

MARKET COMMENTARY

Atlantic basin: Spot moves higher

The spot price of industrial wood pellet deliveries to northwest Europe (NWE) firmed up in the week, supported by strong spot trading activity in Poland.

The 90-day industrial wood pellet price rose by \$0.54/t to \$230.72/t cif NWE on Wednesday.

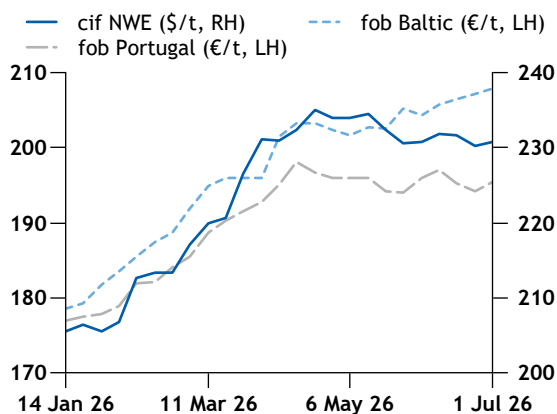
One Portuguese coaster-sized 4,000t cargo of A1 grade wood pellets sold over the past week at €230/t for delivery to Gdansk, Poland on 13 July and the buyer may import another Baltic cargo next week, market participants told *Argus*. Converted into US dollars, the recent ex-Iberia spot deal concluded well above recent cif NWE spot assessments at roughly \$262/t, but the volume involved was only a small scale. At least another four coaster-sized A1 cargoes of Baltic origin directed also traded last week at around €230/t cif Gdansk, which net backs to around €214-215/t fob Baltic.

Separately, the 21 *Glory* carrier loaded with 35,000t of wood pellets from producer Enviva's Wilmington terminal in the US was discharged at Polnocny terminal in Gdansk on 29 June, according to ship tracking data provider Kpler.

Polish state-owned utility Enea bought the cargo and plans to move the pellets out of Gdansk port by rail as soon as possible to reduce exposure to rain because a covered wood pellet storage site at Polnocny is [still under construction](#), market sources said. The buyer might require up to 15 trains to transport the entire volume, one participant suggested.

Another 48,000t of Vietnamese wood pellets loaded onto

Argus industrial wood pellet index



EUROPEAN INDUSTRIAL WOOD PELLETS

Wood pellets - within 90 days (spot)					
	Week index		Month index		
	Price	±	Jun	May	Apr
cif NWE \$/t	230.72	+0.54	231.09	232.81	232.66
fob Baltic €/t	207.89	+0.72	205.92	203.02	201.27
fob Portugal €/t	195.36	+1.20	195.57	195.10	195.70

Wood pellets - within 90 days (spot)		
	Price	±
cif NWE \$/MWh	48.86	+0.11
fob Baltic €/MWh	44.03	+0.16
fob Portugal €/MWh	41.37	+0.25

Wood pellets - forward prices			
	Bid	Ask	±
cif NWE \$/t			
3Q26	227.75	233.75	+0.50
4Q26	230.00	236.00	nc
1Q27	230.00	236.00	nc
2Q27	215.75	221.75	nc
2027	219.50	225.50	nc
2028	209.00	224.00	nc
2029	211.25	226.25	nc
fob Baltic €/t			
3Q26	205.00	211.00	+1.00
4Q26	207.00	213.00	nc
1Q27	207.00	213.00	nc
2Q27	179.50	185.50	nc
2027	186.25	192.25	nc
2028	170.50	185.50	nc
2029	174.75	189.75	nc
fob Portugal €/t			
3Q26	192.50	198.50	+1.50
4Q26	194.50	200.50	nc
1Q27	194.50	200.50	nc
2Q27	175.25	181.25	nc
2027	180.00	186.00	nc
2028	168.50	183.50	nc
2029	172.00	187.00	nc

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the *Xin Xiang Sea* at Vung Tau port on 9 June are expected to reach Poland's Swinoujscie port on 7 August, Kpler data show.

Enea is finalising a tender for at least two 30,000-45,000t cargoes of industrial wood pellets for delivery in July-December, but the firm was heard discussing additional volumes of Southeast Asian origin, sources told *Argus*.

Fellow Polish power generator Energa also opened a tender for 30,000t of wood pellets for delivery to its Elblag plant in 2027, split over monthly deliveries of 1,000-4,000t depending on the seasonal and with a 30pc volume buffer. Interested suppliers may submit offers until 6 July.

