

Argus Biomass Markets

Weekly biomass markets, news and analysis

Issue 13 - 13 Wednesday 27 March 2013

European industrial wood pellets

Wood pellets	Week index		Month index		
Within 90 days (spot)	Price	+/-	Mar	Feb	Jan
cif ARA (\$/t)	167.20	+1.10	166.80	167.00	169.70
fob Baltic (€/t)	118.00	+0.17	118.35	119.45	117.15
fob Portugal (€/t)	118.25	-0.25	118.30	118.20	116.80

Wood pellets - within 90 days (spot)	Price	+/-
cif ARA (\$/MWh)	35.41	+0.23
fob Baltic (€/MWh)	24.99	+0.04
fob Portugal (€/MWh)	25.04	-0.06

Wood pellets forward prices			
cif ARA (\$/t)	Bid	Ask	+/-
Q2 2013	164.85	168.65	+0.42
Q3 2013	165.25	170.15	+0.65
Q4 2013	169.85	173.55	+0.41
2014	179.25	183.70	+0.20
2015	188.35	193.00	+0.11
2016	192.70	196.60	-0.33

fob Baltic (€/t)	Bid	Ask	+/-
Q2 2013	116.00	119.00	+0.09
Q3 2013	116.00	119.20	-0.03
Q4 2013	117.50	120.50	-0.34
2014	121.35	123.65	+0.17
2015	125.50	128.50	-0.23
2016	127.50	131.50	+0.13

fob Portugal (€/t)	Bid	Ask	+/-
Q2 2013	116.85	119.00	-0.58
Q3 2013	116.75	119.00	-0.35
Q4 2013	118.50	120.75	-0.25
2014	121.35	123.67	-0.49
2015	126.00	129.00	+0.33
2016	128.67	132.00	+0.50

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Market commentary

Delivered prices up on firmer offers

Spot prices for industrial wood pellets delivered to Amsterdam-Rotterdam-Antwerp increased in the past week on higher offers, as anticipated demand from the UK crept into the 90-day window, while pellets exported from the Baltics and Portugal remained flat on limited activity.

Some opportunities for prompt volumes are expected to arise in the next couple of months as Drax brings its first biomass unit on line next week and Eon's Ironbridge continues to ramp up generation.

But most utilities are well covered and some are even looking to sell volumes back into the market, as they lower consumption on unfavourable generation economics. But if cold weather continues into April, buying interest could emerge in Scandinavia for district heating markets.

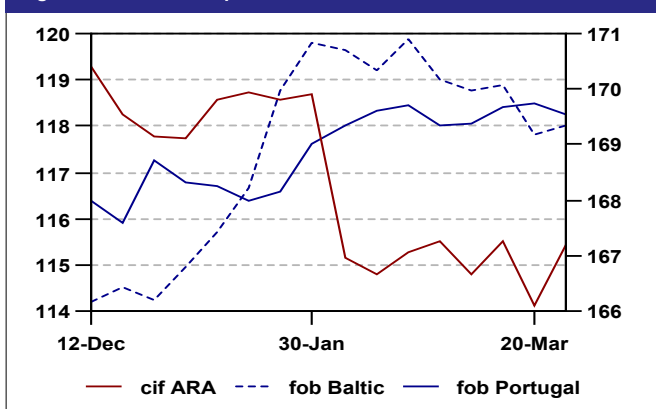
There has been sporadic buying interest for small spot volumes from new buyers to the market in the UK and Scandinavia, which has been met with Portuguese and Baltic volumes. Negotiations were heard for smaller spot volumes — around 10,000t — from the east coast of Canada into northwest Europe at prices of as high as \$170-175/t, but the consensus is that this is still above market value.

Polish producers are turning to European trading firms to help export volumes amid a lack of demand in the country. The producers have never before needed to export as demand in the country more than covered production, but for the first time are struggling to sell domestically.

Producers from the Baltic region in particular are keen to offload supply, with one utility receiving offers from trading firms aggregating Russian material.

The lack of industrial demand is forcing several trading firms to focus on premium markets, with pellets delivered to Denmark currently €10/t higher for premium quality around the €140/t range. Most of the industrial buying in recent weeks has come

Argus industrial wood pellet index



Market commentary continued

from producers short of volumes to fulfil existing contractual deals because of output not reaching expected levels.

North American Biomass – Producers focus on 2015

Industrial wood pellet markets were flat again while negotiations continue for 2015 supply deals, which have been stalled by delays in sustainability rulings in the UK. North American producers are watching the market closely, expecting a flurry of activity following UK sustainability decisions that are due this spring.

“We’re paying close attention right now. We feel like something’s about to break,” one major North American producer said.

The sustainability rules are expected in either mid-April or after 2 May, since the UK’s purdah period will prevent lawmakers from announcing new guidelines in the weeks leading up to local elections.

For 2015, \$195/t cif Amsterdam-Rotterdam-Antwerp (ARA) is emerging as a key price benchmark to provide adequate margins for supply-side growth. “If we don’t at least get close to that, it will be hard to justify building new plants, and we’ll have to dial back supply in order to bring demand up,” the producer said.

With deals still on the table, forward pricing is a moving target. Some anticipate lower prices when talks conclude, anywhere between \$5-10/t off the \$195/t benchmark.

Closer in on the forward curve, the contracting season for heating supply for winter 2013-14 is in full swing, with producers aiming to place premium tonnage to Italy and Scandinavia. Market prices have risen slightly over last year on higher demand, but container costs for transatlantic voyages have also increased. The supply side is increasingly competitive, with more participants emerging.

Bulk offerings have begun to emerge for the same delivery period, with delivered prices quoted in the high \$170s/t.

Near term, some niche trade for limited supply between the US and South Korea for bulk containers was concluded as the market slowly emerges. Otherwise, trade is scant with depressed spot prices. “We can’t be active in the market at current [ARA] rates,” one producer said. Spot assessments for delivered tonnage are averaging in the high \$160s/t cif ARA, netting back to US shores at around \$140/t. Vessel activity around the US and Canada was quiet as well this week for contractual loadings.

In shipping, rates across the greater dry bulk fleet leveled off and fell slightly after increasing last week, but smaller Handy-size/Handmax and Supramax vessels retained value. Quotes on a USEC-ARA voyage were reported as high as \$30/t, although the cost of the voyage is hard to gauge because of a lack of spot activity for the vessel class along that particular route.

US fob export price (industrial wood pellets)					\$/MWh
Origin	Delivery period	Bid	Ask	+/-	
fob northeast USA	spot	32.72	34.94	-0.26	
fob southeast USA	spot	29.33	30.60	0.00	
fob northwest USA	spot	28.38	30.28	-0.21	
fob southwest Canada	spot	28.59	29.65	0.00	

North American industrial wood pellets

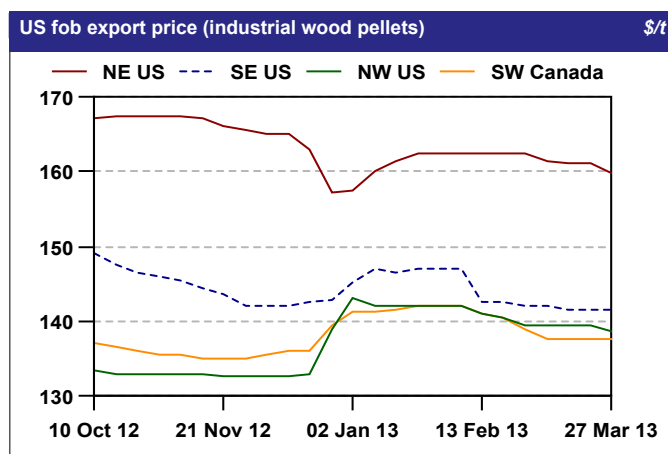
US fob export price (industrial wood pellets)					\$/t
Origin	Delivery period	Bid	Ask	+/-	
fob northeast USA	spot	154.50	165.00	-1.25	
fob southeast USA	spot	138.50	144.50	0.00	
fob northwest USA	spot	134.00	143.00	-1.00	
fob southwest Canada	spot	135.00	140.00	0.00	

