

Voluntary Report – Voluntary - Public Distribution

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Report Name: Wood Pellets Market Brief

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Post: Warsaw

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Report Highlights:

The Polish wood pellet industry is focused on growing exports to Italy, Germany, and Denmark, as well as increasing domestic demand among residential consumers. Post estimates that 2019 Polish wood pellet production reached 1.3 million metric tons (MMT). In 2018, 62 percent of wood pellets were used by residential consumers. About 25 percent of wood pellets were used by commercial or institutional entities for generating their own energy or heat, and the remaining 13 percent was used by commercial stakeholders to produce energy or heat for sale. Poland is a net exporter of wood pellets. In 2019, Polish wood pellets exports were valued at \$110 million, while total 2019 wood pellet imports amounted to \$40.5 million. In 2019, Poland did not import any wood pellets from the United States.

General Information

Production

Poland is a growing market for wood pellets. According to industry estimates, 2019 production reached 1.3 MMT (Table 1). In 2019, the Polish wood pellet industry focused on growing exports to Germany, Italy, and Denmark, as well as increasing domestic demand among residential consumers. 80 percent of Polish wood pellets are derived from softwood, the vast majority of which come from sawdust, wood industry residues, and shavings. Polish wood pellet plants indicate that high prices and problems with sourcing sufficient raw materials are major constraints and limit production. In 2017 and 2018, in response to growing air pollution in Poland, many local governments introduced stricter regulations regarding home furnace certifications and fuel quality. In 2019, under the “Anti-smog Law”, the Polish Government launched a subsidy program for exchanging older, more inefficient home furnaces for newer higher-quality units, which resulted in increased wood pellet production for residential use in 2018 and 2019.

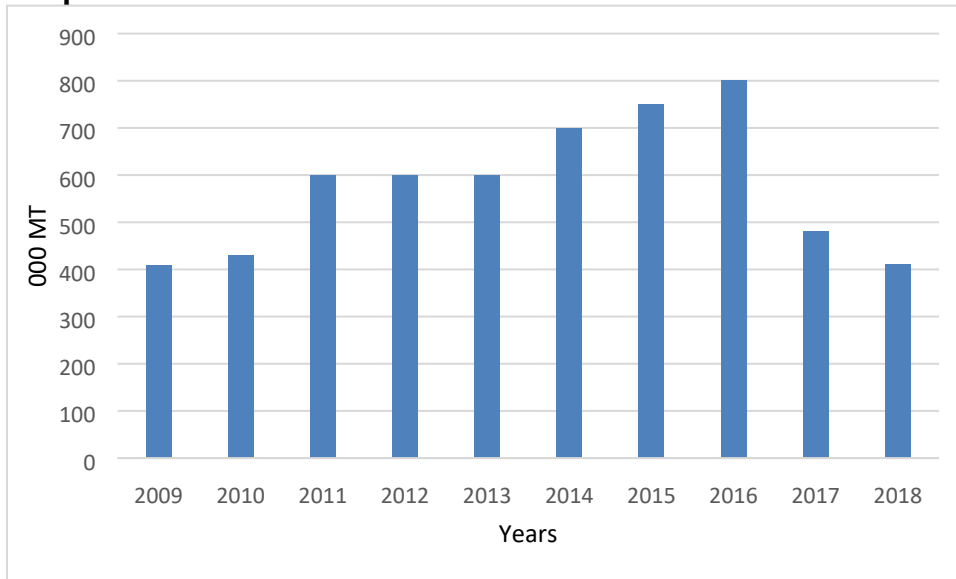
Polish industry uses the ENPlus and DINPlus quality-assurance certifications for wood pellets, which are managed by the Polish Pellet Council (PPC). Both quality standards are intended for heating purposes and are based on EN ISO 17225-2. The trademark owner of DINPlus is DIN CERTCO GmbH, while ENPlus is owned by the European Pellet Council. In 2018, 481,000 metric tons (MT) of wood pellets were certified the ENplus. Eurostat data (Graph 1) indicate a production decrease of certified wood pellets in 2017 and 2018. According to industry sources, that drop was related to lower straw pellet use following stricter biofuel regulatory changes which effectively, eliminated straw pellets.