In northwest Europe, UK pellet-fired generation was scheduled to remain broadly unchanged on the week at an hourly average of 1.6GW on 24-30 June. Lynemouth's 133MW unit 1 was offline on 27-30 June.

And Danish biomass-fired generation averaged around 300MW in the week to 30 June, down from 376MW the previous week, according to grid data that includes pellets and other biomass. Orsted's 254MW Avedore unit 1 has been on maintenance on 21 June-2 July and the firm has extended works at its 363MW Studstrup unit 3 by three days to 29 May-6 July.

Further out, some utilities were heard looking to fix additional volumes for winter 2026-27. But sellers were offering limited supply and most producers have already contracted their expected output for that period.

In the Baltics, the 90-day spot pellet price picked up by €0.72/t on the week to €207.89/t fob Baltic.

Polish demand remains higher on the year, which has supported interest in buying anywhere from a few truckloads up to 20,000t of Baltic pellets each month. Some Polish buyers have sought consistent deliveries over the upcoming heating season, while others have bid for summer deliveries of up to 15,000t.

Baltic producers continued to target around €210/t fob Baltic for prompt and winter 2026-27 delivery. Some buyers have signed contracts for the upcoming heating season and all of 2027 around that price, but others have resisted those levels, one producer said.

Raw material availability was strong in the Baltics, but feedstock currently costs more than it did earlier this year, a participant said. Baltic producers are running at full capacity and have already contracted nearly all their prospective output for the 2026-27 heating season, a producer said.

Elsewhere, the fob Portugal price increased by €1.20/t to €195.36/t fob. The bid-offer spread remained wide at €195-200/t fob Portugal.

Iberian producers had access to ample raw materials and some Portuguese producers had closed plants for their

NORTH AMERICAN INDUSTRIAL WOOD PELLETS

Wood pellets NWE to N America netbacks - spot					\$/t
Netback	Delivery period	Mid	Bid	Ask	±
NWE to southeast US	Spot		197.00	201.00	+1.25
NWE to southwest Canada	Spot		174.75	178.75	+0.50
NWE to northeast US	Spot	199.95			+1.25

Wood pellets NWE to N America netbacks - spot					\$/MWh
Netback	Delivery period	Mid	Bid	Ask	±
NWE to southeast US	Spot		41.72	42.57	+0.27
NWE to southwest Canada	Spot		37.01	37.85	+0.11
NWE to northeast US	Spot	42.34			+0.26

Wood pellets NWE to N America netbacks - forward					\$/t
		Mid	Bid	Ask	±
NWE to southeast US					
3Q26		196.00		202.00	+1.25
4Q26		198.25		204.25	+0.75
1Q27		196.25		206.25	+0.75
2Q27		182.00		192.00	+0.75
2027		185.75		195.75	+0.75
2028		179.75		189.75	+0.75
2029		182.00		192.00	+0.75
NWE to southwest Canada					
3Q26		173.75		179.75	+0.50
4Q26		176.00		182.00	nc
1Q27		174.00		184.00	nc
2Q27		159.75		169.75	nc
2027		163.50		173.50	nc
2028		157.50		167.50	nc
2029		159.75		169.75	nc
NWE to northeast US					
3Q26	200.00				+1.25
4Q26	202.25				+0.75
1Q27	202.25				+0.75
2Q27	188.00				+0.75
2027	191.75				+0.75
2028	185.75				+0.75
2029	188.00				+0.75

summer maintenance, participants said. Some Iberian sellers were waiting for higher bids before concluding additional deals for delivery next winter, while others were still keen to sell and a fresh deal was being discussed in the week, a participant said.

In the freight market, time charter rates for ultramax vessels on trans-Atlantic routes to continental Europe from the US Gulf sat at \$33,000/d this week, they firmed up slightly to \$29,000/d from last week's \$28,000/d out of the US east coast.

The upcoming US Independence Day holiday on 4 July has limited demand for tonnage and bunker fuel prices in Texas have dropped over the past week after amply-stocked suppliers offered discounts.

European wood chips: Spot holds

The spot price of industrial wood chips delivered to northwest Europe (NWE) held flat in the week, as trading activity was limited, but forecasted high overnight temperatures would continue to weigh on demand for wood-fired heating in the coming weeks.