Wood pellets forward prices					\$/t
fob northeast USA		Bid	Ask	+/-	
Q2 2013		154.50	165.00	-1.25	
Q3 2013		155.00	165.00	-1.50	
Q4 2013		155.00	169.00	0.00	
2014		155.00	170.00	-1.00	
2015		165.50	170.00	-0.50	
2016		170.00	173.00	0.00	

fob southeast USA		Bid	Ask	+/-	
Q2 2013		138.50	144.50	0.00	
Q3 2013		139.00	145.00	0.00	
Q4 2013		145.00	149.00	+0.50	
2014		153.00	160.00	-1.00	
2015		164.00	168.00	-1.75	
2016		168.00	173.00	-0.50	

fob northwest USA		Bid	Ask	+/-	
Q2 2013		134.00	143.00	-1.00	
Q3 2013		138.00	144.00	-0.50	
Q4 2013		139.00	147.00	-1.00	
2014		143.00	154.00	0.00	
2015		148.00	157.00	0.00	
2016		151.00	159.00	0.00	

fob southwest Canada		Bid	Ask	+/-	
Q2 2013		135.00	140.00	0.00	
Q3 2013		137.00	143.00	0.00	
Q4 2013		140.00	145.00	0.00	
2014		148.00	154.00	0.00	
2015		152.00	162.00	+0.50	
2016		157.25	164.50	0.00	



Industrial wood chips

Wood Chips cif NWE	Week index		Month index		
Within 90 days (spot)	Price	+/-	Mar	Feb	Jan
€/GJ	6.03	0.00	6.05	na	na

Wood chips cif NWE forward curve

€/GJ	Bid	Ask	+/-
Q2 2013	5.94	6.12	0.00
Q3 2013	5.99	6.17	0.00
Q4 2013	6.08	6.35	-0.01
2014	6.36	6.55	0.00
2015	6.53	6.70	-0.02
2016	6.70	6.95	-0.01

North American wood chips (spot)

Location	Market	Bid	Ask	+/-
Portland, Oregon (inc. Longview)	fob export	7.20	7.40	-0.15
Tacoma, Washington	fob export	7.40	7.60	-0.15
Vancouver, British Columbia	fob export	7.60	7.80	0.00
Mobile, Alabama	fob export	5.40	5.60	-0.10
Morehead City, North Carolina	fob export	5.70	5.80	-0.10
Sheet Harbour, Nova Scotia	fob export	5.80	6.10	0.00

Changes to the Argus wood chip and North American domestic wood pellet assessments

Following consultation with all sides of the sector, Argus has changed its Northwest European and North American wood chip assessments from Euros/Dollars per ton to Euros/Dollars per Gigajoule, and removing its cif domestic North American wood chip and wood pellet assessments from the report and subsequent currency conversions.

The wide parameters and lack of standardised product in the wood chip markets means that wood chip deals are often concluded outside of Argus specifications, and the wide range of specifications can lead to large price fluctuations in the market.

Following discussions with producers, utilities, brokers and traders we decided on the above changes. The feedback confirmed the vast majority of respondents were in favour of introducing an assessment based on energy content rather than weight.

In addition Argus will remove the North American cif domestic wood pellet and wood chip assessments due to the lack of market activity and participants in both domestic markets. After consulting with the market, it emerged that no domestic market is likely to appear soon, so it was decided to focus on the evolving wood chip export markets from North America, which are expected to become active.

For any questions or comment, please email or contact us on +442077804257 or at biomass@argusmedia.com

Wood pellet freight rates

Argus wood pellet freight indications, spot cargo

Route	Tonnage (t)	Units	Rate	+/-
Aveiro - ARA	3,500	€/t	13.75	0.00
Aveiro - Copenhagen	3,500	€/t	15.75	0.00
Aveiro - Hull (UK)	3,500	€/t	14.35	0.00
Riga - ARA	5,000	€/t	16.75	0.00
Riga - Copenhagen	5,000	€/t	12.50	0.00
Riga - Stockholm	5,000	€/t	12.00	0.00
St Petersburg - ARA	3,500	€/t	24.00	0.00
St Petersburg - Copenhagen	3,500	€/t	17.50	0.00
St Petersburg - Stockholm	3,500	€/t	16.50	0.00
Mobile - ARA	25,000	\$/t	29.25	+1.00
Mobile - ARA	45,000	\$/t	23.75	+0.30
Savannah - ARA	25,000	\$/t	26.25	+0.75
Savannah - ARA	45,000	\$/t	21.25	+0.75
Vancouver - ARA	45,000	\$/t	37.00	0.00

Indexes

Argus Biomass indexes are for "spot" delivery of industrial wood pellets and wood chips, where "spot" is defined as delivery within 90 days.

The indexes are based on two elements - a survey of market participants' views on where prices stand, and a volume-weighted average of any trades which fit the index specifications and which Argus has been able to verify.

Deals, bids and offers must be considered repeatable to be reflected in the assessments. All information is taken into account but if the market shows high volatility, Argus will weight the assessments towards trading activity.

The final index value is an average of the survey value and the volume-weighted trade value.

United States Dollar (USD) in Euro (EUR)



Generation economics – co-fired

UK			£/MWh						€/MWh					
	April			Q2 2013			April			Q2 2013				
Electricity	56.15			52.50			66.17			61.84				
ROC (x 0.5 for co-fired)	21.17			21.17			24.95			24.94				
LEC	4.62			4.62			5.45			5.45				
Pellet (£/MWh or €/MWh)	23.38			23.31			27.55			27.47				
Coal	7.74			7.75			9.12			9.13				
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%	30%	34%	38%		
Pellet efficiency adjusted cost	77.93	68.76	61.53	77.70	68.56	61.34	91.83	81.03	72.50	91.57	80.79	72.29		
Pellet spark spread	4.01	13.18	20.41	0.59	9.73	16.95	4.74	15.54	24.07	0.66	11.44	19.94		
Coal efficiency adjusted cost	25.80	22.76	20.37	25.83	22.79	20.39	30.40	26.82	24.00	30.43	26.85	24.03		
Coal CO2 cost at efficiency	4.45	3.93	3.52	4.45	3.93	3.52	5.25	4.63	4.14	5.25	4.63	4.14		
Clean dark spread	25.90	29.46	32.26	22.22	25.78	28.59	30.52	34.72	38.03	26.16	30.36	33.67		
Clean dark spread minus pellet spark spread	21.89	16.28	11.85	21.63	16.05	11.64	25.78	19.18	13.96	25.50	18.92	13.73		

Netherlands			€/MWh						€/MWh					
	April			Q2 2013			2014			2014				
Electricity	55.75			51.50			50.05			50.05				
Feed-in premium	0.00			0.00			0.00			0.00				
Pellet	27.55			27.47			29.81			29.81				
Coal	9.12			9.13			9.10			9.10				
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%	30%	34%	38%		
Pellet efficiency adjusted cost	91.83	81.03	72.50	91.57	80.79	72.29	99.37	87.68	78.45	99.37	87.68	78.45		
Pellet spark spread	-36.08	-25.28	-16.75	-40.07	-29.29	-20.79	-49.32	-37.63	-28.40	-49.32	-37.63	-28.40		
Coal efficiency adjusted cost	30.40	26.82	24.00	30.43	26.85	24.03	30.33	26.76	23.95	30.33	26.76	23.95		
Coal CO2 cost at efficiency	5.25	4.63	4.14	5.25	4.63	4.14	5.45	4.81	4.31	5.45	4.81	4.31		
Clean dark spread	20.10	24.30	27.61	15.82	20.02	23.33	14.27	18.48	21.79	14.27	18.48	21.79		
Clean dark spread minus pellet spark spread	56.18	49.58	44.36	55.89	49.31	44.12	63.59	56.11	50.19	63.59	56.11	50.19		

