

The New York Times

Green

Energy, the Environment and the Bottom Line

The Smoldering Wood Pellet Business

By **John Lorinc** December 31, 2009 9:15 am

With millions of families preparing to pitch their Christmas trees, the North American wood pellet industry is thinking optimistically about environmentally minded uses for waste timber.

This month, a start-up in Arkansas, NexGen Biomass, announced plans to build 150-employee plant capable of producing 440,000 tons of pellets a year on the site of a former saw mill in El Dorado. It is the second such investment in the state this year, according to The Arkansas Democrat-Gazette.

In August, Phoenix Renewable Energy started construction on a \$110 million pellet processing facility in Camden, Ark.

Both are responding to Europe's rapidly growing appetite for biomass fuel.

A milled wood pellet is slightly smaller than a multivitamin tablet. Made from timber harvesting residue or sawdust, pellets can be burned in residential wood stoves, or ground up and used in industrial heating applications. The so-called pelletization process concentrates energy and reduces moisture content.

According to The Timber Trades Journal, a British publication, the North American wood pellet market has grown sixfold in the last five years, largely on the strength of exports to the European Union, which wants to move to 20 percent renewable energy by 2020.

The American South, the journal reports, is expected to become North America's leading pellet-producing and exporting region.

The Pellet Fuels Institute, based in Washington, estimates that North American production reached about 6.2 million metric tons in 2009.

Canadian firms, the institute noted, were first to tap into the market.

In recent years, British Columbia leaped into the pellet sector as the province's timber industry struggled to find alternative uses for trees infested with the Asian pine beetle. Ontario is also looking to stoke the pellet market as a major electrical utility, Ontario Power Generation, moves to convert one of its coal-powered plants to biomass fuel by 2012.

In the United States, meanwhile, the American Recovery and Reinvestment Act included a provision to spur consumer interest in wood heat, offering consumers a tax credit of up to \$1,500 for the installation of a 75 percent efficient biomass stove.

From an emissions perspective, pellet proponents argue that this form of fuel is greenhouse gas neutral, because burning wood doesn't release additional carbon into the atmosphere.

But some environmentalists have voiced concerns about the long-term land-use consequences, arguing that the removal of so-called waste slash during logging operations will lead to a loss of organic matter crucial to forest regeneration.