The 90-day industrial wood chip price held flat at €10.45/GJ cif NWE on Wednesday.

A Polish wood chip-fired heat producer has tendered for 55,000t for delivery in August 2026-June 2027 and is expecting offers by 9 July.

Government restrictions on forestry in northeast Poland from July could limit supply and encourage imports next winter, traders said. A forestry firm and Poland's defense ministry agreed in April to limit forestry activities within 50km of the Polish border with Belarus and Russian exclave Kaliningrad, a market source said, adding that the affected territory in Poland contains key areas for sourcing chips.

Meanwhile, Danish domestic wood chip supply was priced at 65-70 Danish kroner/GJ DAP. Swedish domestic supply was priced around €26-27/GJ DAP.

Nordic utilities were not interested in prompt volumes and one consumer expected to receive a first delivery in its restocking campaign ahead of the upcoming heating season. One Nordic wood chip-fired plant had almost contracted 100pc of its supply for the upcoming season.

Storm damage in Sweden earlier in the year left a glut of woody residues that could be made into chips and that supply will continue limiting demand for imported chips for the rest of this year, participants said. But Swedish suppliers have already sold most of the woody residues to pulp and timber mills and did not expect to export the surplus, participants said.

At the same time, residential consumers in the Nordics are using heat pumps in the shoulder season rather than solely in winter months, one participant said. And demand for wood chips could remain limited in the coming months if power prices fall and more consumers choose to use heat pumps between now and the start of winter 2026-27, a participant said.

That scenario would reduce how much wood chip-fired plants run and encourage utilities to buy domestic chips on a spot basis rather than import volumes on long-term contracts, sources said.

In Spain and Portugal, spot offers hovered around €7.10-7.15/GJ fob, with freight between €3-4/GJ to different parts of Scandinavia from the Iberian peninsula. But marine gas oil prices falling after the US and Iran agreed a framework peace agreement last month could drive down shipping costs, one market participant said.

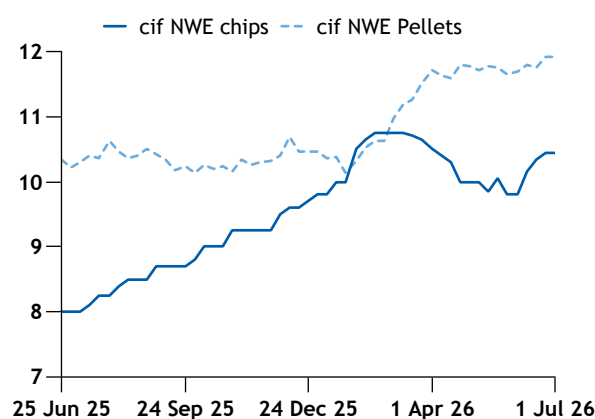
INDUSTRIAL WOOD CHIPS

NWE wood chips - within 90 days (spot)					€/GJ
	Week index		Month index		
	Price	±	Jun	May	Apr
cif NWE	10.45	nc	10.19	9.93	10.24

Wood chips cif NWE - forward prices				€/GJ
	Bid	Ask		±
3Q26	9.45	11.45		nc
4Q26	10.50	11.50		nc
1Q27	10.50	11.50		nc
2Q27	8.85	10.85		nc
2027	9.50	11.50		nc
2028	10.00	12.00		nc
2029	10.00	12.00		nc

Spot wood chips vs pellets cif NWE

€/GJ



Madrid has restricted harvesting in certain forests on 15 June-15 August because of heat and fire risks, but such limits are normal in summer and wood chip producers already planned accordingly, one producer said. At least one Iberian producer had ample supply in ports to meet its contractual obligations, Argus heard.

Looking ahead, milder-than-usual weather forecasts suggest that any lingering heating demand in northern Europe will continue falling this month. Average overnight temperatures in Oslo, Norway were forecast to rise to around 17°C over the next two weeks from 14.5°C over the past two weeks and hold above seasonal norms of 14°C for that time of year, Speedwell data show.

European premium: Demand slows down

The 45-day spot price for ENplus-certified A1-grade pellets delivered to northern Italy were unchanged on the week, as buying interest began declining during a recent heatwave and consumers were yet to start building stocks for next winter.

Bagged and bulk premium pellet prices held at €310-360/t and €260-320/t delivered to northern Italy, respectively, on Wednesday.

