

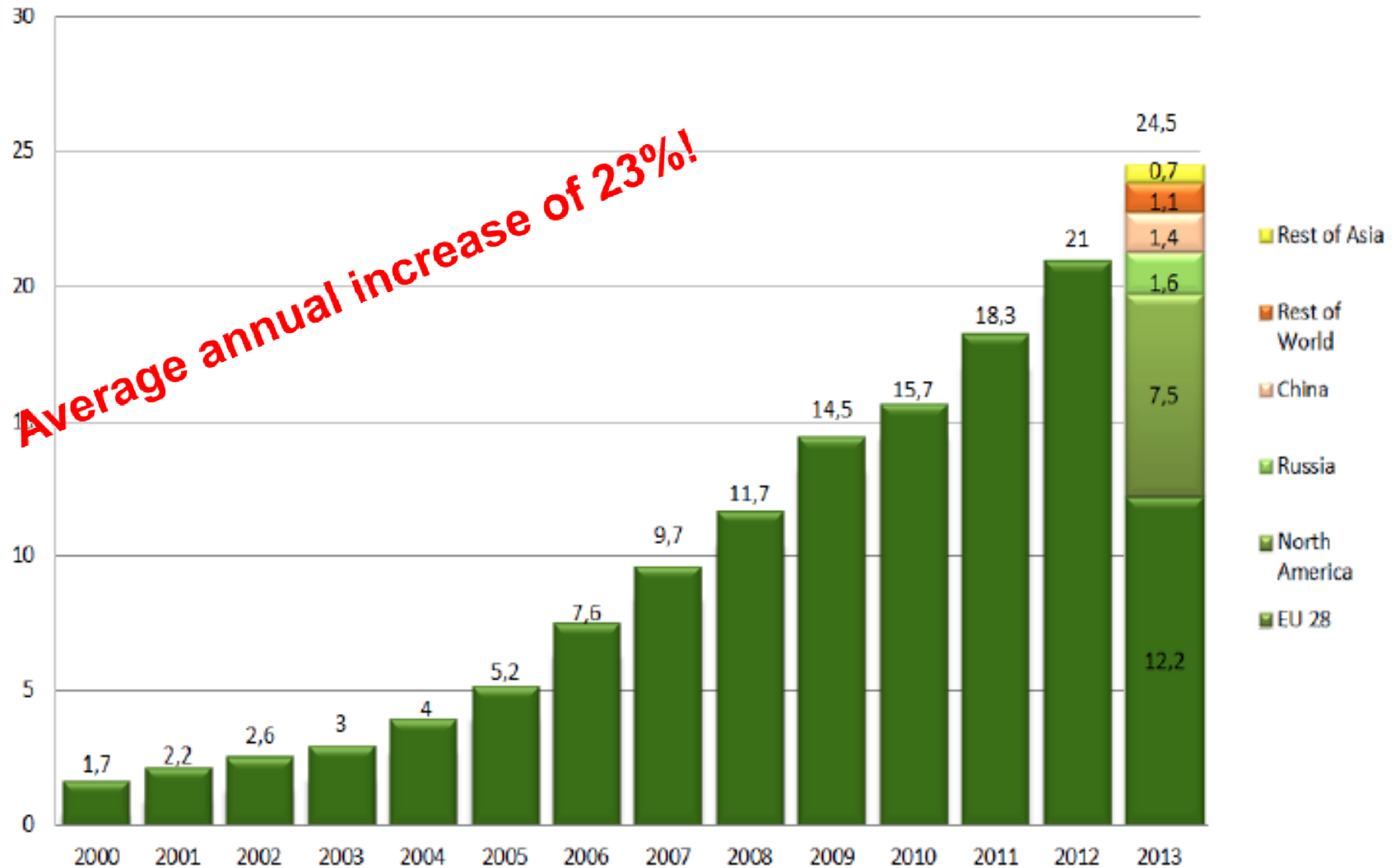
# **The state of the European pellet market**