Germany			€/MWh						€/MWh					
	April			Q2 2013			2014			2014				
Electricity	38.25			36.60			41.60			41.60				
Feed-in tariff	0.00			0.00			0.00			0.00				
Pellet	27.55			27.47			29.81			29.81				
Coal	9.12			9.13			9.10			9.10				
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%	30%	34%	38%		
Pellet efficiency adjusted cost	91.83	81.03	72.50	91.57	80.79	72.29	99.37	87.68	78.45	99.37	87.68	78.45		
Pellet spark spread	-53.58	-42.78	-34.25	-54.97	-44.19	-35.69	-57.77	-46.08	-36.85	-57.77	-46.08	-36.85		
Coal efficiency adjusted cost	30.40	26.82	24.00	30.43	26.85	24.03	30.33	26.76	23.95	30.33	26.76	23.95		
Coal CO2 cost at efficiency	5.25	4.63	4.14	5.25	4.63	4.14	5.45	4.81	4.31	5.45	4.81	4.31		
Clean dark spread	2.60	6.80	10.11	0.92	5.12	8.43	5.82	10.03	13.34	5.82	10.03	13.34		
Clean dark spread minus pellet spark spread	56.18	49.58	44.36	55.89	49.31	44.12	63.59	56.11	50.19	63.59	56.11	50.19		

France			€/MWh						€/MWh					
	April			Q2 2013			2014			2014				
Electricity	54.50			43.20			45.20			45.20				
Feed-in tariff	0.00			0.00			0.00			0.00				
Pellet	27.55			27.47			29.81			29.81				
Coal	9.12			9.13			9.10			9.10				
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%	30%	34%	38%		
Pellet efficiency adjusted cost	91.83	81.03	72.50	91.57	80.79	72.29	99.37	87.68	78.45	99.37	87.68	78.45		
Pellet spark spread	-37.33	-26.53	-18.00	-48.37	-37.59	-29.09	-54.17	-42.48	-33.25	-54.17	-42.48	-33.25		
Coal efficiency adjusted cost	30.40	26.82	24.00	30.43	26.85	24.03	30.33	26.76	23.95	30.33	26.76	23.95		
Coal CO2 cost at efficiency	5.25	4.63	4.14	5.25	4.63	4.14	5.45	4.81	4.31	5.45	4.81	4.31		
Clean dark spread	18.85	23.05	26.36	7.52	11.72	15.03	9.42	13.63	16.94	9.42	13.63	16.94		
Clean dark spread minus pellet spark spread	56.18	49.58	44.36	55.89	49.31	44.12	63.59	56.11	50.19	63.59	56.11	50.19		

Pellet spark spreads are based on co-fired industrial wood pellet feedstock. A positive value for "clean dark spread minus pellet spark spread" implies that coal is the more profitable fuel. A negative value implies that wood pellets are more profitable. Coal and electricity prices are taken from Argus European Electricity and Argus Coal Daily International. EU ETS emissions prices from Argus European Emissions Markets. The model does not take account of local taxes and transport costs, or capital expenditure adjustments.

Roc = UK renewable obligation certificate; LEC = UK levy exemption certificate. Pellet energy content (calorific value) = 17GJ/t equivalent to 4.722MWh/t. Efficiency bonuses not included.

Generation economics – dedicated

UK	£/MWh						€/MWh					
	April			Q2 2013			April			Q2 2013		
Electricity	56.15			52.50			66.17			61.84		
ROC (x 1.5 for non co-fired)	63.51			63.51			74.84			74.81		
LEC	4.62			4.62			5.45			5.45		
Pellet (£/MWh or €/MWh)	23.38			23.31			27.55			27.47		
Coal	7.74			7.75			9.12			9.13		
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%	30%	34%	38%
Pellet efficiency adjusted cost	77.93	68.76	61.53	77.70	68.56	61.34	91.83	81.03	72.50	91.57	80.79	72.29
Pellet spark spread	46.35	55.52	62.75	42.93	52.07	59.29	54.63	65.43	73.96	50.53	61.31	69.81
Coal efficiency adjusted cost	25.80	22.76	20.37	25.83	22.79	20.39	30.40	26.82	24.00	30.43	26.85	24.03
Coal CO2 cost at efficiency	4.45	3.93	3.52	4.45	3.93	3.52	5.25	4.63	4.14	5.25	4.63	4.14
Clean dark spread	25.90	29.46	32.26	22.22	25.78	28.59	30.52	34.72	38.03	26.16	30.36	33.67
Clean dark spread minus pellet spark spread	-20.45	-26.06	-30.49	-20.71	-26.29	-30.70	-24.11	-30.71	-35.93	-24.37	-30.95	-36.14

Netherlands	€/MWh								
	April			Q2 2013			2014		
Electricity	55.75			51.50			50.05		
Feed-in premium	61.00			61.00			61.00		
Pellet	27.55			27.47			29.81		
Coal	9.12			9.13			9.10		
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%
Pellet efficiency adjusted cost	91.83	81.03	72.50	91.57	80.79	72.29	99.37	87.68	78.45
Pellet spark spread	24.92	35.72	44.25	20.93	31.71	40.21	11.68	23.37	32.60
Coal efficiency adjusted cost	30.40	26.82	24.00	30.43	26.85	24.03	30.33	26.76	23.95
Coal CO2 cost at efficiency	5.25	4.63	4.14	5.25	4.63	4.14	5.45	4.81	4.31
Clean dark spread	20.10	24.30	27.61	15.82	20.02	23.33	14.27	18.48	21.79
Clean dark spread minus pellet spark spread	-4.82	-11.42	-16.64	-5.11	-11.69	-16.88	2.59	-4.89	-10.81

Germany	€/MWh								
	April			Q2 2013			2014		
Electricity	38.25			36.60			41.60		
Feed-in tariff	77.90			77.90			77.90		
Pellet	27.55			27.47			29.81		
Coal	9.12			9.13			9.10		
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%
Pellet efficiency adjusted cost	91.83	81.03	72.50	91.57	80.79	72.29	99.37	87.68	78.45
Pellet spark spread	-13.93	-3.13	5.40	-13.67	-2.89	5.61	-21.47	-9.78	-0.55
Coal efficiency adjusted cost	30.40	26.82	24.00	30.43	26.85	24.03	30.33	26.76	23.95
Coal CO2 cost at efficiency	5.25	4.63	4.14	5.25	4.63	4.14	5.45	4.81	4.31
Clean dark spread	2.60	6.80	10.11	0.92	5.12	8.43	5.82	10.03	13.34
Clean dark spread minus pellet spark spread	16.53	9.93	4.71	14.59	8.01	2.82	27.29	19.81	13.89

France	€/MWh								
	April			Q2 2013			2014		
Electricity	54.50			43.20			45.20		
Feed-in tariff	49.00			49.00			49.00		
Pellet	27.55			27.47			29.81		
Coal	9.12			9.13			9.10		
Power generation efficiency	30%	34%	38%	30%	34%	38%	30%	34%	38%
Pellet efficiency adjusted cost	91.83	81.03	72.50	91.57	80.79	72.29	99.37	87.68	78.45
Pellet spark spread	-42.83	-32.03	-23.50	-42.57	-31.79	-23.29	-50.37	-38.68	-29.45
Coal efficiency adjusted cost	30.40	26.82	24.00	30.43	26.85	24.03	30.33	26.76	23.95
Coal CO2 cost at efficiency	5.25	4.63	4.14	5.25	4.63	4.14	5.45	4.81	4.31
Clean dark spread	18.85	23.05	26.36	7.52	11.72	15.03	9.42	13.63	16.94
Clean dark spread minus pellet spark spread	61.68	55.08	49.86	50.09	43.51	38.32	59.79	52.31	46.39

Pellet spark spreads are based on 100pc industrial wood pellet feedstock. A positive value for "clean dark spread minus pellet spark spread" implies that coal is the more profitable fuel. A negative value implies that wood pellets are more profitable. Coal and electricity prices are taken from Argus European Electricity and Argus Coal Daily International. EU ETS emissions prices from Argus European Emissions Markets. The model does not take account of local taxes and transport costs, or capital expenditure adjustments.