Restocking has slowed in recent weeks when temperatures topped 40°C in several European countries. Final consumers still hope that sellers will lower offers this summer and buying interest usually stagnates during the holiday period in August.

That said, several pellet production plants may undergo maintenance or slow their run rates next month, which would reduce available supply, one market participant said.

Italian premium pellet imports from North America and South America remained competitive against European supply. Bagged volumes from Argentina, Brazil, Chile, Canada and the US entered Italian ports at €280-300/t fob or €310-350/t delivered to northern Italy net of handling and trucking costs.

By comparison, sellers were offering bagged pellets at €245-260/t ex-works Baltic, which would reach northern Italy at around €360/t. Suppliers offered bagged pellets delivered to northern Italy from the Balkans at €340/t and from France at €350/t.

In the Baltics, offers for ex-works Baltic bagged volumes sold domestically or in neighbouring countries were in a €289-295/t range.

Bulk supply was limited and some Baltic pellet manufacturers focused on selling bags, for which prompt demand was stronger than for bulk supply.

Meanwhile in France, prices for premium bagged pellets held below those in neighbouring Italy at around €320/t delivered to southern and western France and up to €340/t delivered to northern and eastern France.

Demand from French distributors remained consistent. But supermarket and do-it-yourself chains in the country have not yet started restocking because their storage sites remain full of other products for sale this summer.

French suppliers might have up to 70pc less premium pellets in stock than they did around the same point last year, one market source suggested.

Argus cif NWE monthly figures		\$/t
Balance of Jul		230.00
Aug		231.00
Sep		231.00
Oct		231.00

The figures above are an average survey result value for each month contained in the 90-day spot period. They are shown for indicative purposes, to better illustrate the composition of the market survey component of the spot cif NWE index. The spot index value can be found on page 1 of the report.

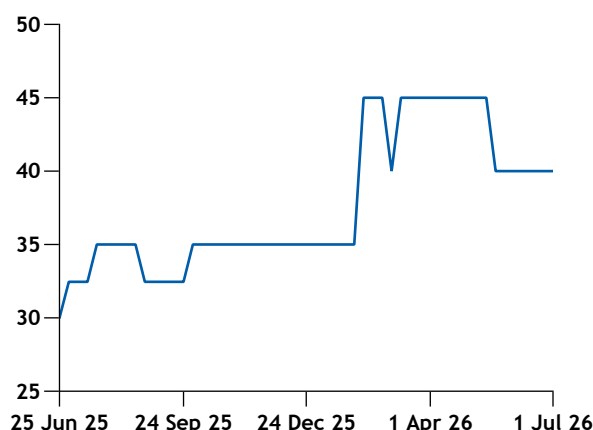
EUROPEAN PREMIUM WOOD PELLETS

Wood pellets - within 45 days (spot)					€/t
Delivered northern Italy	Mid	Low	High	±	
Bulk	295.00	270.00	320.00	nc	
Bagged	335.00	310.00	360.00	nc	

Premium wood pellets				€/t
Delivered northern Italy	Month index			
	Jun	May	Apr	
Bulk	292.50	285.00	282.00	
Bagged	332.50	327.50	327.00	

Italian premium prices: bagged vs bulk

€/t



Argus successfully completes annual losco assurance review

Argus has completed the 14th external assurance review of its price benchmarks covering crude oil, oil products, LPG, chemicals, thermal and coking coal, natural gas, biofuels, biomass, metals, fertilizers and agricultural markets. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group losco's Principles for Oil Price Reporting Agencies, and losco encourages extension of the reviews to non-oil benchmarks. For more information and to download the review visit our website <https://www.argusmedia.com/en/about-us/governance-compliance>

Asian industrial: Most biomass prices fall

The 90-day spot price for Vietnamese industrial-grade wood pellets of the specification typically sold to South Korea was down on the week, pressured by slack demand from utilities.

Argus assessed the price of pellets sold to South Korea at \$111.21/t fob Vietnam, down by \$1.50/t on the week, while the cfr Gwangyang price was up by 9¢/t, at \$116.17/t.

A South Korean independent power producer (IPP) is expected to issue a tender seeking 60,000-70,000t of imported pellets to be delivered in September. The tender closes on 7 July.