Christian Schlagitweit

## Introduction to proPellets Austria [www.propellets.at](http://www.propellets.at)

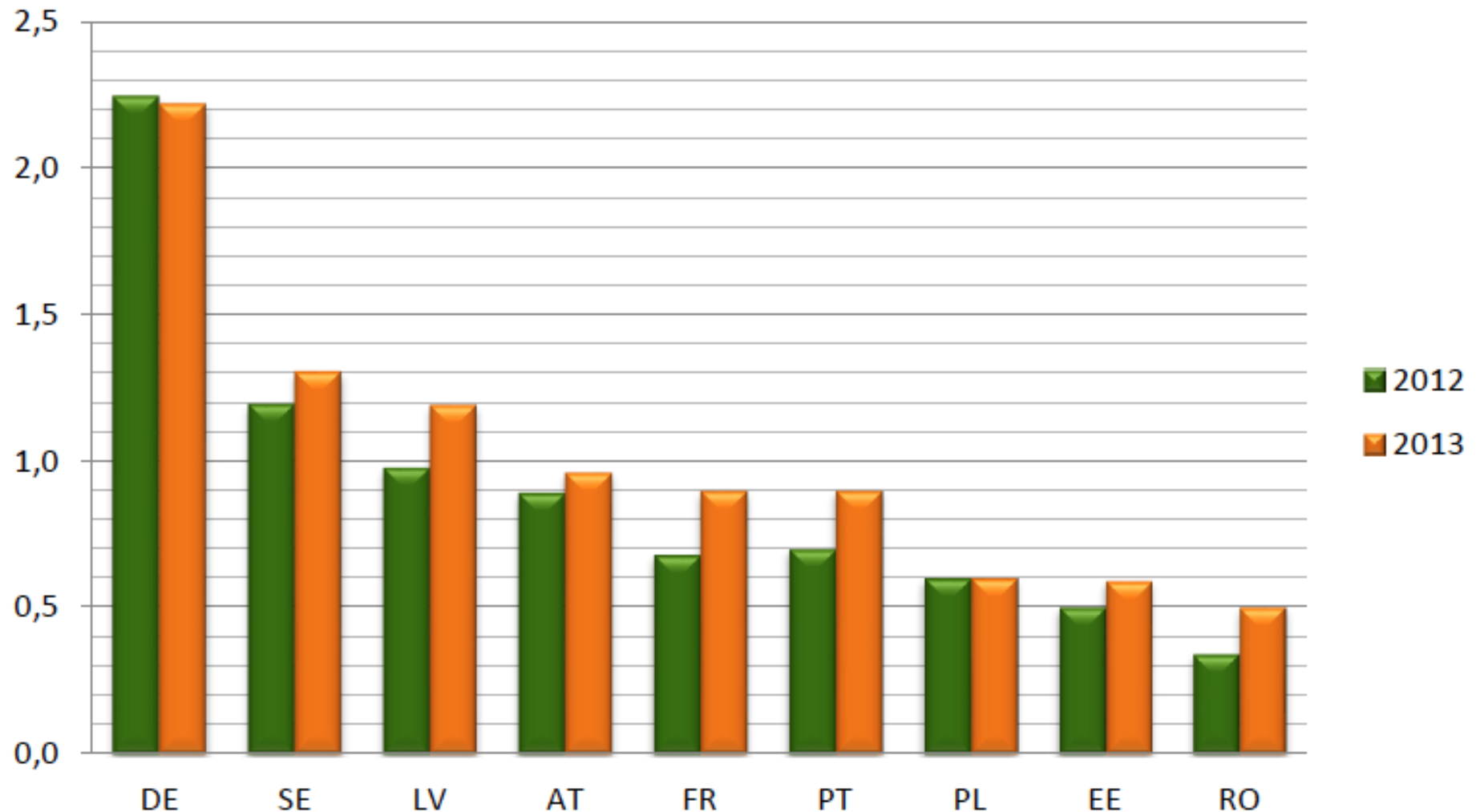
- » Association of companies making business in the pellet sector
- » 55 members: Pellet producers, boiler & stove manufacturers, pellet traders, other related businesses
- » Tasks: promotion of pellet heating, lobbying, problem management, internal communication, market monitoring
- » Staff: 3 persons
- » Our Managing Director Christian Rakos is also President of the *European Pellet Council EPC*