Table 1: Production of Wood Pellets in Poland

	2017	2018	2019
Production capacity (000 MT)	1,200	1,400	1,400
Actual production (000 MT)	1,000	1,200	1,300
Number of operating Production plants	55	63	n/a

*Sources: Data for 2017 and 2018 - Bioenergy Europe Statistical Report 2019
Data for 2019 - Polish Council of Pellets*

Graph 1. Production of Certified Wood Pellets in Poland



Source: Eurostat

Consumption

In 2018, 62 percent of wood pellets were used by residential consumers (Table 2). About 25 percent of wood pellets were used by private businesses or institutions like schools and hospitals for generating their own energy or heat. The remaining 13 percent was used by commercial users producing energy or heat for sale. Consumption of pellets in Poland has grown since 2014. Poland is Europe’s biggest user of coal for home heating, which is a leading cause of air pollution. The Government of Poland offers partial compensation for consumers to replace older coal furnaces with new natural gas or wood pellet furnaces. Government subsidies for new furnaces are helping to drive consumer demand for wood pellets. So far, only two heating plants in Elbląg and Stalowa Wola are using industrial wood pellets. The heating plant in Elbląg was opened in October 2018 and its annual capacity is 200,000 MT of wood pellets.

Table 2. Consumption of Wood Pellets in Poland, (000 MT)

	2017	2018
Residential	233	280
Commercial	50	60
Central heating	30	30
Power only	30	80
Total	243	450

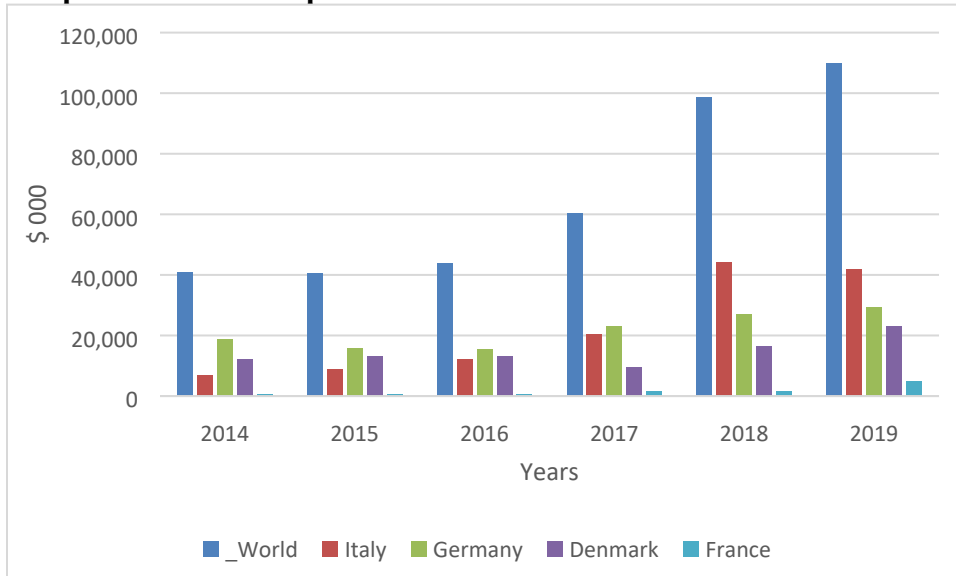
Source: Bioenergy Europe Statistical Report, 2019

In 2018, the average price of bagged wood pellets per MT varied from €190 in the summer to €220 in winter (including 23 percent value added tax). Bulk 2018 pellet prices varied from €185 to €200 per MT.

Trade

Poland is a net exporter of wood pellets. In 2019, Polish wood pellet exports were valued at \$110 million. Major export markets were Italy, Germany, and Denmark (Graph 2).

