

Wood pellets: a modern and efficient alternative to fossil fuels this winter

Brussels, 2 November 2022 – Bioenergy Europe is pleased to announce the release of its [2022 Statistical Report Pellets](#) and its accompanying [Policy Brief](#). This report analyses the current state of play of the wood pellets market.

With skyrocketing prices of gas, oil and electricity, the EU is facing a major energy crisis this winter, with citizens and businesses at risk of not being able to afford their energy. Now more than ever, energy security is at the core of the discussion. The question of how to provide for the EU's energy supply has remained difficult to answer, given that one of the biggest challenges is the EU's collective overreliance on fossil fuels.

When thinking about available solutions to decarbonise, let us take a closer look at the market for wood pellets. Various consumers – from households to utilities – have embraced wood pellets as a sustainable energy solution. In 2021, the EU consumption of pellets reached 24,5 million tons, growing by 18% over the previous year. The residential & commercial sectors account for 66,1% of the European pellet consumption, while industry for the remaining 33,9%. The situation differs from country to country. Industrial consumption (for electricity and CHP) is the main driver for the Netherlands and Denmark. In Italy, Germany and France, it is the residential heating sector that leads wood pellet consumption.

The pellet sector proved its resilience during the COVID-19 crisis and the pellet value chain managed to avoid any significant negative impacts. The current energy crisis is a more fundamental threat and in anticipation of the 2022–2023 heating season, the whole of Europe enters very murky waters. To add insult to injury, trends in European policy developments such as the European Parliament's primary woody biomass proposal, and its potential restrictions, are not helpful at all in establishing framework conditions that foster the development of the sector.

A stable policy framework is essential to provide a long-term perspective to companies to further invest in pellet production capacity, fostering European pellet production and thus ensuring adequate supply along with promoting climate mitigation efforts. Instead of subsidizing fossil fuels, EU and national funds should be directed to consumers that wish to switch from fossil fuel appliances, or older and less efficient wood fired ones, to modern and efficient wood pellet solutions. This will accelerate the deployment of renewables, reduce air pollutant emissions, improve resource efficiency all while shielding vulnerable consumers from energy poverty. Nevertheless, wood pellets remain competitive as compared to almost all other energy sources and could become even more attractive with a series of targeted measures (e.g. VAT reductions, in line with what applies to other energy sources). There is still significant potential for further expansion of sustainable wood pellet production, both worldwide and in Europe, but barriers on investments and logistics need to be overcome.

“Recent geopolitical developments have caused significant market disruption, both in terms of price and supply. There is a need for investment to increase production capacity in Europe and to provide quality fuel to all users who have decided to invest in improving their heating system by switching to pellets-based appliances” remarks Bioenergy Europe's Market Intelligence Officer, Jérémie Geelen.

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Notes to editors:

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