## Estimated World Wood Pellet Production (Mio. t)



Source: IEA Bioenergy Task 40, Ren 21, Hawkins Wright

## Main European countries' wood Pellet production in 2013 compared to 2012 [in thousands of tonnes]

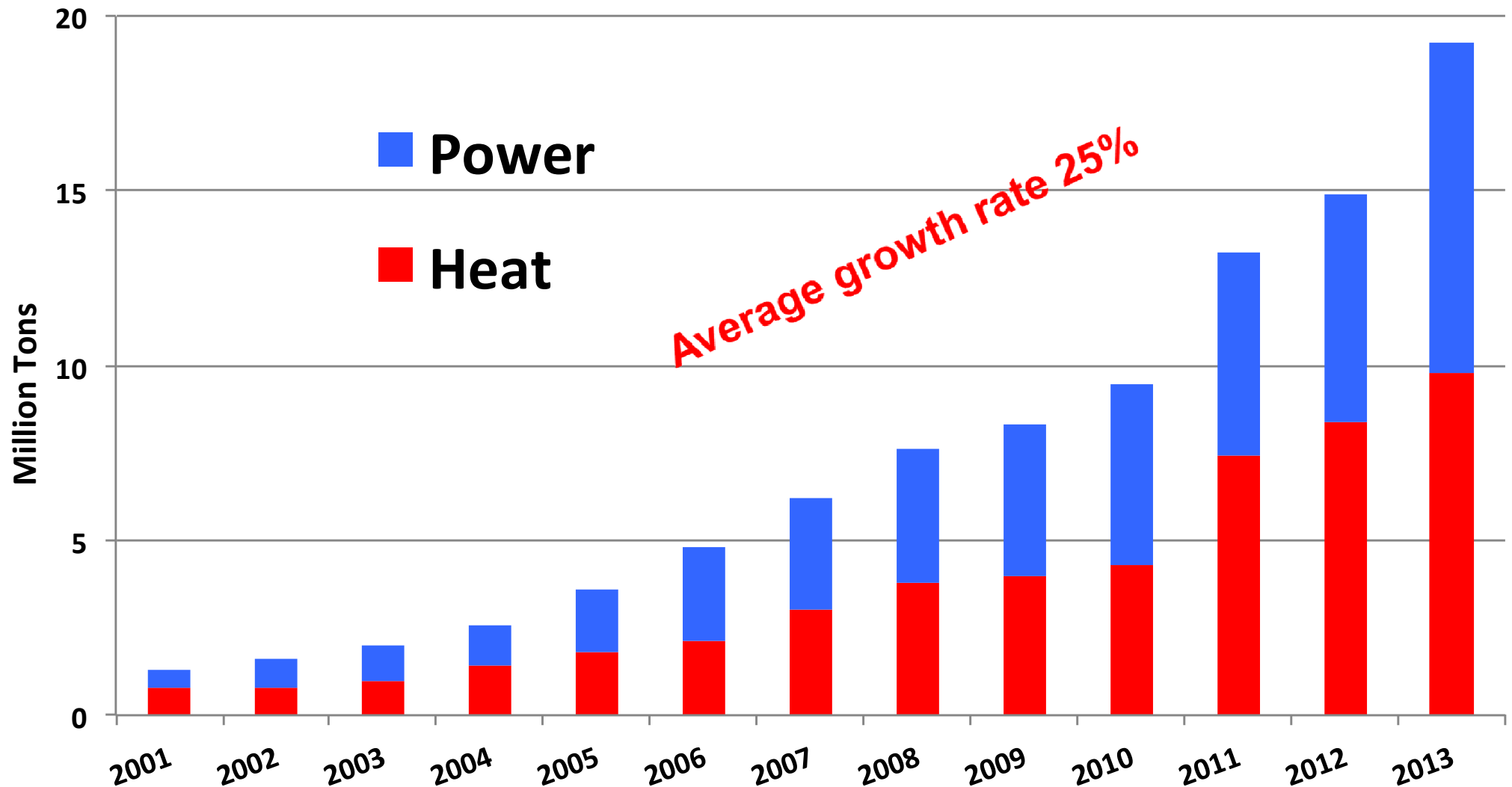


Source: EPC Survey

## Pellet Production in Europe: Conclusion

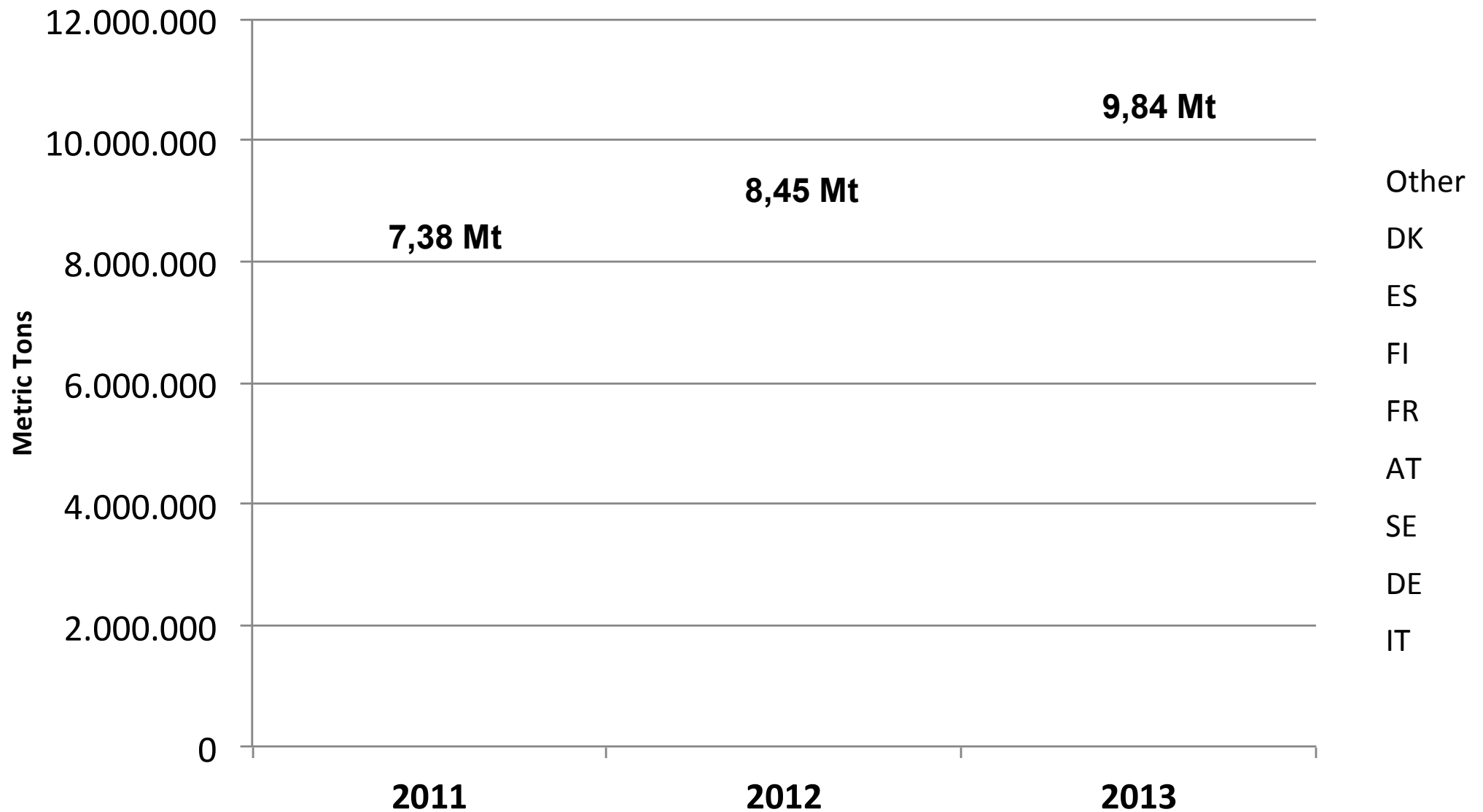
- » Started as by-product from the sawmill industry in countries with high developed timber industry  
→ softwood
- » Supply crisis 2006 and strong price increase
- » In the last years quick dissemination of pellet production in the rest of Europe (PT, FR, RU, SEE) and usage of new sources  
→ hardwood
- » European standards and classification and certification regulate and save quality

