

Biomass Market Update

Prices rise on shortage

(RBCN) European wood pellet prices edged higher over the past quarter with limited raw material availability and reduced wood processing activity continuing to support the market despite expectations of lower future demand from major utilities.

Market participants said the current strength in industrial pellet prices is being driven primarily by supply-side constraints rather than any significant increase in consumption.

I2 industrial wood pellets were assessed at an average of €202.5/t (\$230/t) CIF Amsterdam, Rotterdam and Antwerp (ARA), which was around €11.50 – or 6% – higher than the previous quarter, according to a survey of market participants. ENplus A1 residential pellets were seen at a significant €27.50 premium to the I2 price.

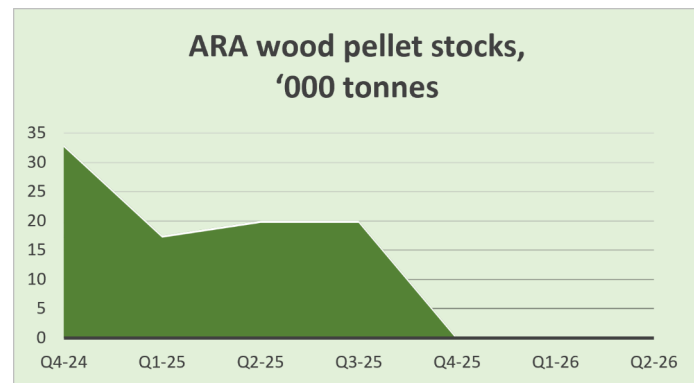
"It's a tight pellet market," said a European biomass trader. "It doesn't have much to do with what happens in the Middle East, at least not yet. It's just supply and demand, and it's not a demand effect that makes the market tight, it's a supply effect."

The trader said raw material availability across Europe remains constrained by weak construction activity and reduced sawmill production, limiting the volume of residues available for pellet manufacturing.

"When there's not a lot of house building going on, there's less activity in both the forests and the woodworking industry," he said.

RBCN assessments	End Q2 2026	Vs. Q1 2026
Industrial (I2), CIF ARA	€ 202.50/t	+6%
ENplus (A1), CIF ARA	€ 230/t	+10%
ARA stocks, tonnes	0	No change

**Assessments reflect Europe-origin spot cargoes, loading up to 3 months ahead*



"The sawmills are running at low capacity and not making money."

Sawdust, cutter shavings and other sawmill by-products are the primary feedstocks for premium pellet production, while reduced harvesting activity in some regions is also limiting the availability of low-grade roundwood and harvesting residues used by pellet producers.

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Wood Pellet Imports*, tonnes	Q1-26	Q4-25	Year-to-date	Vs. Q1-25	Vs. YTD-25
Netherlands	179,982	269,693	179,982	-54%	-54%
UK	2,720,462	2,460,267	2,720,462	17%	13%
Belgium	21,562	45,190	21,562	285%	-8%
Denmark	293,924	403,948	293,924	-8%	-22%
Of which in Q1-26	US	Canada	Russia	Portugal/Spain	Baltics**
Netherlands	179	29,963	0	24,551	125,289
UK	2,118,474	320,499	0	6,490	275,000
Belgium	9,471	26	0	753	11,312
Denmark	260,287	0	0	8	33,630

**Source: Eurostat & HM Revenue & Customs **Latvia, Lithuania and Estonia*

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As such, combined inventories at several monitored ARA import terminals remained at negligible levels, RBCN estimates showed.

“There are no wood pellets in stock, and I don’t expect any pellets in the near future,” said a source at one dry bulk terminal.

But he noted board to board transshipment operations were still being performed.

The market tightness was not confined to a particular producing region, said another wood pellet trader.

“It’s pretty much all over,” he said. “The least expensive pellets you can purchase at the moment are probably in the US.”

Historically, US industrial pellets often traded at a premium to European supply, but market participants said production costs had increased more rapidly in Europe than in North America.

While prices remain below the peaks seen during the energy crisis, market participants continue to report elevated levels.

And premium residential pellets continued to command a significant premium over industrial grades, they said.

“If I would sell premium pellets from a Baltic Sea port today, I would charge at least €220/t,” the first trader said.