The system marginal price (SMP) for inland South Korea power, excluding Jeju Island, rose. The SMP – the price at which IPPs sell power to state-owned Kepco – was at 108.14won/kWh (6¢/kWh) on 30 June, up from W105.32/kWh 23 June.

South Korea's renewable energy credit (REC) had fallen to W71,700 on 30 June, down from W72,800 on 23 June, according to Korea Power Exchange. This was also down from W72,600 recorded on 25 June.

Meanwhile, activity in the Japanese pellet market was limited. The cost of wood chips used as raw materials for pellets has fallen by \$3-5/t, but prices remain elevated, a Vietnamese trader said.

The fob Vietnam price for FIT-compliant pellets fell by 55¢/t on the week to \$148.81/t, following limp demand for spot pellet shipments. Bulk freight rates from Vietnam to Japan were at \$25-40/t this week.

In the Indonesian palm kernel shell (PKS) market, a trading firm sold an August-loading 10,000t cargo of FIT-compliant PKS at \$98/t fob east coast Sumatra to a Japanese buyer.

Another Indonesian PKS supplier sold a July-loading 10,000-14,000t cargo of Japan FIT-compliant PKS at \$100/t fob east coast Sumatra.

A Japanese utility might have awarded an August-delivery cargo at around \$97/t fob east coast Sumatra at tender, but Argus could not immediately confirm the results. Another Japanese utility tender is open for 10,000t of PKS to be delivered from late August-early September and is expected to close by the end of next week.

Some Indonesian suppliers have received enquiries for an 8,000t cargo of ISCC-EU certified PKS to be delivered to Italy. One seller indicated an offer for a cargo at \$110/t fob east coast Sumatra and another supplier was likely to be offering at \$102/t fob east coast Sumatra.

The Indonesian market for PKS that meets Japan's FIT requirements was assessed 38¢/t lower on the week, at \$99.42/t fob east coast Sumatra.

ASIAN INDUSTRIAL WOOD PELLETS

Wood pellets - 90 days (spot)					\$/t
	Week index		Month index		
	Price	±	Jun	May	Apr
fob Vietnam to S Korea	111.21	-1.50	114.81	120.26	123.02
fob Vietnam to Japan FIT	148.81	-0.55	149.24	150.38	151.37
cfr Gwangyang	116.17	+0.09	118.06	124.74	130.31

ASIAN PALM KERNEL SHELLS

Palm kernel shell (spot)					\$/t
	Week index		Month index		
	Price	±	Jun	May	Apr
To Japan FIT					
fob east coast Sumatra	99.42	-0.38	100.94	101.94	101.92
fob peninsular Malaysia	91.83	-1.74	93.05	93.53	93.60

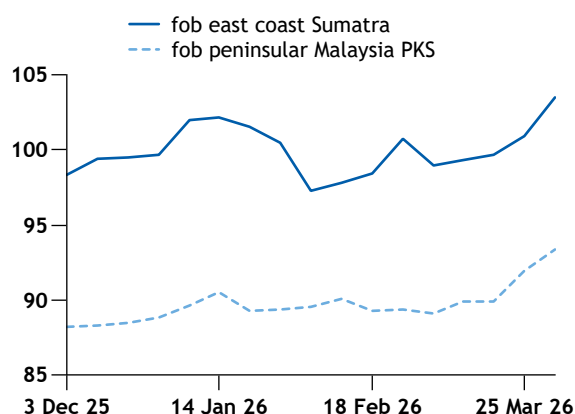
There was limited activity in Malaysia's PKS market this week. Prices for Malaysian PKS that complies with Japan's FIT scheme fell by \$1.74/t on the week to \$91.83/t fob peninsular Malaysia.

In the empty fruit bunch (EFB) market, shredded supplies were in a wide 10-40 ringgit/t (\$2.44-9.77/t) ex-mill range for most crude palm oil mills in Malaysia this month. Prices in Sabah, eastern Malaysia, remained on the higher side at around MYR20/t, reflecting the fact that there are more end-users of EFB in the region.