## Development of Pellet Consumption in Europe

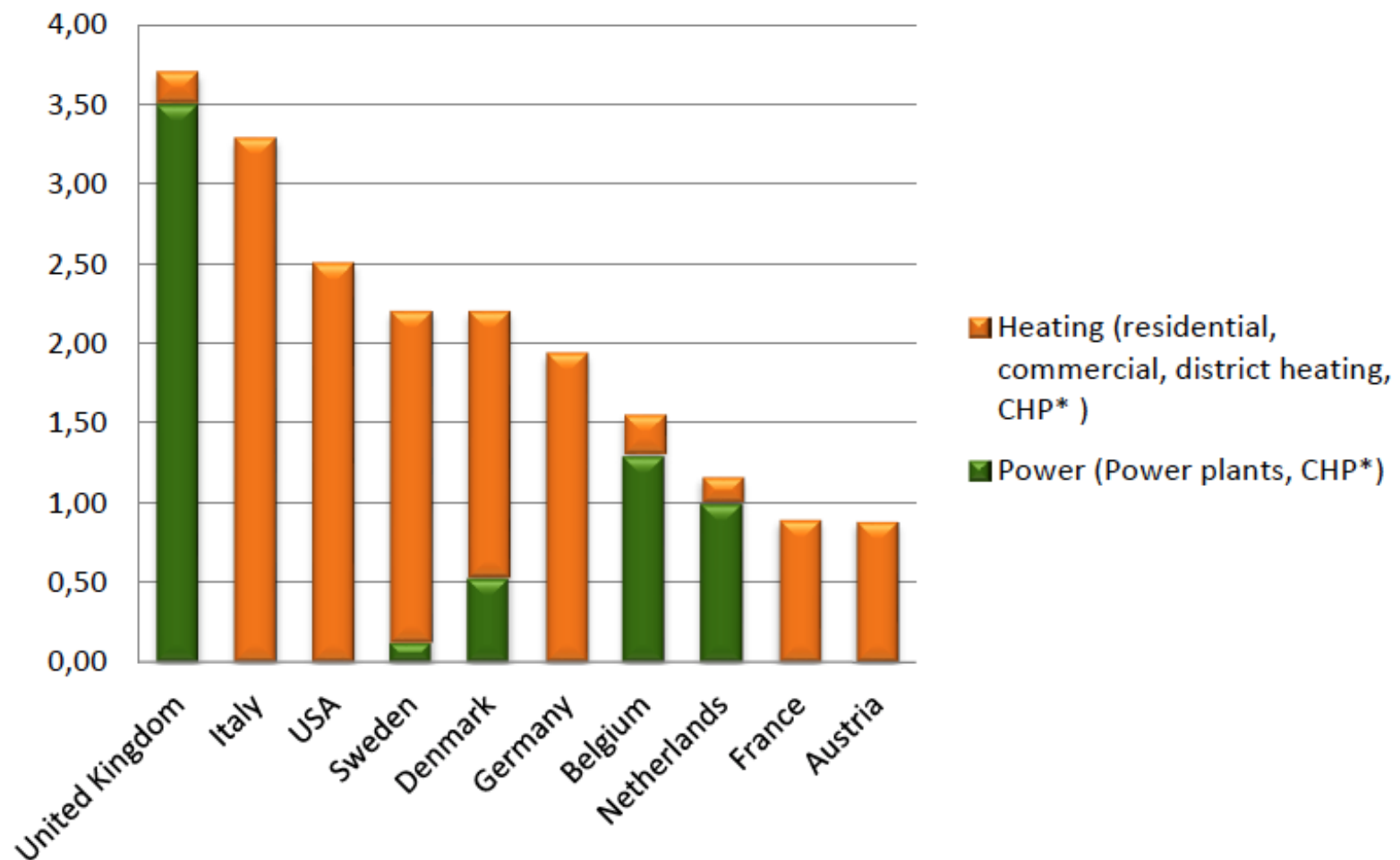


Source: Pelletatlas and AEBIOM Statistical Report, chart by European Pellet Council, May 2014