Despite the current market strength, the trader expressed some surprise that prices have not begun to ease, citing the expected reduction in biomass demand from UK utility Drax in the coming years.

“We have Drax using much less pellets from next year on, so there should be a drop because that’s a big volume that disappears,” he said.

The reduction could potentially remove several million tonnes of annual demand from the market.

However, any decline in demand has so far been outweighed by ongoing supply constraints. Utilities remain active in the market and continue to face limited purchasing opportunities.

“The utilities are interested in buying volume and they’re not able to purchase anything particularly cheap either,” the second trader said.

Looking ahead, he expected prices to remain relatively firm through the remainder of 2025.

“Prices are comparably high, and we expect that to continue for the rest of the year,” he said. “Then, of course, the weather conditions in the winter will dictate if that continues or not.”

Germany approves 491 MW of biomass capacity in auction

Germany has approved 491 MW of biomass generation capacity in its latest renewable energy auction after the tender attracted fewer bids than the volume offered, the Federal Network Agency (BNetzA) announced in June.

The tender, held on 1 April, sought to allocate support for 727 MW of biomass capacity. However, only 494 bids representing a combined 637 MW were submitted. Of these, 388 bids covering 491 MW were awarded contracts.

Successful bidders requested support payments ranging from EUR 120.50 per megawatt-hour (MWh) to EUR 193.80/MWh, with the average strike price reaching EUR 184.60/MWh.

Bavaria secured the largest share of awarded capacity with 123 MW, followed by Lower Saxony with 105 MW.

In a separate auction for biomethane plants conducted on the same date, all six bids submitted were successful. The approved projects accounted for a total of 38 MW, compared with a tender volume of 61 MW. The strike price for the biomethane projects was set at EUR 230.80/MWh.

Germany’s next biomass auction is scheduled for 1 October, while the next biomethane auction will take place on 1 September.

The biomass and biomethane tenders form part of Germany’s broader energy transition strategy as the country seeks to achieve net-zero greenhouse gas emissions by 2045.

Graanul Invest names new CEO

Estonian biomass producer Graanul Invest has appointed Lars Christian Bacher as its new chief executive officer, as the company seeks to accelerate growth across Europe and strengthen its position in the renewable energy sector.

Bacher assumed the role on 18 May, succeeding Nicholas Dottino, who has transitioned to an advisory position focused on infrastructure and energy investments.

Graanul Invest said Bacher will lead the company’s next phase of expansion as demand grows for renewable and dispatchable energy sources across the continent.

UK's Drax highlights strong wood pellet operations so far in 2026

UK energy firm Drax said its wood pellet business continued to perform strongly in the opening months of 2026, underpinning the company's role in supplying biomass fuel for renewable power generation in the UK and supporting expectations for full-year earnings.

In a trading update released on 30 April, the energy company said operations across its pellet production and supply chain network had remained robust despite ongoing geopolitical uncertainty and volatility in global energy markets.

Drax is one of the world's largest producers of industrial wood pellets, operating manufacturing facilities across North America that supply biomass fuel to power generators, including its flagship power station in North Yorkshire.

Biomass remains central to Drax's business strategy despite increased scrutiny of the sector. The company has invested heavily in pellet production capacity over the past decade as it transitioned away from coal-fired generation.

The firm said it continued to view biomass as an important source of dispatchable renewable power that could complement intermittent wind and solar generation while helping to maintain energy security.

The company has also been pursuing initiatives to reduce emissions across its pellet supply chain, including lower-carbon shipping and transport arrangements.

In April, the vessel M.V. Ultra Yorkshire completed its first transatlantic voyage, delivering more than 29,000 tonnes of biomass pellets from the United States to the United Kingdom in a journey that Drax said highlights efforts to strengthen energy security while reducing supply chain emissions.

The Handymax bulk carrier, operated by shipping company Ultrabulk, arrived at the Port of Liverpool after sailing from the Port of Greater Baton Rouge in Louisiana. The biomass cargo was then transported by rail to Drax Power Station.

