

EUROPEAN PELLET CONFERENCE

Wels, Austria



March 5, 2025



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BACKGROUND

With more than 450 participants each year, the European Pellet Conference is the meeting place for the global pellet community. Leading international speakers present the latest market trends, policies, technologies and innovations—providing an important avenue for Canadian pellet producers and associations to stay on top of developments in the pellet and bioenergy world.

The 2025 European Pellet Conference—the largest annual pellet event worldwide—focused on European policy, the role of pellets in the renewable energy mix, new technologies and market updates in Europe and South Korea.



Last year continued to be challenging for the pellet industry. Policy uncertainty at the European level and in some member states, declining wood pellet market prices and slow boiler sales were some topics at the conference. Gordon Murray, Executive Director of the Wood Pellet Association of Canada (WPAC), participated on a panel to discuss whether pellets should be a partner or rival of other renewable energy options and the potential role of pellets in biorefineries and bioproducts.



Gordon also moderated a session with representatives from Austria, Italy, Poland, Sweden and South Korea, who updated the audience on pellet trends in their respective countries.

Experts also discussed the results of research and development projects and technological innovations along the value chain from pellet production, supply and distribution to successful showcases for an accelerated energy transition.

It was clear from the conference that Europe continues to lead in the global development of the pellet and bioenergy sectors on all fronts: domestic and international, residential, commercial and industrial. The conference remains an important venue for the Canadian pellet sector, providing unique insights and inspiring paths forward for the pellet industry.

WPAC / CANADA OBJECTIVES

Gordon Murray, Executive Director of WPAC attended the event along with four small and medium enterprises (SMEs). Key objectives included:

1. Sharing Canada's perspectives to policymakers and regulators in the European Union (EU), particularly related to the European Union Deforestation Regulation (EUDR) and the Renewable Energy Directive (REDIII).
2. Building alliances with like-minded nations.
3. Promoting Canada as a reliable supplier of high quality, sustainably produced, low GHG wood pellets.

Activities

1. Networking with existing and prospective customers and regulators.
2. Demonstrating Canadian leadership on an international stage by presenting and moderating conference sessions.

Deliverables & Outcomes

- 8 leads were generated.
- 47 potential foreign partners (agents, distributors, service contractors, etc.) were identified for further outreach.
- 10 Canadian companies will have expanded their international business development efforts because of the intelligence and contacts gained from this event.
- 47 foreign participants interacted with Canadian participants.
- 5 Canadian participants interacted with foreign participants during the conference.
- 200 industry personnel were reached by a market intelligence/trip report.
- 0 industry personnel were trained.