Roc = UK renewable obligation certificate; LEC = UK levy exemption certificate. Pellet energy content (calorific value) = 17GJ/t equivalent to 4.722 MWh/t. Feed-in tariffs and feed-in premiums for dedicated biomass plants > 5MW. Efficiency bonuses not included.

Project tracker

Biomass dedicated/conversion projects under development - UK (above 20MW)

Company	Location	Feedstock	Capacity MW	Cost £mn	Completion	Planning permission	Status	Last updated
Eon (conversion)	Shropshire	wood	450	n/a	2013	yes	Under construction	October 2012
Iggesund	Cumbria	wood	150	108	2013	yes	Under construction	July 2012
RWE	Markinch	wood chips	50	200	2013	yes	Cold commissioning	January 2013
E-ON	Sheffield	wood	25	60	2014	yes	Under construction	July 2012
Eco-2	Brigg	straw	40	n/a	2014	no	Planning approved	March 2012
Eco-2	Sleaford	straw	40	n/a	2014	yes	Under construction	January 2013
Peel Energy	Fort William	wood	20	70	2014	no	Awaiting approval	April 2012
Peel Energy	Cheshire	wood	20	n/a	2014	yes	Concluding financing	April 2012
Real Ventures	Immingham	wood pellets	49	130	2014	yes	Concluding financing	November 2012
Steag New Energies UK	Kent	wood	25	n/a	2014	yes	95pc sold to MVV	November 2012
Welsh Power	Newport	wood chips and energy crops	50	140	2014	yes	Concluding financing	May 2012
E-ON	Bristol	wood	150	300	2015	yes	Planning approved	March 2012
Estover Energy	Northumberland	wood chips	25	n/a	2015	yes	Planning approved	January 2013
Estover Energy	Aberdeen	wood chips	25	n/a	2015	yes	Planning approved	January 2013
Forth Energy	Grangemouth	wood	100	n/a	2015	no	Awaiting approval	June 2012
Forth Energy	Rosyth	wood	100	n/a	2015	no	Awaiting approval	June 2012
Forth Energy	Dundee	wood	100	n/a	2015	no	Awaiting approval	June 2012
Helius Energy	Southampton	wood	100	200	2015	no	Planned	May 2012
Helius Energy	Bristol	wood	100	200	2015	yes	Concluding financing	July 2012
Iceni Energy	Snetterton	wood chips and energy crops	40	n/a	2015	yes	Planning approved	June 2012
Peel Energy	Manchester	wood	20	n/a	2015	no	Appeal planned	November 2012
Real Ventures	Hull	wood pellets	49	130	2015	yes	Planning approved	November 2012
Real Ventures	Isle of Wight	wood pellets	49	130	2015	no	Planned	November 2012
RES Group	Blyth	wood	100	n/a	2015	no	Awaiting approval	January 2013
RES Group	Liverpool	wood	100-150	n/a	2015	no	Planned	April 2012
SSE	Yorkshire	wood	68	300	2015	no	Under construction	July 2012
Tilbury Green Power	Tilbury	wood chip and waste	60	250	2015	yes	Concluding financing	June 2012
MGT Power	Teeside	wood chips	300	600	2016	yes	Concluding financing	October 2012
Drax (conversion)	Selby	wood pellets	2000	700	2017	yes	Set for construction	October 2012
MGT Power	North Tyneside	wood chips	300	600	2017	no	Planned	January 2012
Anglesey Aluminium Metals	Holyhead, Wales	n/a	299	600	n/a	yes	For sale	May 2012
Eco-2	Suffolk	straw	40	100	n/a	no	Awaiting approval	November 2012
Eggborough (conversion)	Yorkshire	wood	2000	n/a	n/a	no	Under consideration	October 2012
Gaia Power	Stockton	wood chips	45	200	n/a	yes	Concluding financing	November 2012
International Power (conv.)	Rugeley	wood pellets	1000	n/a	n/a	yes	Under consideration	January 2013
Prenergy	Port Talbot	wood chips and pellets	350	400	n/a	yes	For sale	May 2012
RWE (conversion)	Lynemouth	wood	330	50	n/a	yes	Under consideration	December 2012
RWE	Lincolnshire	wood	65	200	n/a	yes	On hold	

Biomass developer plans Mississippi mill

Wood pellet plant developer Gulf Coast Renewable Energy (GCRE) is planning a 320,000t/yr plant in George County, Mississippi, that will target the export market.

GCRE management previously helped design and build the Bayou Wood Pellets plant in West Monroe, Louisiana, and the Wiggins, Mississippi, pellet plant now operated by Enviva.

GCRE anticipates a startup date in the fourth-quarter of 2014, the company's vice president of engineering Gary Ogle told Argus. The plant's original capacity design was for 160,000t, but was revised upward for more advantageous economics, he said.

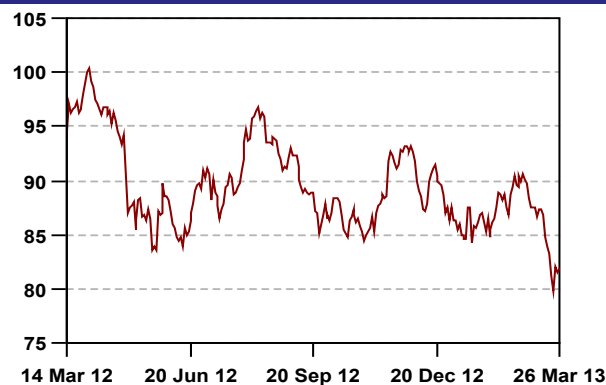
Shipping logistics to tap into the UK and ARA markets are under negotiation, and no port has been selected.

Plans for the George County plant have been under development for two years, with permitting the major focus at this stage. GCRE held a pre-application meeting with state air regulators, but has yet to file any official documents. It is also seeking local permits. The George County project is the first in series of expansions for GCRE, Ogle said. "After George County, we will build three more across Mississippi, Louisiana and Alabama."

The US Gulf coast region has seen a spike in wood pellet development over the past year. At least one plant is under construction in Texas. Existing operators are eyeing expansion plants, and major European utilities are looking to the region to invest upstream in Louisiana and Mississippi.

CIF ARA spot coal assessment

\$/t



Project tracker (continued)