## European Pellet demand for the Heat Market



## Top 10 wood Pellet consuming countries by end-use in 2013 [in mio. t]

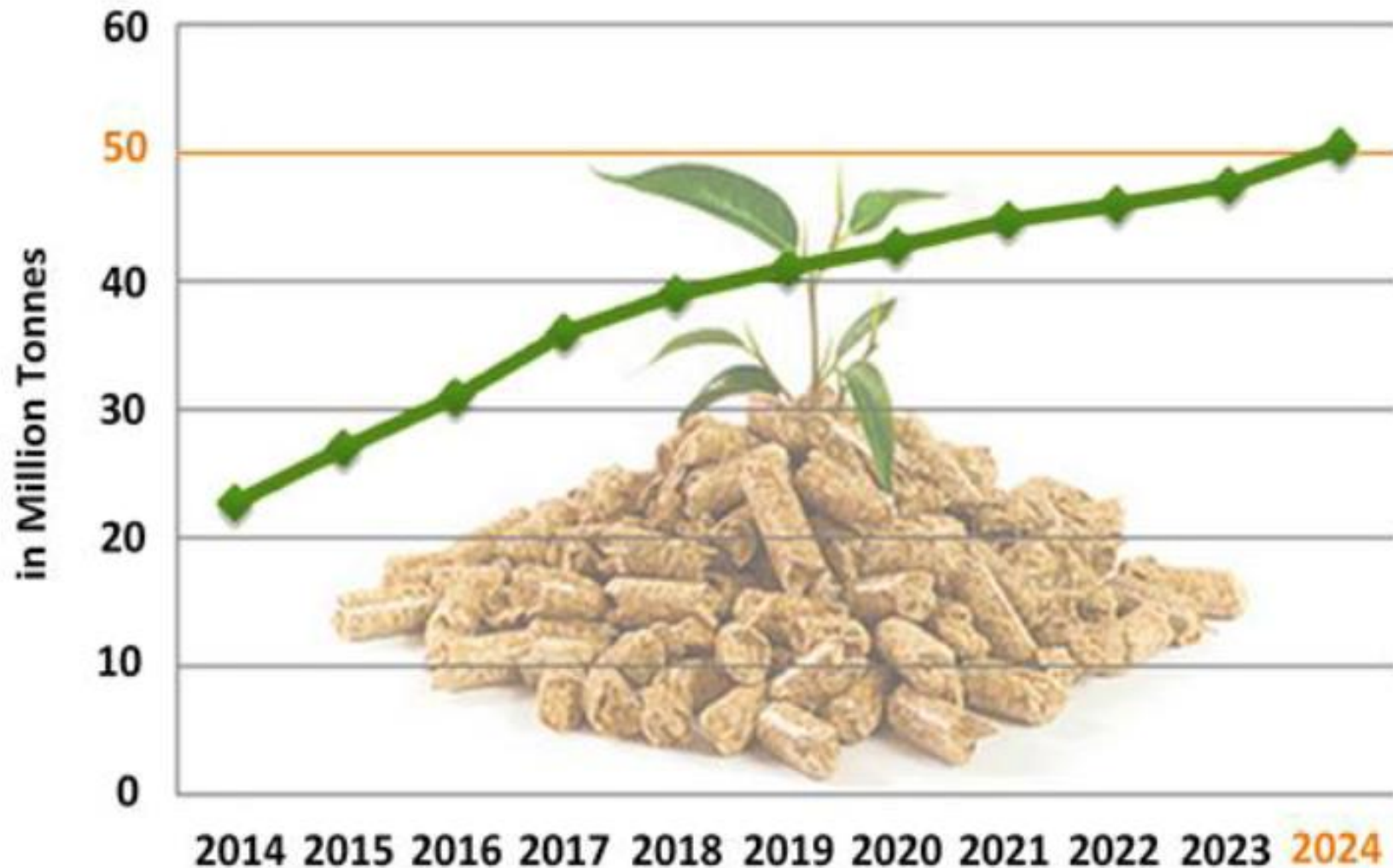


Source: Hawkins Wright, EPC Survey

\*2/3 of the global CHP Pellet consumption is attributed to heating. 1/3 of the global CHP Pellet consumption is attributed to power.