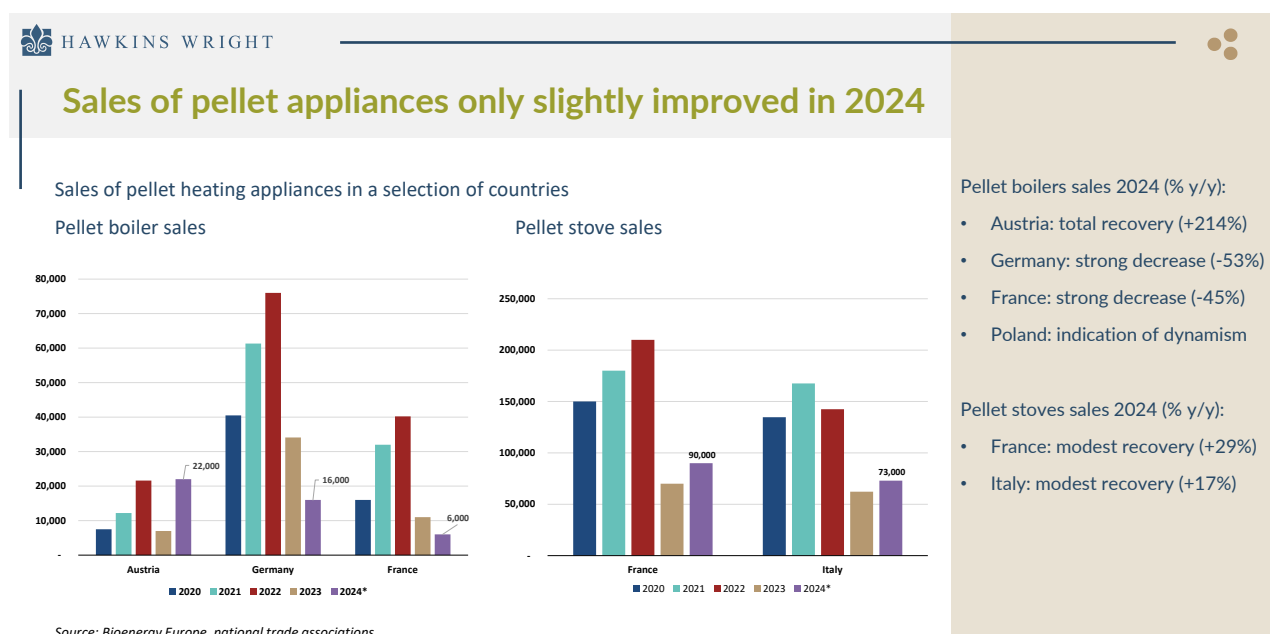
KEY OBSERVATIONS

- According to Biljana Kalisic of the European Commission, bioenergy accounts for 58 percent of all renewable energy in the EU. Within that 58 percent, solid biofuel is dominant with 41 percent. Six percent is gaseous biofuel, 7 percent is liquid biofuel, 4 percent waste and 42 percent renewables other than biomass.
- The Clean Industrial Deal has been unveiled by the European Commission, which aims to support companies in reaching EU climate and energy goals. Bioenergy, as a cost-effective and scalable solution, can help reduce energy costs, decarbonize hard-to-abate sectors and strengthen European industry. Bioenergy Europe views the Clean Industrial Deal as a key opportunity for the EU to enhance its industrial base while achieving its climate goals. Bioenergy Europe calls for bioenergy to play a central role in this transition and has made four recommendations:
 - *Support Bioenergy for Industrial Decarbonisation:* Transitioning energy-intensive industries to bio-based solutions, as bioenergy is more affordable than other renewables and ideal for processes that can't be electrified.
 - *Develop a Bioenergy Export Strategy:* Europe's leadership in bioenergy technologies offers an opportunity to create jobs and position the EU as a global renewable energy leader.
 - *Lower Energy Costs:* Bioenergy heating solutions can reduce energy costs while helping decarbonize the EU heating sector and address energy poverty.
 - *Ensure Regulatory Stability:* Clear and stable regulations are essential for investment and innovation in renewable technologies.

- Ileana Repaci of Bioenergy Europe shared the main European policy files her group is tracking for the bioenergy sector:

MAIN EU POLICY FILES	
Green Claims Directive	Energy Efficiency Directive – EED
EU Deforestation Regulation – EUDR	Land-Use and Land-Use and – LULUCF
Ecodesign & Energy Labelling – ED/EL	EU Emission Trading System – EU ETS and EU ETS for buildings ETSII
Carbon Removal and Carbon Farming Removal Certification	Energy Performance of Buildings - EPBD
Net-zero Industry Act – NZIA	Medium Combustion Plan Directive
Renewable Energy Directive – REDIII	Social Climate Fund - SCF
EU Taxonomy for Sustainable Finance	Industrial Emissions Directive – IED
Energy Taxation Directive – ETD	Nature Restoration Law - NRL
+ Clean Industrial Deal and Bioeconomy Strategy	