Biomass plants/projects under development - US

Company	Project Name	State	County	Feedstock	Capacity MW	Cost \$mn	Completion	Planning	Status
Verso Paper Company	Bucksport	Maine	Hancock	dirty wood chips	25MW	\$40	2012	yes	Under construction
BioSila	Mattawa	Ontario	Mattawa	wood pellets/chips	10MW	\$20	2012	under review	Awaiting approval
DTE	Mt. Poso Cogeneration	California	Kern	mww/ag residue	44MW	n/a	2012	yes	Under construction
Iberdrola Renewables	Lakeview Biomass Development	Oregon	Lake	forest slash	24MW	n/a	2012	yes	Under construction
Nippon Paper Industries	Port Angeles cogeneration plant	Washington	Clallam	forest slash	25MW	\$71	2012	in progress	Planning submitted
Rollcast Energy	Piedmont Green Power	Georgia	Lamar	forest slash/ mww	53.5MW	\$203	2012	yes	Under construction
Soloman Renewable Energy	Shelton	Washington	Mason	forest slash	31MW	n/a	2012	in progress	Planning submitted
American Renewables	Gainesville Renewable Energy Center	Florida	Alachua	forest slash/ mww	100 MW	~\$500	2013	yes	Under construction
Beaver Wood Energy	Fair Haven Energy Center	Vermont	Rutland	wood waste	29MW	\$150	2013	under review	Planning submitted
Berlin Biopower	Berlin Biopower project	New Hampshire	Coos	forest slash	70 MW	\$270	2013	yes	PPA in dispute
Biogreen Sustainable Energy	La Pine	Oregon	Deschutes	forest slash/ mww	24MW	\$70	2013	yes	Under construction
Caletta Renewable	Palmer Renewable Energy	Massachusetts	Springfield	forest slash/ mww	35MW	\$150	2013	under review	Air permit in dispute
Dominion Virginia	Altavista, Southampton, Hopwell conversions	Virginia	Campbell/Prince George/Southampton	wood chips	150MW	\$450	2013	under review	Planning submitted
DTE	Port of Stockton	California	Stockton	mww/ag residue	45MW	n/a	2013	yes	Under construction
Klamath Falls Bioenergy	Klamath Falls Bioenergy Facility	Oregon	Klamath	forest slash	34MW	~\$150	2013	under review	Planning submitted
MeadWestvaco	Covington paper mill	Virginia	Alleghany	forest slash/ mww	75MW	\$285	2013	under review	Planning submitted
Nova Scotia Power	NewPage	Nova Scotia	Port Tupper	forest slash	60MW	\$200	2013	yes	Under construction
NOVEC	South Boston	Virginia	Halifax	wood chips	50MW	\$180	2013	yes	Under construction
Rentech	Port St. Joe	Florida	Gulf	forest slash/ mww	55MW	\$225	2013	yes	Concluding financing
Rollcast Energy	Greenway Renewable Power	Georgia	Heard	forest slash/ mww	50MW	~\$200	2013	yes	Concluding financing
Rollcast Energy	Loblolly Green Power	South Carolina	Newberry	forest slash/ mww	50MW	~\$200	2013	yes	Concluding financing
Southern Power	Nacogdoches Power	Texas	Nacogdoches	forest slash/ mww	100 MW	\$475-500	2013	yes	On line
Sterling Planet	Plant Carl	Georgia	Franklin	dirty wood-chips	25 MW	n/a	2013	yes	On hold pending PPA
Sterling Planet	Wiregrass plant	Georgia	Valdosta	dirty wood chips	40 MW	n/a	2013	yes	On hold pending PPA
Taylor Biomass	Montgomery	New York	Orange	mww/waste	20MW	\$100	2013	yes	Waste supply pending
We Energies/Dorntar	Rothschild Facility	Wisconsin	Rothschild	forest slash	50MW	\$250	2013	yes	Under construction
East Texas Electric Coop	Woodville Biomass plant	Texas	Tyler	wood waste	50MW	~\$145	2013-2014	yes	Planned
American Renewables	Hamilton County Renewable Energy Center	Florida	Hamilton	forest slash/ mww	100 MW	~\$500	2014-2015	yes	On hold pending PPA
Clear Lake Capital	Willamette Valley Renewable Energy Center	Oregon	Polk	n/a	32MW	\$120-130	n/a	n/a	Planned
Georgia Power	Mitchell Plant	Georgia	Dougherty/Mitchell	forest slash	96 MW	n/a	n/a	delayed	Evaluating MACT rules
Greenville Energy	Greenville Electric Utility System	Texas	Hunt	forest slash/ mww	63 MW	n/a	n/a	yes	Under construction

South Korean biomass power plant to burn PKS

South Korean conglomerate GS Group plans to build a 105MW biomass-fired power plant in the city of Dangjin.

The Dangjin 4 plant will be predominantly fuelled by palm kernel shells (PKS) from Malaysia and Indonesia, but wood pellets and possibly coal will be used in the fuel mix, the firm said.

South Korea introduced a favourable renewable portfolio standard (RPS) for power generation that is expected to see consumption rise to a conservative 5mn t/yr of wood pellets by 2020 from less than 100,000t in 2012.

A total of 12 South Korean utilities are subject to the RPS and must increase their quota of renewable power generation from 2pc in 2012, rising by 0.5pc/yr until 2022.

South Korean utilities have sourced volumes for biomass on a spot tender basis so far, but this is starting to change as demand rises. This supply deal by GS Group taps into the notion that South Korea will attempt to source large volumes of its fuel requirements from Southeast Asia.

European PKS demand has failed to rise at expected levels in recent years with the bulk of demand coming from Italy and Poland. But several utilities in Poland are pulling out of co-firing because of the decline in prices of tradable green certificates, to leave PKS availability in Southeast Asia higher.

Work is expected to start on the Dangjin plant this summer with commercial operation set for the third quarter of 2015.

Biomass plants/projects under development - Italy (above 10MW)

Company	Location	Feedstock	Capacity MW	Cost €mn	Completion	Planning permission	Status
RWE	Enna	woodchips	18.7	80	2012	yes	Under construction
Enel	Laura Borgo	wood	35	n/a	n/a	no	Awaiting approval
Gavazzi Green Power	Acinello di Stigliano	woodchips	35	n/a	n/a	no	Awaiting approval
Green Globe	Magliano Dei Marsi	wood	11.5	n/a	n/a	n/a	n/a
PAER	Torri di Mezzano	wood	28	60	n/a	n/a	Awaiting approval
Powercrop	Castiglion Fiorentino	vegetable oil/wood	19	50	n/a	no	Consulting community
Powercrop	Avezzano	wood	30	90-100	n/a	no	Awaiting approval
Powercrop	Russi	wood/biogas	31	120-130	n/a	no	Awaiting approval
Santa Maura	Santa Maura	wood	23	70	n/a	n/a	Awaiting approval

Viridis to restart eastern Canadian mill in summer

Vancouver-based wood pellet manufacturer Viridis Energy will look to restart its eastern Canadian pellet mill this summer, company officials said.

Viridis bought the idled 110,000t/yr Enligna plant in New Brunswick in early 2012 and has been working to reopen it as the Scotia Atlantic plant. Adverse market conditions have led to some delays, but the company is working towards commissioning in June.

The company restructured two existing credit facilities at the end of February to free up more capital for start-up funds at Scotia Atlantic. The extra funds will be diverted to Scotia Atlantic as early as April to begin purchasing additional equipment, performing maintenance and hiring staff, Viridis chief executive Michele Rebiere said. "The only real delay is the road closures which are beginning now and will be in place until close to the end of April," she said.

Restructuring efforts included a \$2.45mn short-term loan that was converted to long-term debt, and also involved an assignment of \$3mn of term credit between Viridis subsidiaries.

Targeted production for 2013 is 50,000-60,000t. Negotiations for the plant's supply are still under way, but production will be committed before start-up, Rebiere said. The plant will ship its output through the port of Halifax in Nova Scotia. It is also positioned to use Sheet Harbour in New Brunswick in the future. Production will be targeted for the bulk industrial market, with the possibility to serve residential heating markets after planned expansions in 2014 or 2015.

Viridis operates one other plant, in British Columbia. Viridis' Okanagan pellet mill has a nameplate capacity of 50,000-60,000 t/yr. The plant's production is supplied to the domestic market and to Canadian pellet exporters for European utility consumption.

Spanish pellets bound for UK

Spanish pellet producer Biomasa Forestal is shipping a first cargo of industrial wood pellets to the UK in the week ending 22 March.

The company is selling a 3,500t cargo, which will sail from the port of Ferrol in the northwest of Spain close to A Coruna.

"The cargo is being sold fob and we are expecting the ship to sail sometime towards the end of this week," a company spokesman told Argus.

The company has hired a cargo ship at the port to use as storage as pellets are produced — 3,500t is around three weeks production — with future buyers expected on an ad hoc basis.

Biomasa Forestal is based outside the town of As Pontes and has a 60,000 t/yr pellet mill, which takes in around 100,000 t/yr of forest waste as feedstock.

