BANZ Wood Pellets Interest Group

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Wood Pellet Interest Group

- One of BANZ’s 4 special topic Interest Groups
- A subset of wood fuel – particular drivers
- Convener and Committee for Interest Group
- Dedicated web-site (www.woodpellets.org.nz)
- Member’s Only Area on the BANZ website (www.bioenergy.org.nz/wood-pellets.asp)
Wood Pellets Interest Group – Working Together

- Committee to drive action
- Regular meetings / conference calls
- Representing the industry view
- Advocacy
- Industry working TOGETHER to ensure good VALUE, QUALITY and a VIBRANT MARKET
  - Equipment suppliers
  - Pellet manufacturers
  - Pellet suppliers
  - Boiler and heater retaile

Why Wood Pellets

- An additional revenue stream for wood processors
- Adds value to high quality residue
- Differentiation of wood fuel market
  - Extends wood fuel into residential
  - Firewood market under pressures – emissions
  - Solution to urban air shed problems
  - For applications where chip is not appropriate
Wood Pellets Market

- An undeveloped market with huge potential for adding value to forest owners and wood processors
- Market development needs to be demand driven
  - Commercial scale boilers eg school boilers
  - Residential heating
- Adequate supply capacity
- Availability of proven heaters and boilers
- An immature market
  - Not recognised as mainstream
  - Little representative installations

Pellet Standards

- Category A1 – 8% moisture content (ChCh & Nelson)
- Category A2 – 10% moisture content
  - premium pellets for use in any boilers
- Category B
  - large premium pellets for use in selected boilers
- Category C
  - industrial grade pellets for use in selected boilers subject to resource and boiler manufacturer consent
Market Development

• Growing the sale of wood pellets through
  – small scale boiler
  – stimulation of the domestic and uses
• Demand driven
• Needs to be considered when heating is being looked at
• Challenge to heat pump space heating sales
• Solution for airshed air quality

Barriers to Growth

• Not yet main stream heating
• Yet wood fires around 40% of heating market
• Difficult to obtain fuel. Why are they not available in:
  – Petrol stations
  – Supermarkets
• Perception of cost
• No effective marketing cf heat pumps
Domestic Market

• Not covered in EECA wood energy programme
• Needs to be included in warm and healthy homes programmes
• If in residential leads to greater acceptance as mainstream energy source
• Leads to employment and business growth opportunities
• Low investment contribution to climate change reduction

Airquality Solution

• Current airshed constraints in many urban areas
• Wood pellet meet the requirements
• Councils can put confidence on pellets cf variable quality of firewood
• Quality fuel + quality heaters → known low level emissions
Adding Value to Forest Owners

• Opportunity for utilisation of residues
• ~ 20% of tree currently not contributing to revenue

Adding Value to Wood Processors

+ Carbon Tax, 2020/2030

1. Wood Processing Industry
   +3.7/+1.9

2. Forest Residues
   +2.0/+3.6

3. Wood pellet Manufacturers
   +0.2/+0.4

4. Other Large Industries
   +5.0/+2.6

5. Residential and Commercial
   +2.5/+4.4

6. Firewood
   +0.5/+0.8
Potential Market Target

Pellet Production

- Not just radiata
  - Other wood species
  - Straw
  - Miscanthus
- Needs a competitive market
- Small scale to complement wood processors on-site handling of residues
- Improve availability of product
Pellet Supply

- Easy to purchase
  - Telephone & website ordering
  - Supermarkets
  - Petrol service stations
- Ease of handling
  - Bag size
  - Delivery
  - storage

Heater & Boiler Operation

- Ease of operation
- Easy fuel management
- Automatic control
- Monitoring of performance
Wood Pellets Interest Group – Activities

- Pellet standards
- Website listing
  - Heater and boiler retailers
  - Locations for purchasing pellets
  - Pellet producers
- Annual Pellets Conference – ‘Growing the Wood Pellet Market’ – August 2009
- Pellets Appliance Installer Training Programme
- Generic industry promotion programme
- Councils air quality standards
- Advocacy

Wood Pellets Interest Group – Future Activities

- Funded Marketing Programme
- Membership Growth
- Further work on Quality and Standards
- Communications campaign with Councils to adopt Industry Standards for wood fuel