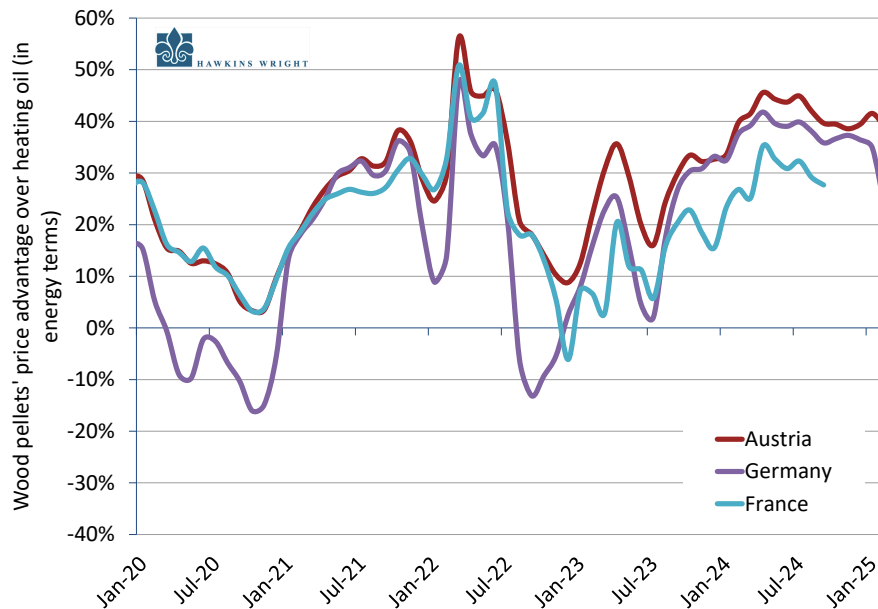
- For the EUDR, the European Commission is working on updating the FAQ document following discussions with stakeholders. The next version is scheduled for April 2025. Topics to be covered will include:
 - Clarifications on Art.4, par.9 of EUDR.
 - Timeline updates (following the EUDR extension).
 - SMEs and exports.
 - Further clarifications on company groups and representatives.
 - Role of customs representatives.
 - New section with technical clarifications on the information system.
 - E-commerce.
- Gilles Gauthier of Hawkins Wright gave a pellet market update. He began by sharing statistics on pellet appliance sales:



- Gauthier reported that wood pellets continue to maintain a consistent cost advantage over fossil fuels, although the degree of advantage fluctuates over time.

Wood pellets are competitive vs fossil fuel heating

Wood pellets' price advantage over heating oil

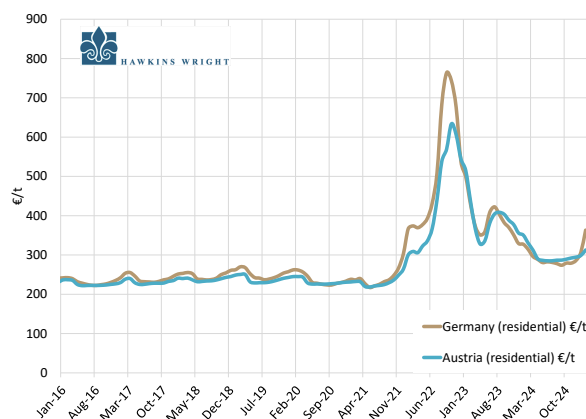


Source: ProPellets, DEPI, Eurostats.

- Gauthier also shared data on the market price trend for heating pellets.

Heating pellet prices firmed late in Q4 and early Q1

European heating pellet retail prices 2014-2024 (nominal)
(Bulk pellets, 6 tonnes, delivered, VAT incl.)



Source: ProPellets Austria, DEPV. Adapted by Hawkins Wright

Indicative retail pellet price*
(Bagged pellets, VAT incl.)

- Italy: +/- 350€/t
- France: +/- 340€/t
- Belgium: +/- 380€/t

DE: 363.2€/t

AT: 312.8€/t

- Steady fall in heating pellet prices since Q4 2022
- Heating pellet prices back within historic norms
- Orders early in Q4 2024 below expectations, but acceleration in Dec-Feb
- Largely stable price for H2 2024
- Strong price increase in Germany in early 2025

*Retail pellet prices collected from selected web shops—indicative price only.

- During the panel: Pellets—Partner or Rival of Other Renewables, there was a consensus that:
 - All renewable energy options are needed to eliminate the use of fossil fuels.
 - While pellets will continue to be important for heat and electricity, they will increasingly be used in hard-to-abate sectors such as steel and cement manufacturing and as feedstock in biorefineries.

