of global production, but North America may overtake Europe in time
• Contrary to expectations production volumes in nearly all European countries are showing healthy increases
• Consumption in both the power and heat markets are showing good growth
• In an EPC survey 94% of all European producers expect to see growth next year
• EN Plus certification increased from just over 4 million mt in 2013 to more than 6 million in 2014
• A new EN plus handbook will be published next year
• Despite the increased demand we expect prices will remain relatively stable
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