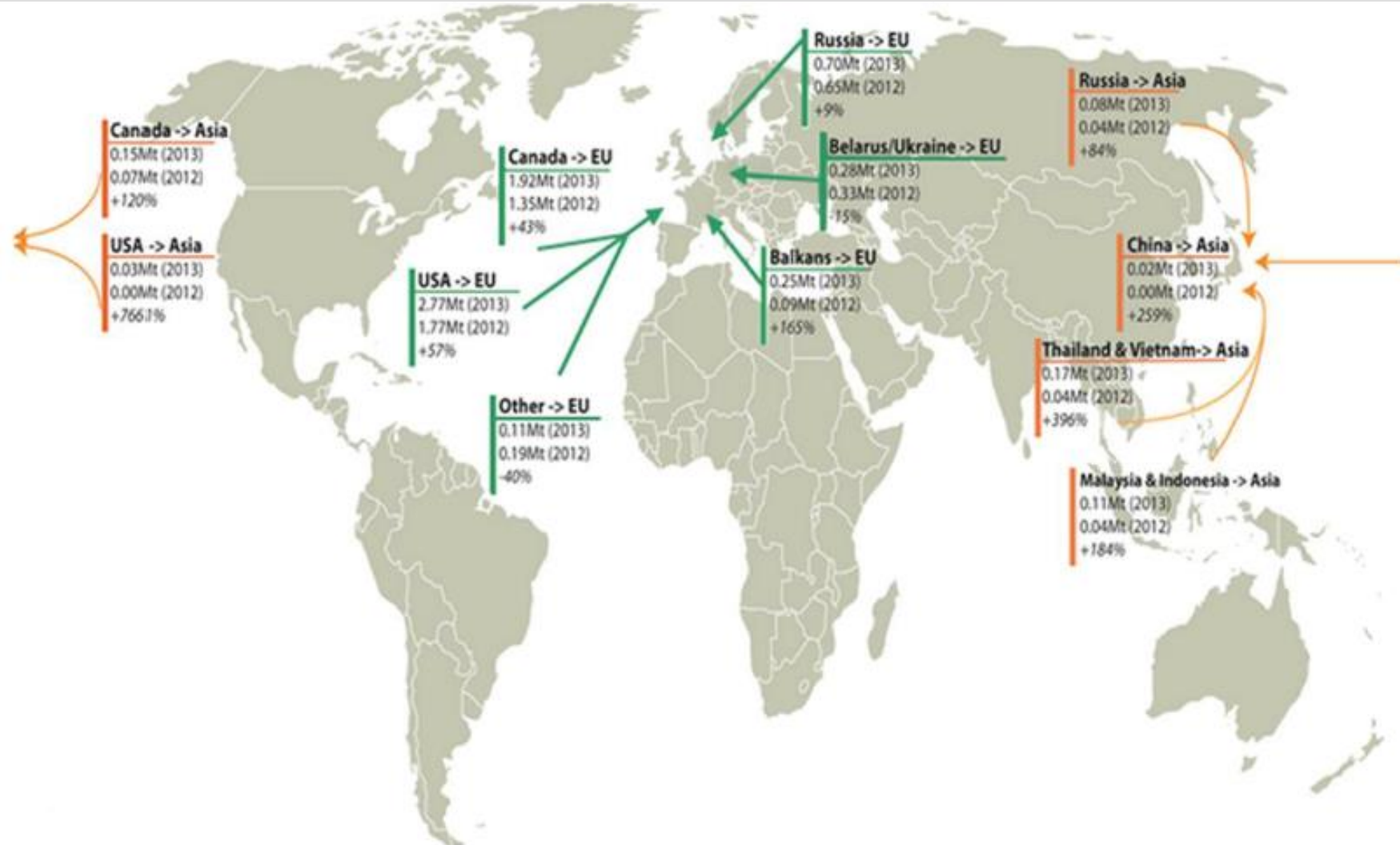


## Development of global wood Pellet consumption? [in mio. t]



Source: Based on RISI statistics scenario

## World wood Pellets trade map in 2013 [in mio. t]

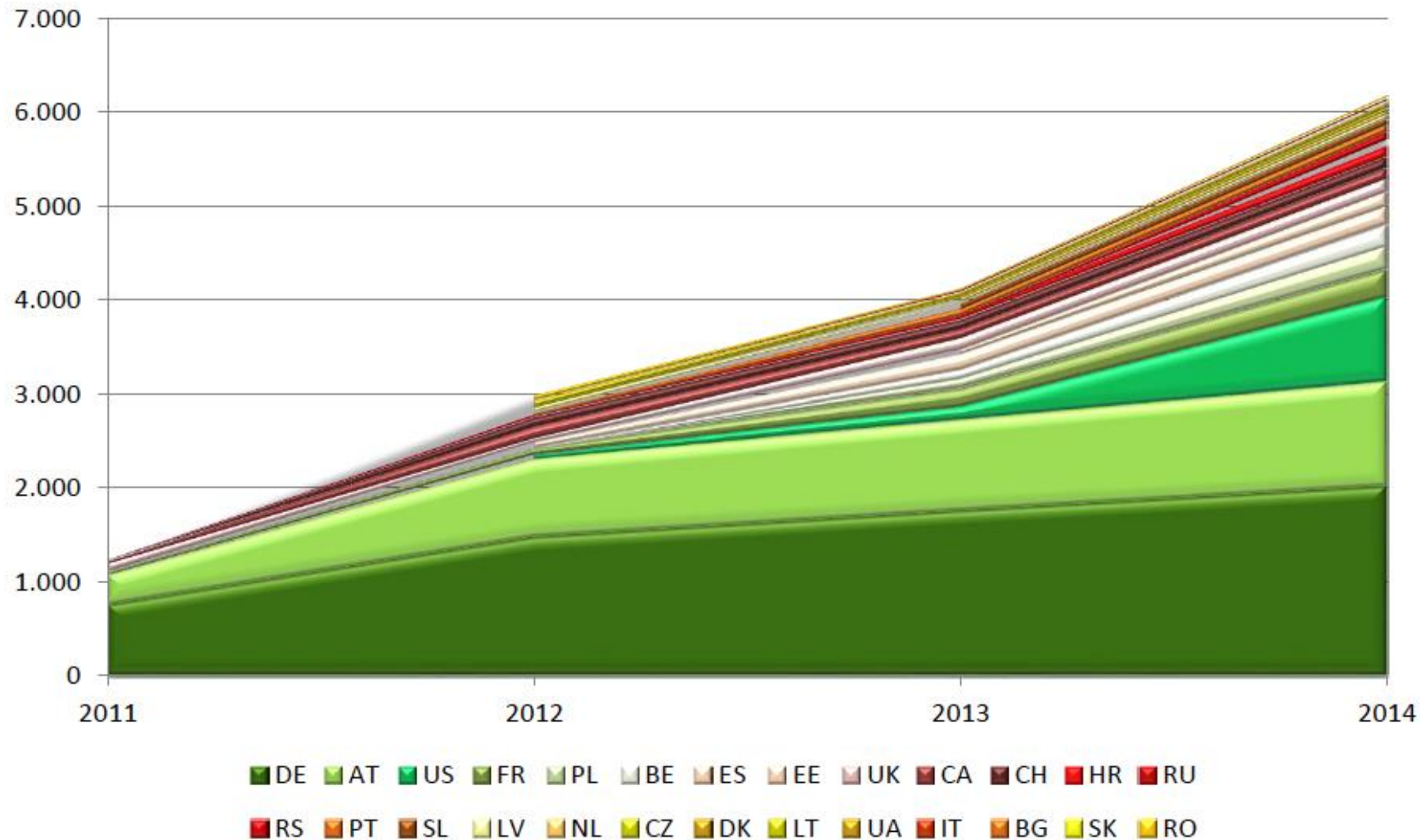


Source : Hawkins Wright

## The market needs high quality

- » All commodities need standardisation
- » ISO 17225-2 defines the quality of pellets (former EN 14961-2)
- » 3 quality classes: A1, A2, B
- » Only certification can ensure constant quality level
- » Certification = Implementation of a Quality Management
- » **ENplus** is the worldwide most accepted seal of approval
- » **ENplus** includes also the storage and delivery, all the way of pellets to the customer
- » **ENplus** is run by the European Pellet Council: the pellet sector has control and national pellet associations can earn license fees

## Evolution of ENplus certified wood Pellet production volumes 2011-2014 [in thousands of tonnes]



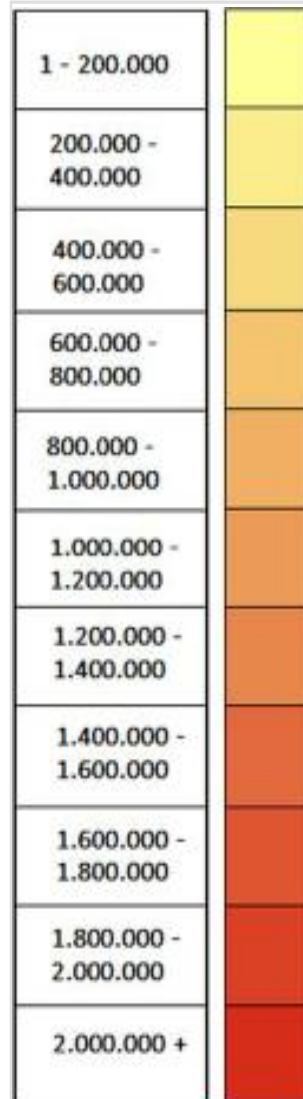


## European map of ENplus certified wood Pellet volumes per country 2011-2014 [in thousands of tonnes]

2011



2014



## Where is the future for pellet heating ?

### » Pellet stoves:

- “ low cost solution with relatively high comfort,
- “ simple installation
- “ Sole heating system in the mediterranean region