Graph 2. Value of Exports of Wood Pellets

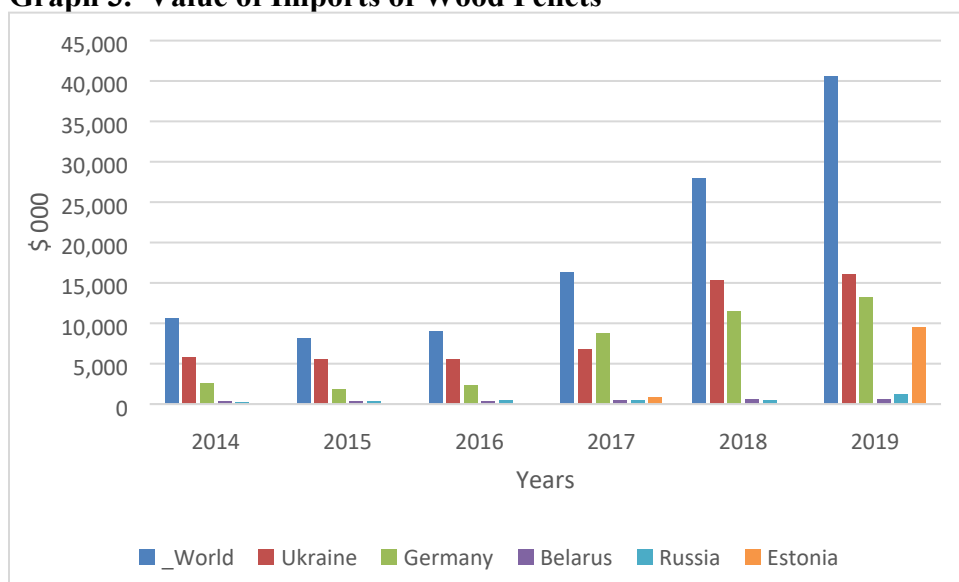


Source: Polish Statistical Office (Published by TDM)

In 2019, Poland imported 216,642 MT of wood pellets, a 56 percent increase over 2018. 2019 wood pellets imports totaled \$40.5 million (Graph 3).

According to the National Energy Regulatory Office (*Urząd Regulacji Energetyki*), imported wood pellets used by the industry should be certificated, confirming the origin of the biomass used during production. To be eligible for such a certificate, wood pellet plants in the country of origin must be audited by an independent auditor. In Poland, the PPC is authorized to conduct on-site biomass origin authentication audits in the exporting production plants. The PPC contact point regarding audits is Mr. Adam Sarnaszek, Director of PPC (see contact info at the end of the report). Polish wood pellet importers are already associated with Canadian suppliers and the Canadian Wood Pellet Association is a member of European Pellet Association.

Graph 3. Value of Imports of Wood Pellets



Source: Polish Statistical Office (Published by TDM)

In 2019, Poland imported wood pellets mainly from Ukraine, Estonia, and Germany (Table 3). 2019 imports grew significantly over 2018, notably from Estonia. Poland did not import any U.S. wood pellets in 2019.

Table 3. Quantity of Wood Pellets Imports (MT)

	2014	2015	2016	2017	2018	2019	%Δ 2019/18
World	55,615	60,945	64,969	74,150	141,166	216,642	53,47
Ukraine	40,250	49,392	48,475	58,043	122,503	128,671	5,03
Estonia	0	0	0	0	0	62,759	n/a
Germany	2,961	2,473	3,224	8,749	10,943	12,042	10,04
Belarus	1,890	2,566	3,842	3,455	4,213	4,334	2,87
Russia	1,337	3,500	3,910	3,711	3,433	8,728	154,24

Source: Polish Statistical Office (Published by TDM)

The average price of imported wood pellets in 2019 was \$187 per MT (Table 4). Average prices of imported wood pellets in 2019 and 2018 were lower than in 2017, due to increasing imports of low-cost Ukrainian wood pellets.

Table 4. Average Price per MT of Imported Wood Pellets (\$/MT)

	2014	2015	2016	2017	2018	2019	%Δ 2019/18
World	191	134	138	220	197	187	-5
Germany	858	715	705	998	1,046	1,098	5
Italy	0	721	891	2,766	945	893	-6
Slovakia	215	0	509	498	454	230	-49
Netherlands	0	0	0	381	363	383	5
Czech Republic	195	311	166	207	327	221	-32
Belarus	147	107	99	116	144	138	-4
Russia	148	109	109	119	135	140	4
Moldova	0	0	0	0	131	0	-100
Ukraine	144	112	115	116	125	124	-1
United States	0	2,531	2,436	2,972	0	0	0
Lithuania	100	58	44	169	0	187	0
Estonia	0	0	0	138	0	152	0

Source: Polish Statistical Office (Published by TDM)

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Attachments:

No Attachments.