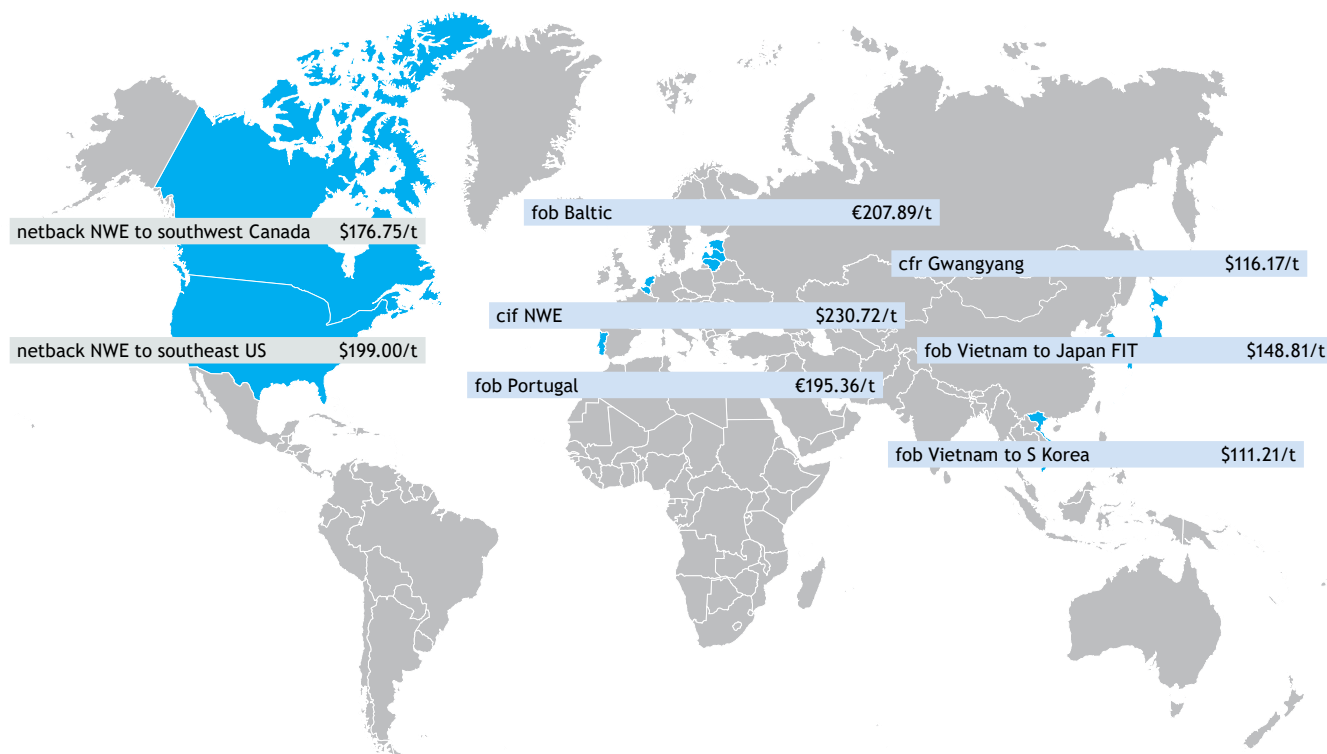
EFB pellets this month were assessed at \$137.50/t fob Malaysia following indications and discussions from producers in Malaysia and utilities and traders in Japan. Power plants considering EFB pellets will be seeking an ash content of less than 5pc on an air-dried basis and sodium and potassium levels of less than 2,000ppm. Malaysian EFB pellets could meet those requirements through additional washing and processing to remove impurities and lower ash content, according to market participants.

PKS spot prices

\$/t



INDUSTRIAL WOOD PELLET SPOT PRICES AT A GLANCE



COMPETING FUELS

Argus competing fuel assessments			
	Units	Delivery	Price
Europe			
Gasoil heating oil French cif NWE	\$/t	prompt	902.750
Natural gas NBP	€/MWh	Aug	40.6315
US			
Fuel oil 1% New York Harbor	\$/bl	prompt	76.495
Natural gas Nymex	\$/mnBtu	Aug	3.181
European Emissions			
CO2 EU ETS	€/t	2027	79.080

WOOD PELLET FREIGHT RATES

Argus wood pellet freight indications, spot cargo				
Route	Tonnage	Units	Rate	±
Aveiro-ARA	3500	€/t	25.00	-1.00
Aveiro-Copenhagen	3500	€/t	23.50	-3.50
Aveiro-Hull (UK)	3500	€/t	23.50	-1.50
Riga-ARA	5000	€/t	21.00	-3.50
Riga-Copenhagen	5000	€/t	16.00	-4.00
Riga-Stockholm	5000	€/t	16.00	-4.00
Mobile-ARA	25000	\$/t	36.25	-0.75
Mobile-ARA	45000	\$/t	32.25	-0.75
Savannah-ARA	25000	\$/t	31.75	-0.75
Savannah-ARA	45000	\$/t	27.75	-0.75
Vancouver-ARA	45000	\$/t	54.00	nc