- There are 24 million Europeans connected to approximately 4,900 biomass district energy systems, mainly in Northern and Central Europe.
- According to Polish Pellet Council president Adam Sarnaszek, Poland is emerging as a leading wood pellet market for heating and electricity. The country is expected to grow its consumption fivefold in 2025-26 for power generation and triple residential consumption over the next 10-12 years.
- Poland's pellet burn for power output is set to jump to 1.5-2 million t/yr in 2025-26, from about 300,000 t/yr currently, supported by the conversion of coal-fired power plants to biomass.
- Polish utility Energa's upgrade to a 230MW coal-fired unit to co-fire with wood pellets at its 690MW Ostroleka power plant will lift wood pellet usage by 200,000-350,000 t/yr from 2026 onwards.
- Utility Enea's Polianec plant also trialed wood pellet firing in 2021-23, but the utility did not ramp up consumption to previously anticipated levels because of more competitive sunflower husk pellets.
- Poland is expected to replace 12 million t/yr of coal consumption—currently used for domestic heating—with renewable energy sources, of which wood pellets could account for at least 20-30 percent, according to Sarnaszek. Poland still burns coal for about 70 percent of its power and heat generation, and the residential heating segment is anticipated to be the first to phase out coal, followed by the industrial power sector.
- Wood pellets are seen as a "very good alternative", which is why the premium market is anticipated to grow nearly threefold from the current 1.5 million t/yr to about 4 million t/yr over the next 10-12 years.
- The increasing consumption will force Poland to switch from a net pellet exporter to a net importer, Sarnaszek said. Most Polish wood pellets are produced by several small players focused on supplying the domestic residential market, with 95 ENplus-certified producers and 77 traders.
- In 2024, Poland imported 30 percent of its pellet consumption — primarily from the Baltics. About 80 percent of Polish pellet consumption is currently coming from the heating sector, while the remainder is for power generation, Sarnaszek said.
- Stronger consumption from the residential segment last year was supported by government subsidies under the Clean Air Programme, which guaranteed subsidies for pellet and gas-fired boilers and heat pumps for up to 80 percent of the total costs to households switching away from coal-fired appliances. About 53 percent of the requests for subsidies were used for pellet-fired boilers, Sarnaszek said. Such a scheme was phased out in November, but he expects it to be resumed in June.
- Low pellet prices in the Polish market are anticipated to support demand throughout 2025.

RECOMMENDATIONS

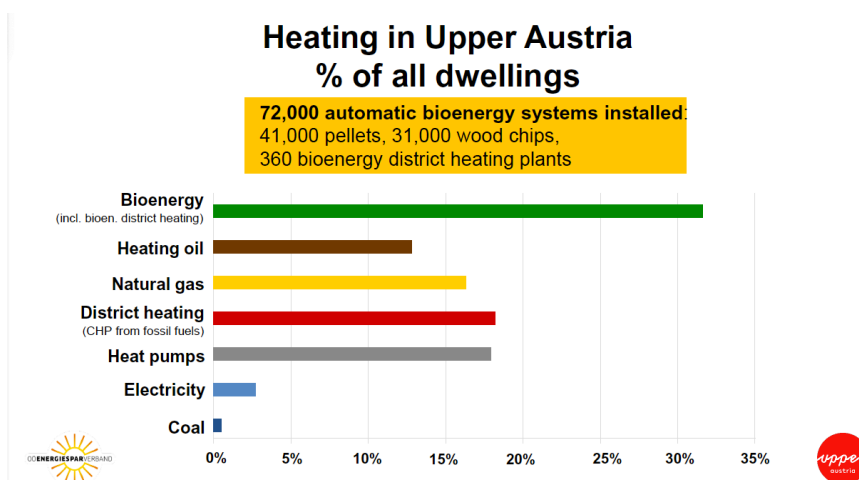
- Continue close engagement with Bioenergy Europe, as a board member, as a general member, and as a member of Bioenergy Europe’s sustainability working group to ensure that we have input on EU policy, regulations, acts and directives that impact bioenergy use and trade. The most immediately urgent topics are REDIII and EUDR, and increasingly, the Ecodesign and Energy Labelling Directives.
- Invest in communications to advance Canada’s reputation as a stable supplier of responsible, renewable and clean energy in the form of pellets among regulators, policymakers, customers and consumers.
- Continue with consistent and regular communications with allied nations.
- Monitor trends and developments in emerging producing and consuming markets, notably Poland.

POSITIVE NARRATIVES CREATE WIDER ACCEPTANCE

Telling the pellet and bioenergy story remains important in the face of climate change, evolving policy environment and competing voices. The European Pellet Conference remains an important forum for learning from other pellet and bioenergy producers and regulators.

Austria remains the preeminent voice in communicating our sector’s story, with clear actions and obvious “wins.” Christiane Egger, Deputy Manager of the OÖ Energiesparverband in Upper Austria and Manager of Cleantech-Cluster Energy, a network of 250 companies active in sustainable energy and the environment, once again delivered a compelling business case on the importance of communications.