According to Drax, the vessel completed the

crossing using B100 biofuel rather than conventional marine fuels, reducing carbon dioxide emissions from the voyage by around 90%. The company said the shipment forms part of wider efforts to decarbonise its supply chain as it works toward a target of reaching net-zero emissions across its value chain by 2040.

The arrival of the Ultra Yorkshire also coincides with a new long-term freight agreement between Drax and Ultrabulk that will run until March 2031.

The company has also introduced lower-carbon rail transport arrangements, including agreements for trains serving the power station to operate using hydrotreated vegetable oil fuel, which it estimates can cut rail freight emissions by up to 90%.

ENplus certified wood pellet output hits record high

Global production of ENplus-certified wood pellets exceeded 14.5 million tonnes in 2025, marking a record year for the certification scheme and signalling renewed growth in the pellet market after a period of stabilisation.

The ENplus certification programme, widely regarded as the world's leading quality assurance scheme for wood pellets, reported that certified production volumes reached their highest level on record based on data submitted by participating companies.

The increase reflects continued demand for certified wood pellets across residential, commercial and industrial heating markets.

Germany retained its position as the largest producer of ENplus-certified pellets, with output reaching approximately 3.95 million tonnes in 2025.

Austria ranked second with 1.89 million tonnes, while France produced more than 1.08 million tonnes.

Poland and Spain completed the top five producing nations.

The certification body said early projections for 2026 indicate further expansion, with global certified production expected to surpass 15 million tonnes.

New EU packaging rules set to impact pellet industry

Wood pellet producers and distributors across Europe are preparing for significant regulatory changes following the entry into force of a new European Union regulation aimed at reducing packaging waste and promoting a circular economy.

Regulation (EU) 2025/40 on Packaging and Packaging Waste, which entered into force in February 2025, introduces new requirements covering the design, recyclability, labelling and waste management of packaging used across a wide range of industries, including the wood pellet sector.

While most provisions will apply from August 2026, companies are being urged to begin preparations well in advance to ensure compliance.

The regulation is expected to have particular implications for pellet producers supplying residential heating markets, where pellets are commonly sold in plastic bags. Under the new rules, packaging placed on the EU market will be required to meet stricter recyclability standards and include harmonised labelling to help consumers dispose of packaging correctly. Companies may also face additional reporting and compliance obligations linked to extended producer responsibility schemes.

Industry certification body ENplus said pellet companies should review their packaging materials, supply chains and labelling practices to assess whether adjustments will be required before the regulation takes effect. The organisation noted that while the legislation is designed to reduce environmental impacts from packaging waste, it will require businesses to adapt to a more complex regulatory framework.

The regulation forms part of the EU's broader efforts to cut packaging waste, increase recycling rates and reduce the use of unnecessary packaging materials. It establishes new targets for packaging reduction and seeks to ensure that all packaging placed on the EU market is recyclable in an economically viable way by 2030.

Bioenergy industry urges EU to strengthen support for sector

Leaders of Europe's bioenergy industry have called on the European Commission to give greater recognition to the sector's contribution to energy security and decarbonisation as the European Union prepares a new wave of energy and climate legislation.

During a meeting in May of the Bioenergy Europe Board, industry representatives urged policymakers to ensure that bioenergy remains a central component of the EU's energy strategy, arguing that the sector provides reliable, domestically sourced renewable energy at a time of growing geopolitical uncertainty and increasing pressure on energy systems.

The board highlighted bioenergy's role in reducing dependence on imported fossil fuels while supporting the integration of variable renewable energy sources such as wind and solar power.

Industry leaders said bioenergy offers a stable and dispatchable source of renewable energy that can help maintain security of supply during periods when weather-dependent generation is limited.

Bioenergy Europe warned that future legislative proposals must provide long-term policy certainty to encourage investment across the bioenergy value chain, including biomass heating, renewable electricity generation, advanced biofuels and biogas production.

The organisation said regulatory stability would be essential to achieving the EU's climate and energy objectives while preserving industrial competitiveness.

Board members also stressed the importance of recognising sustainable biomass as a strategic resource capable of contributing to emissions reductions across multiple sectors.

They argued that bioenergy can play a significant role in supporting the EU's goal of achieving climate neutrality by 2050, particularly in hard-to-abate sectors where alternatives remain limited.