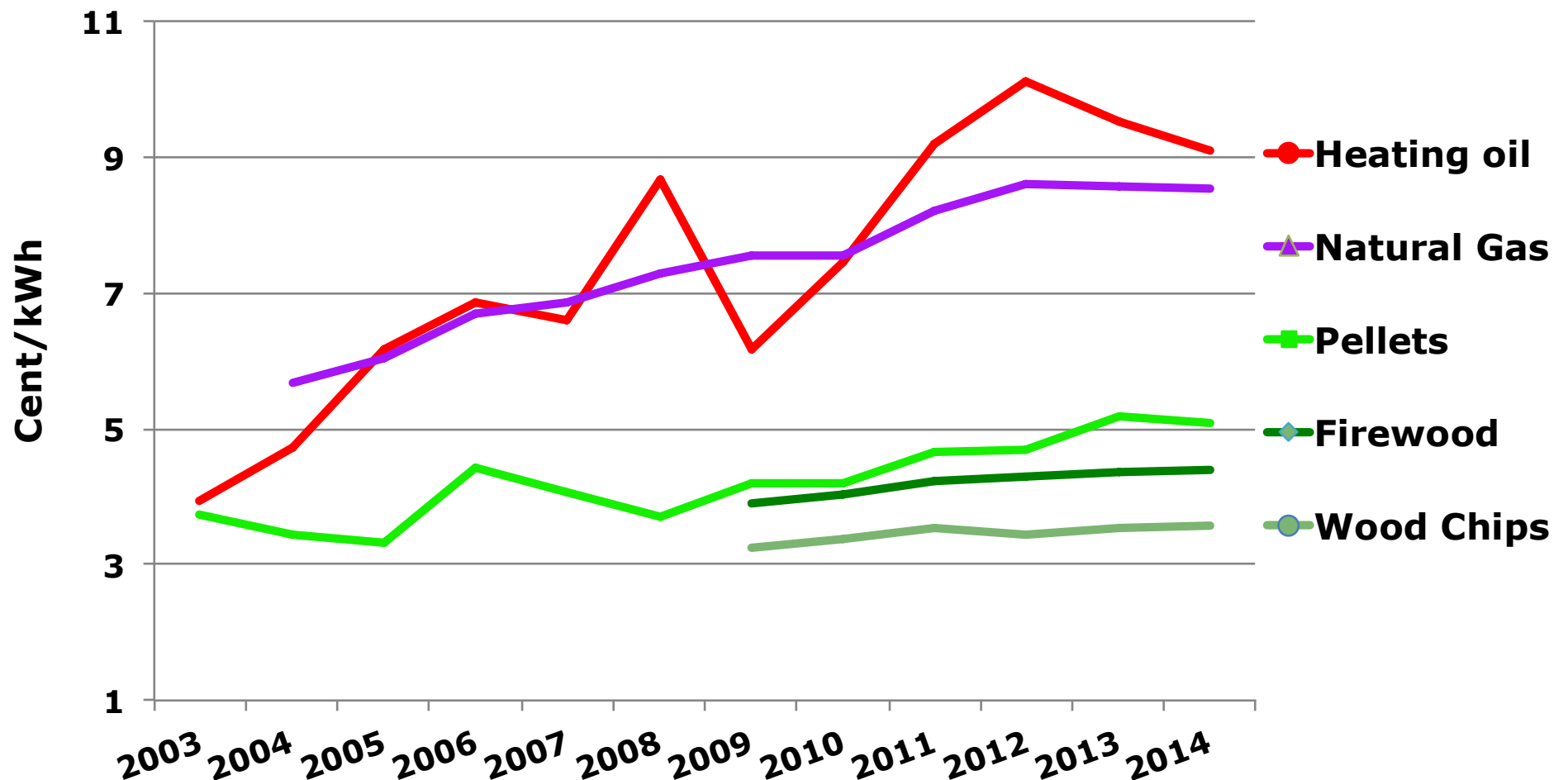
### » Central heating boilers:

- “ large single family houses with poor thermic isolation,
- “ commercial buildings
- “ residential blocks

*The bigger the energy consumption, the quicker the amortisation*

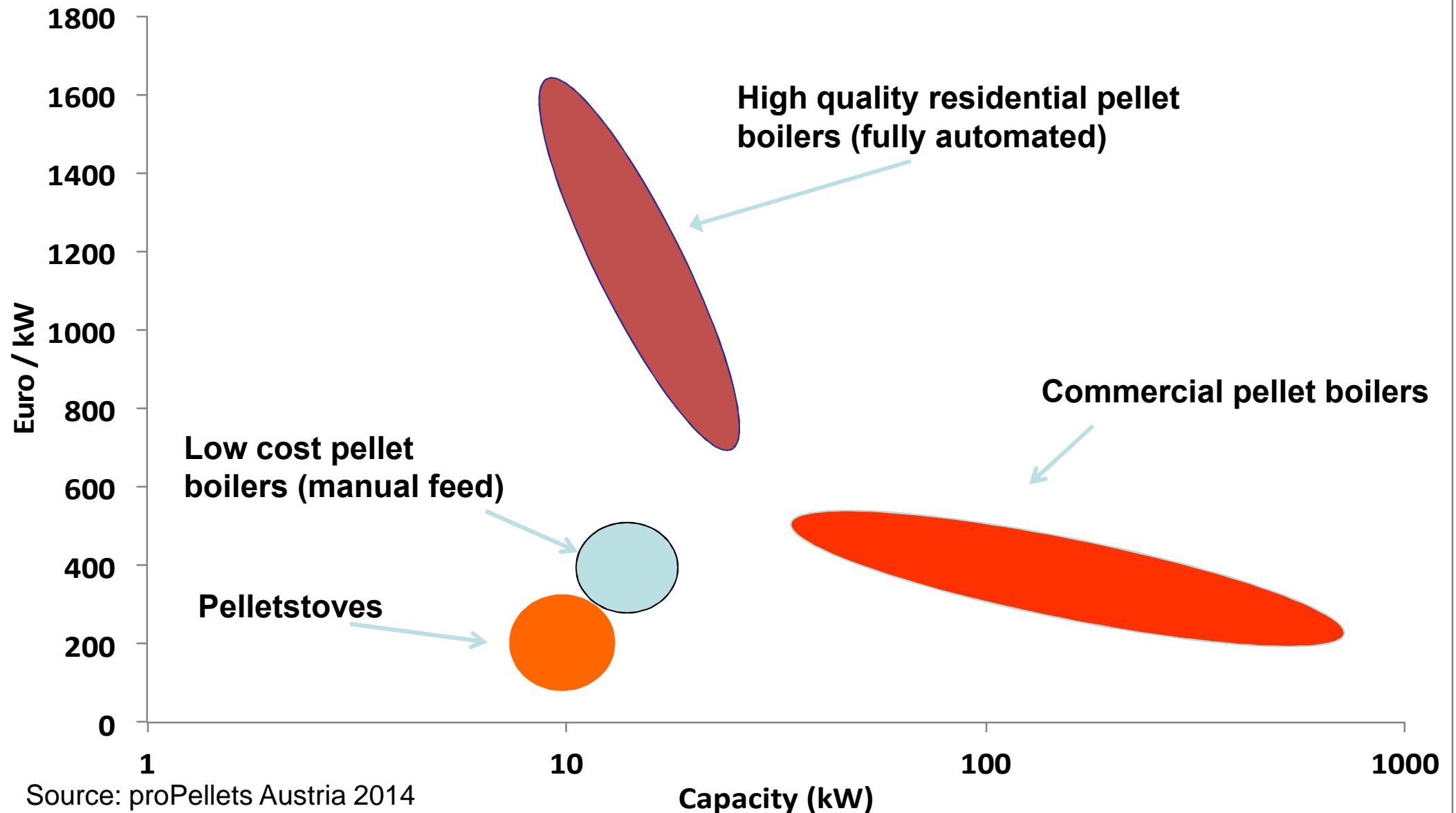
## Wood fuels are cheaper than fossil fuels