The firm's original owners filed for bankruptcy in 2012 after around 15 months of operations, with new owners Gestan Group purchasing the mill in the fourth quarter of the year. The new proprietors restarted the facility early this year and say they have been producing at full capacity since then.

Alongside Gestan, which holds 80pc of the company, are 20pc stakeholders the Galician regional energy institute and the partners say they have plans to expand capacity at the facility to 75,000 t/yr over an unspecified timeframe.

New RO bands on schedule for 1 April

A deferral in the introduction of new biomass sustainability criteria under the UK's renewable obligation (RO) support scheme will not affect the implementation of new RO bands on 1 April, according to the UK's Department of Energy and Climate Change (Decc).

Decc is preparing its response to a stakeholder consultation on UK sustainability criteria for biomass, and the government response will be published "shortly", Decc told Argus. But Decc would not commit to a date on when these criteria will be implemented, despite previously saying it would be in October this year.

"We recognise the need for certainty and clarity, and intend to publish the government response to the consultation shortly. We will set out the schedule for implementation in the government response," Decc said. "But we expect the new RO bands to take effect as planned on 1 April."

Decc received responses from a wide range of stakeholders, bioenergy industry, trade associations, manufacturers, feedstock suppliers, NGOs, certification bodies and private individuals, it told Argus.

"Analysis of the different responses and feedback received will be included in the government response," it said.

As part of the consultation, the government is looking at grandfathering sustainability criteria, to give added certainty to market participants.

From 1 April newly accredited biomass plants will continue to receive 1.5 Rocs/MWh, while biomass conversions will receive 1 Roc/MWh on a unit-by-unit basis. Co-firing will be banded depending on the percentage of biomass consumed in a unit, ranging from 0.3 Rocs/MWh to 0.7 Rocs/MWh.

Biomass plants/projects under development - Spain (15MW or above)							
Company	Location	Feedstock	Capacity MW	Cost €/MWh	Start Up	Planning Permission	Planning status
Abencis	Milagro	Energy crops, forest resds.	27	90	2013	n/a	Construction start 2012
Acciona	Valencia de Don Juan	Energy crops, straw	25	55	2013-14	no	Planning applied
Acciona	Almazan, Soria	Mixed residues	17.8	30	2013-14	no	Planning applied
Acciona	Alcazar de San Juan	Woody residues	15	25	2013-14	no	Planning applied
Acciona	Mohorte	Wood	15	25	2013-14	no	Planning applied
Comsa Ente/Abantia	Lleida	Woody residues	24	153	2013	yes	Under construction
Comsa Ente/SPT Renovables	St Pere de T	Wood residues/forest biomass	24	n/a	n/a	yes	Approved March 2010
D B de M	Almendrajelo	Sorgum, cereals	15	n/a	2014	no	Development
D B de M	Montijo	Sorgum, cereals	15	n/a	2014	no	Development
Daldur	Salamanca	Forest residues/wood chip	16	36	n/a	no	Planning applied
Daldur	Segovia	Forest residues/wood chip	16	36	n/a	no	Planning applied
Daldur	Avila	Forest residues/wood chip	16	36	n/a	no	Planning applied
Dalkia	Cieza	Woody residues	16	58	2014	yes	Deferred
Dre Bioeneria	Navalmoral de la Mata	Forest biomass, cereals	22	n/a	2012	yes	Under construction
Eco2	Osorno	Straw	40	100	n/a	yes	Construction start 2012
Ence	Huelva	Wood chip/pellets/residues	50	140	2012	yes	Under construction
Ence	Villaturiel	Wood chip/pellets/residues	20	44.2	2015	yes	Approved
Ence	Badajoz	Wood chip/residues	20	50	2015	yes	Approved
Ence	Alcantara	Wood chip/pellets/residues	20	50	2012	yes	Approved
Ence	Ciudad Real	Wood chip/pellets/residues	16.5	45	2015	yes	Approved
Ence	Burgos Melgar	Wood chip/pellets/residues	20	50	2015	yes	Approved
Ence	Merida	Woody residues	20	80.9	2014	yes	Approved
Enhol	Navarra	Forest biomass	20	50	n/a	no	Planning
FCC Energia	Vitoria	Forest residues	20	50-60	2014	yes	Approved
Foresta Capital	Teruel	Wood chip/pellets/residues	20	98	n/a	no	Design
Foresta Capital	Campo Aranuelo	Wood chip/pellets/residues	50	146	n/a	no	Design
Foresta Capital	Tordesillas	Wood chip/pellets/residues	40	165	2014	no	Design
Foresta Capital/Endesa	As Pontes	Wood chip/pellets/residues	20	60	2015	no	Design
Gestamp	Soria	Wood chip/pellets/residues	16.8	55	2013	yes	Approved
Gestamp	Torredonjimeno	Forest biomass	15	55	2012	yes	Approved
Renova	Mansilla	Forest residues	15	n/a	2013	n/a	Received environmental permit
Renovables de la Vera	Navalmoral de la Mata	Wood chip/pellets/residues	25	27.7	2014	no	Pending
Seeger	La Garriga	Agricultural/forest residues	25	n/a	2013-14	yes	Deferred
Sener	Cordoba	Energy crops	22	n/a	n/a	no	Pending
Sener	Huesca	Energy crops	22	n/a	n/a	no	Pending
Tecoma Energia	Piedrabuena	Ag. residues/crops/wood	15	50	2013-14	yes	Construction start 2012

Pinnacle's wood pellet dock set for British Columbia Western Canadian industrial wood pellet producer Pinnacle Pellets is on track to finish its new export terminal in Prince Rupert, British Columbia.

The C\$42mn (\$41.2mn) project has been under development since 2011 and is expected to come on line this fall.

One crucial aspect of the new terminal is its ability to handle larger ships and increase economies of scale. "We fully intend to handle Panamax [vessels] in the future at Prince Rupert," Pinnacle's chief operating officer Leroy Reitsma told Argus.

That would boost potential cargo sizes to 60,000t from the 45,000-48,000t cargoes that ship out of northern Vancouver, and help keep Canadian producers competitive with delivered prices to European markets.

Pinnacle is constructing storage towers to accommodate the larger vessel class. Two towers are already standing, with a third going up. Annual terminal capacity will be about 2mn t.

The project uses the largely abandoned Westview Terminals site to the north of Prince Rupert's coal terminal. Westview served as Prince Rupert's main grain terminal until the terminal moved south nearly 30 years ago to accommodate expansion.

The port will serve large-scale mills in the Prince George region, about eight hours by car to the east. The other main production center in British Columbia is near Kamloops, closer to Vancouver, where some of the province's smaller mills are located.



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Biomass plants/projects under development - France (10MW or above)

Company	Location	Feedstock	Capacity MW	Cost €/Mn	Completion	Planning permission	Status
Abengoa	Arance	Wood chip/forest residues	13	28.1	2014-15	no	Permitting
BD de V	Verdun	Wood chip/forest residues	18	n/a	n/a	yes	Approved
BD de C	Commentry	Wood chip	14.9	n/a	2014	yes	Approved Nov. 2011
CB de H	Haubourdin	Wood chip/forest residues	16	n/a	n/a	yes	Approved
CB de N	Novilars	Wood chip/forest residues	20	55	n/a	no	Planning
CCB	Besse sur Braye	Wood chip/forest residues	20	60	2014	yes	Under construction
Cofely	Saint Junien	Wood chip/waste wood	25	100	2014	no	Permitting
Cofely	Viele St Girons	Wood chip/forest residues	17	n/a	2014	no	Planning
Cofely	Maromme	Forest residues	25.5	25	2014	yes	Under construction
Cofely Biolacq	Lacq	Wood chip/forest residues	19	60	2013-14	yes	Approved
Cogen de EM	Estree Mons	Wood chip/forest residues	23	n/a	n/a	no	Authorisation delayed
Dalkia	Rennes	Wood chips	10.4	45	2013	yes	Under construction
Dalkia	Strasbourg	Wood chip	10	n/a	2014	yes	Approved
Dalkia	Descartes	Wood chip/forest residues	20	50	2014-15	yes	Approved
Dalkia	Brest	Wood chip/forest residues	14	50	2014-15	yes	Approved
E.On	Meyreuil	Wood chip/pellets	150	140	2014	no	Permitting
Inova	Brignoles	Wood chip/forest residues	22	n/a	n/a	no	Planning
SAS Bioere	Laveyron	Wood chip/forest residues	23	80	2014-15	no	Planning
SNC Cogé Vitry	Gennevilliers	Wood waste	18	n/a	n/a	no	Planning
UPM-Kymmene	Strasbourg	Wood chip/forest residues	26	n/a	n/a	no	Planning

Drax biomass unit conversion on schedule

Unit 2 at UK generator Drax's 2,000MW Selby power plant is scheduled to return to service as a fully converted biomass unit on 2 April, the company told Argus.