In large part due to the solid work from OÖ Energiesparverband in Upper Austria, 60 percent of space heating in the region comes from biomass, further supported by a strong domestic equipment sector. Today, 25 percent of all modern small-scale bioenergy boilers installed in the EU are manufactured in that region.



Egger attributes much of this success to a strong and ongoing communications campaign, a favourable policy environment, and a comprehensive set of subsidies for replacing fossil fuel systems: 50 percent and 100 percent for low-income households. Momentum is key to any communications campaign, and 2023 was no exception in Upper Austria with activities that included:

- 10,000 face-to-face energy advice sessions.

- 10,000 telephone or digital sessions, plus more than 50,000 answered calls on the hotline.
- 20+ information campaigns, participation at tradeshow and fairs, 50-100 information talks at events.

Eggers' top recommendations for countries like Canada just embarking on the domestic expansion front:

1. Understand, quantify and communicate the benefits.
2. Leverage the consumer groups most likely to be activated and have a plan on how best to reach them.
3. Identify and overcome gaps in the supply chain.
4. Advocate for policies using a “package” approach: financial incentives, effective and practical policies and strong communications.

LEAD GENERATION

Gordon Murray met numerous existing and potential important contacts:

	Name		Organization
1	Maria	Allerstorfer	OO Energiesparverband
2	Dina	Bacovsky	Bioenergy and Sustainable Technologies, Osterreich
3	Karsten	Beck	Amandus KAHL
4	Andre	Bedard	Quebec Wood Export Bureau
5	Irene	Biancani	Fedarene
6	Elisa	Biermeier	OO Energiesparverband
7	Wolfgang	Binder	EHO Pellets, Osterreich
8	Enrico	Luca Clementi	European Commission
9	Hans	Christian Comberg	myWood Pellets, Slovakia
10	Karin	Danner	OO Energiesparverband
11	Gerhard	Dell	OO Energiesparverband
12	Karl	Duller	OO Energiesparverband
13	Christiane	Egger	OO Energiesparverband
14	Werner	Emhofer	Froling, Osterreich
15	Michael	Fahrngruber	Bioenergy and Sustainable Technologies, Osterreich
16	Matteo	Favero	AEIL, Italy
17	Antonio	Ferrandez Garcia	European Commission
18	Gilles	Gauthier	Hawkins Wright, Belgium
19	Anders	Haaker	Svebio, Sweden
20	Ulrike	Haghofer	OO Energiesparverband
21	Wolfgang	Hirner	OO Energiesparverband
22	Josef	Ibrahim	OO Energiesparverband
23	Niklas	Illich	BEA Institute fur Bioenergy, Osterreich
24	Julian	Kehl	Stela Laxhuber, Deutschland

	Name		Organization
25	Janne	Kerttula	European Bioheat and Power, Finland
26	Marco	Kim	Korea Forest Biomass Energy Association
27	Benedikt	Klauser	European Commission
28	Stefan	Kopp	Hargassner, Osterreich
29	Karin	Krondorfer	OO Energiesparverband
30	Bijana	Kulisi	European Commission
31	Peter	Lehmann	AEK Pellet, Schweiz
32	Volker	Lenz	DBFZ Deutsches Biomasseforschungszentrum, Germany
33	Dimitris	Liakos	Centre for Rsearch and Technology Hellas, Greece
34	Lukas	Neumaier	Firestixx, Deutschland
35	Christian	Oberbauer	Bioenergy and Sustainable Technologies, Osterreich
36	Christine	Ohlinger	OO Energiesparverband
37	Stefan	Ortner	OkoFen, Osterreich
38	Maija	Rantamaki	FFIF, Finland
39	Francesco	Reda	VTT, Finland
40	Ileana	Repaci	Bioenergy Europe
41	Hubert	Roder	HSWT, TUM Campus Straubing, Deutschland
42	Daniela	Schlagnitweit	OO Energiesparverband
43	Doris	Stiksl	proPellet Austria
44	Martina	Stumptner	OO Energiesparverband
45	Surika	van Wyk	TNO, The Netherlands
46	Jurgen	Wolfmayr	OO Energiesparverband
47	Elizabeth	Wopienka	Bioenergy and Sustainable Technologies, Osterreich

SHARING INFORMATION WITH CANADIAN PELLET SECTOR

WPAC has shared this report and its observations and recommendations with over 70 companies, including WPAC members. The report is anticipated to be shared, reaching more than 200 key Canadian industry leaders.