**Average annual prices for heating fuels in Austria**



Sources: e-control, IWO, proPellets Austria; November 2014.

## Specific investment costs of pellet heating systems





**Politics are responsible for the framework**  
**Taxation regulates long-term and subsidies give impulses**

## VAT rate for wood Pellets compared with general VAT rate [2013 in %]

	VAT rate for wood Pellet [in %]	General VAT rate [in %]
BE	6	21
BG	20	20
CZ	15	21
DK	25	25
DE	7	19
EE	20	20
IE	13,5	23
EL	23	23
ES	21	21
FR	7	20
HR	25	25
IT	10	22
CY	19	19
LV	12	21
LT	21	21

	VAT rate for wood Pellet [in %]	General VAT rate [in %]
LU	6	15
HU	27	27
MT	-	18
NL	21	21
AT	10	20
PL	23	23
PT	23	23
RO	24	24
SI	22	22
SK	20	20
FI	24	24
SE	25	25
UK	5	20

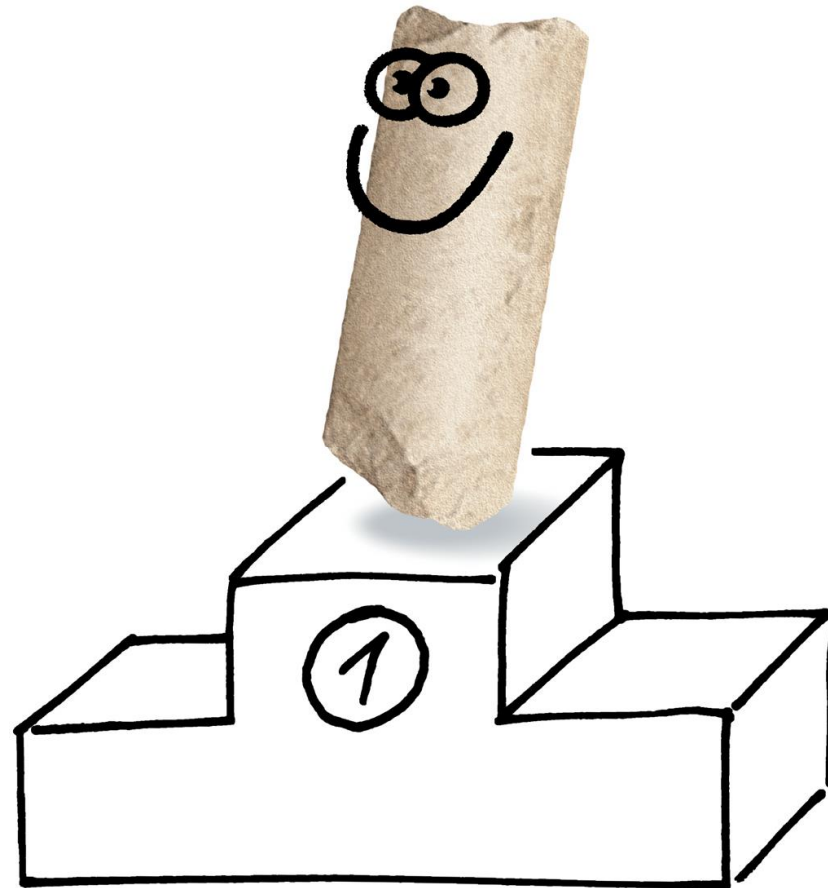
**Scandinavia has a Carbon Dioxid tax, Denmark 13.4 €/ton CO<sub>2</sub>, Sweden 110 €/ton CO<sub>2</sub>**

## **Introducing a new fuel is a very complex activity!**

- » It involves many persons and institutions that need to understand the new fuel
- » It includes unexpected problems (e.g. chimney related issues, pellet storage, health & safety, emission regulations, insurance related issues, etc.
- » There is a need for an organisation that feels responsible to address all of these issues: sSystem builder%
- » Communication, information, market research, international cooperation
- » Financing a strong sectoral organisation is the most effective way of growing a market

## proPellets membership fees in Austria

- » Basic fee of 1.000.- and a
- » Marketing fee of 0,35 Cent/produced ton (capped with 31.500.- ” )
- » Two examples:
  - “ Annual production 25.000t → 9.250.-”
  - “ Annual production 60.000t → 19.000.-”
- » Stove and boiler manufacturers: 8.000 . 15.000.- p.a.



**Thank you for your attention!**