The 660MW unit was taken off line on 5 March and the conversion is progressing as planned, according to Drax. None of the other units are being affected by the conversion process.

Unit 2 is the first of three units to be converted from coal to biomass at the plant and Drax has committed to converting the second unit in 2014 and the third by 2017, but the company is confident all three units could be converted by 2015.

The converted units will have a 10pc reduction in output capacity and will lose 1.5 percentage points of generation efficiency, down from around 39-40pc.

The converted unit will be technically capable of running at full capacity, but there will be a six-month period where the unit will rely on existing co-firing infrastructure as the company's logistics and storage project will not be completed until the fourth quarter of 2013.

Drax has constructed the first two of four planned biomass storage domes on site. While the company would not disclose the total storage capacity of the four domes, it plans to have 2-4 weeks worth of biomass stored on site at any one time at the plant once all three units are converted. Drax's total wood pellet consumption is expected to be at least 6mn t/yr after the three units are converted.

Unit 3 at the Selby plant will be taken off line on 12 April until 3 May. This planned outage was delayed from 8-29 March.

Port deal

Drax also confirmed they have signed a 15-year contract with Associated British Ports (ABP) which will see terminal investments of up to £100m to handle wood pellet cargos at ABP ports of Immingham, Hull and Goole.

Drax predominantly import through the Port of Tyne but this move will allow the generator to discharge closer to their Selby plant. As part of the project, ABP is investing in new discharge and storage facilities at the three ports.

The Port of Immingham will create a dedicated import facility, the Immingham Renewable Fuels Terminal, to handle Panamax-size bulk carriers which will service up to three million tonnes of wood pellets a year. The investment will require a new quayside discharge plant with associated equipment to convey the biomass from the ships to new silos capable of storing up to 100,000 tonnes. From these silos, cargos will be conveyed to a train loading facility which will service the specialist rail wagons transporting the biomass to the power station at Selby. The project also includes a significant upgrade in rail infrastructure at HIT to facilitate the servicing of this new trade.

At Hull, ABP is investing in dedicated handling equipment and storage facilities in order to handle up to one million tonnes of biomass each year to be supplied to Drax by rail. Further inland at its port of Goole, only seven miles from Drax, investment in warehousing is also being made as a result of increased imports of biomass through the port.

Competing fuels

Argus competing fuel assessments			latest available
Europe	units	delivery	price
Coal cif ARA	\$/t	90 days	81.81
Gasoil heating oil German cif NWE	\$/t	prompt	914.00
Gasoil heating oil French cif NWE	\$/t	prompt	909.00
Natural gas NBP	€/MWh	April	29.96
USA			
Coal Central Appalachian Nymex spec	\$/st	April	55.75
Fuel oil 1% New York Harbor	\$/bl	prompt	97.75
Natural gas Nymex	\$/mnBtu	April	3.98
Argus European Emissions assessments			
CO2 EU ETS	€/t CO2e	Dec 2013	4.62
CO2 CDM CER	€/t CO2e	Dec 2013	0.33
UK Rocs CP7 (co-fired)	€/MWh	Apr 2011	42.34
UK Rocs CP7 (non co-fired)	€/MWh	Apr 2011	42.34

Biomass plants/projects under development - Germany

Company	Location	Feedstock	Capacity MW	Cost €mn	Completion	Planning permission	Status	Updated
CEE/ZEV	Zwickau	wood	5	25	2012	yes	Under construction	August 2012
N-ergie	Nuremberg	wood	6	36	2012	yes	Operational	August 2012
RWE	Goch	wood	5	34	2012	yes	Under construction	August 2012
Stadtwerke Ulm	Ulm	wood	5	33	2013	yes	Testing	August 2012
ESWE	Wiesbaden	wood	13	n/a	2013	yes	Under construction	May 2012
Stadtwerke Heidelberg	Heidelberg	wood	3	20	2013	yes	Under construction	August 2012
Vattenfall	Berlin	wood	5	34	2012/2013	yes	Under construction	August 2012
Vattenfall	Berlin	wood	40	n/a	2018-19	no	Planning	August 2012
Vattenfall	Hamburg	wood	5	28	n/a	yes	Cancelled	August 2012

Efet standard biomass contract launched

The European Federation of Energy Traders (Efet) will hold a workshop on 28 March to discuss the specifics and mechanics of its newly launched standard contract for wood pellet trading.

The Efet Individual Biomass Contract, which was launched on 6 March, was developed by the Initiative of Wood Pellet Buyers (IWPB) in conjunction with Efet and is the result of more than two years of work to drive liquidity.

“The adjustments to the standard Efet documentation were kept to a minimum and driven by the specifics of the commodity itself and the shipping requirements,” Efet legal committee chairman Jan Haizmann said. “Then, the trading community had to discuss and agree upon key conceptual and commercial issues — such as quality specification for the biomass, sustainability criteria and remedies and regulation in the different jurisdictions.”

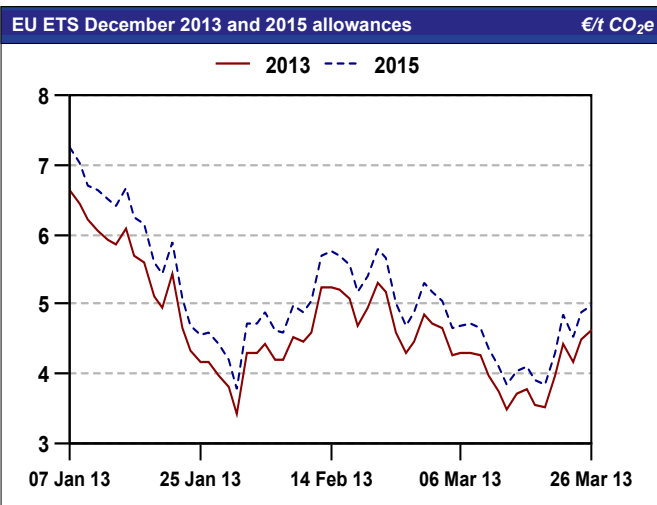
The IWPB, which became the International Wood Pellet Roundtable (IWPR) in November last year, has spent the past two years working on three new industrial standards as part of the contract. The Industrial 1 is a higher-quality pellet. Industrial 2 are the most widely used and cover co-firing, while Industrial 3 is a lower-quality specification.

The IWPB was started by Denmark’s Dong Energy, the UK’s Drax, Belgium’s Electrabel, German utilities Eon and RWE, Sweden’s state-owned Vattenfall and Finland’s Fortum — although Fortum later withdrew because of differences on sustainability criteria.

The IWPB also invited representatives from the producer side to contribute to the specification and sustainability standards detailed in the standard contract.

The IWPB has supported the introduction of EU-wide binding sustainability criteria. The European Commission is formulating a response to its consultation on binding criteria for solid biomass.

An initial workshop will take place in Brussels on 28 March, and the federation is expecting to hold a second workshop in the near future because of “high interest in the topic”, Efet told Argus. The standard contract documentation can be found on the Efet website.



Argus Biomass Markets
is published by
Argus Media Ltd.

Registered office: Argus House,
175 St John St, London, EC1V 4LW
Tel: +44 20 7780 4200
Fax: +44 870 868 4338
email: sales@argusmedia.com

ISSN 2041-2053

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Publisher

Adrian Binks

Chief operating officer

Neil Bradford

Global compliance officer

Jeffrey Amos

Commercial manager

Jo Loudiadis

Editor in chief

Ian Bourne

Managing editor, Global

Cindy Galvin

Managing editor, Generating Fuels

Peter Ramsay

Editor: Brodie Govan

Tel: +44 20 7780 4257
biomass@argusmedia.com

Customer support and sales

Technical queries – technicalsupport@argusmedia.com
All other queries – support@argusmedia.com

London, UK Tel: +44 20 7780 4200

Astana, Kazakhstan Tel: +7 7172 54 04 60

Beijing, China Tel: +86 10 6515 6512

Dubai Tel: +971 4434 5112

Moscow, Russia Tel: +7 495 933 7571

Rio de Janeiro, Brazil Tel: +55 21 3514 1402

Singapore Tel: +65 6496 9966

Tokyo, Japan Tel: +81 3 3561 1805

Argus Media Inc, Houston, US

Tel: +1 713 968 0000

Argus Media Inc, New York, US

Tel: +1 646 376 6130



UK 2015 carbon tax rises on low ETS prices

The UK tax on carbon emissions for 2015-16 has been set **£6.02/t CO₂ equivalent (CO₂e) (£7/t CO₂e) above the indicative level announced last year, to offset the sharp fall in prices on the European market.**

The government announced in today's budget that it will set the carbon price support rate for the 2015-16 financial year at £18.08/t CO₂e, up from an indicative price of £12.06/t CO₂e given in last year's budget.

The tax is designed to top up the price of carbon emissions incrementally to £30/t CO₂e by 2020. But prices of carbon emissions allowances on the EU emissions trading scheme (ETS) have dropped substantially since the tax was announced in 2011, falling to record lows in recent months on an oversupplied market. The December 2013 allowance was trading at around €18.80/t CO₂e at the time of the March 2011 budget, when the 2013-14 tax rate was set at £4.94/t CO₂e. But the 2013 allowance closed at just €3.52/t CO₂e yesterday, with the 2015 allowance closing at €3.84/t CO₂e.

The sharp rise in the carbon tax is fuelling increasingly vocal objections from some sectors. Some fear it will provide a windfall for wind and nuclear generators, others note the increasing gap between carbon costs for industry in the UK and other European countries that pay only the EU ETS. The treasury told Argus recently that it remained committed to the tax.

The Treasury said that the government will continue to provide support to energy intensive industries in 2015-16 to compensate for the indirect cost of the tax, further details of which will be announced at the next spending round.

Slow coal market may end Atlantic freight rate gains

Bulk seaborne freight rates are up along most Atlantic basin routes, but the gains may fade soon on thin demand for coal and other commodities.

Rates increased in the past week, particularly for smaller Panamax vessels, as chartering interest grew for grain shipments out of South America. ICAP Shipping noted a "steady stream of fresh stems emerging for April and May dates," including more grain business from the east coast of South America.

The resolution of coal supply setbacks in Colombia may also be tightening prompt capacity as shipments rebound.

A 32-day strike ended this month at the 35mn metric tonne/yr Cerrejon mine, and the Colombian government gave permission on 1 March for loadings to resume at Puerto Drummond after a one-month suspension.

The boost to freight markets may be short-lived if demand comes under pressure from a sleepy spot coal market. There is also very little activity for biomass vessel fixtures, with buyers and sellers already locked up on freight contracts.

"There is a shortage of ships, but I think it is very temporary," one ship broker said, adding that the spot market for coal is "almost non-existent."

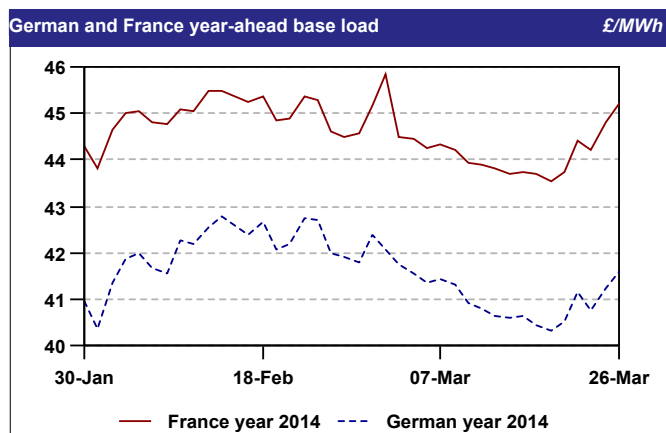
BioNitrogen studying Alberta urea plant options

BioNitrogen has entered an agreement with Battle River Agri-Ventures Co-op to conduct a feasibility study for one or more biomass-fueled urea plants in Alberta.

The study will consider market conditions for urea consumption, the availability of biomass in the region to provide feedstock for such a plant and the viability of potential off takers. If the study finds that supply and demand justify a plant, BioNitrogen will work with Battle River Agri-Ventures Co-op to identify sites and viable options to build.

"Their focus is feedstock," BioNitrogen president Bryan Kornegay said of Battle River.

The Alberta-based co-op aggregates agricultural waste from farmers, such as straw, which will likely be a feedstock for urea production.



Weather data

Location	28 Mar		29 Mar		30 Mar		31 Mar		01 Apr		Five-day precipitation (mm)
	Average °C	Departure from normal	Average °C	Departure from normal	Average °C	Departure from normal	Average °C	Departure from normal	Average °C	Departure from normal	
Aberdeen	0.5	-4.7	0.5	-4.7	0.5	-4.7	1.5	-3.7	2.5	0	0
Manchester	-0.5	-7.6	1.0	-6.1	1.5	-5.6	1.5	-5.6	2.5	0	
London	0.5	-7.3	1.5	-6.3	2.0	-5.8	2.5	-5.3	4.0	0	0
De Kooy	1.0	-5.5	2.5	-4.0	2.5	-4.0	2.5	-4.0	2.0	0	
Paris/Orly	3.0	-5.7	4.5	-4.2	2.5	-6.2	3.0	-5.7	5.0	0	0
Madrid/Barajas	12.5	2.1	12.0	1.6	10.5	0.1	12.5	2.1	9.0	32	
Hamburg/Fuhlsbuettel	-0.5	-5.5	0.5	-4.5	0.0	-5.0	-0.5	-5.5	-0.5	4	6
Berlin/Tempelhof	-0.5	-6.2	0.5	-5.2	0.0	-5.7	0.0	-5.7	-0.5	6	
Duesseldorf	1.5	-6.5	1.5	-6.5	2.0	-6.0	1.0	-7.0	2.5	1	14
Nuernberg	3.5	-1.8	2.0	-3.3	2.0	-3.3	0.5	-4.8	1.5	14	
Prague	2.0	-2.2	1.5	-2.7	3.0	-1.2	0.0	-4.2	-0.5	5	12
Warsaw	-1.0	-4.9	1.0	-2.9	0.5	-3.4	0.5	-3.4	0.5	12	
Budapest	0.5	-7.1	0.5	-7.1	3.5	-4.1	4.0	-3.6	4.0	45	5
Bucharest	-0.5	-7.9	3.5	-3.9	10.0	2.6	15.0	7.6	12.0	5	
Milano/Linate	12.0	1.8	14.5	4.3	12.5	2.3	11.5	1.3	12.5	37	31
Rome/Fiumicino	14.0	2.1	15.0	3.1	13.5	1.6	12.5	0.6	13.5	31	