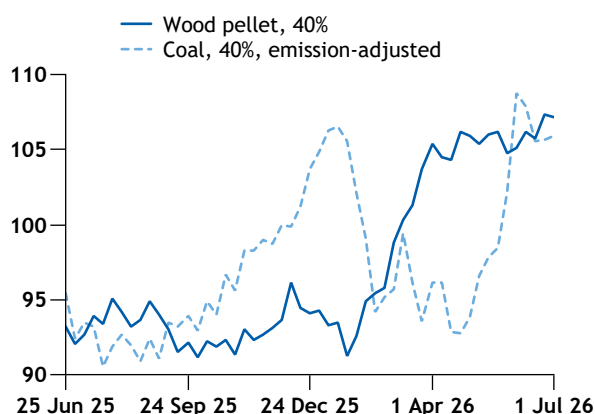
BREAK-EVEN GENERATION COSTS

cif NWE wood pellet break-even			cif ARA coal break-even			Natural gas TTF break even		01 Jul
Plant efficiency	Spot	4Q26	Plant efficiency	Spot	4Q26	Plant efficiency	Spot	4Q26
\$/MWh								
36%	135.73	137.07	36%	134.11	130.45	49.13%	134.37	134.56
38%	128.59	129.86	38%	127.05	123.58	55%	120.03	120.20
40%	122.16	123.36	40%	120.70	117.40	58%	113.82	113.98
41%	119.18	120.36	41%	117.76	114.54	60%	110.02	110.18
€/MWh								
36%	119.06	120.24	36%	117.64	114.43	49.13%	117.87	118.04
38%	112.80	113.91	38%	111.45	108.41	55%	105.29	105.44
40%	107.16	108.22	40%	105.88	102.99	58%	99.84	99.99
41%	104.54	105.58	41%	103.30	100.47	60%	96.51	96.65

*Breakeven generation costs represent the calculated costs of generating power with wood pellets and/or coal based on Argus assessed spot prices. For a plant to break even, the combined price of power and subsidy amount (if applicable) would need to be equal to the calculated breakeven generation cost.

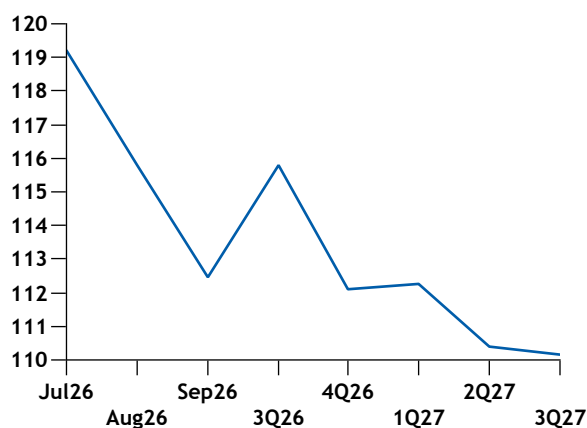
Break-even generation cost, cif NWE spot

€/MWh



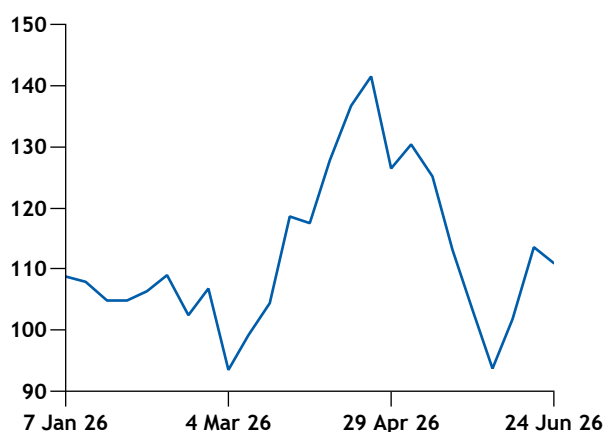
cif ARA coal swaps forward curve

\$/t



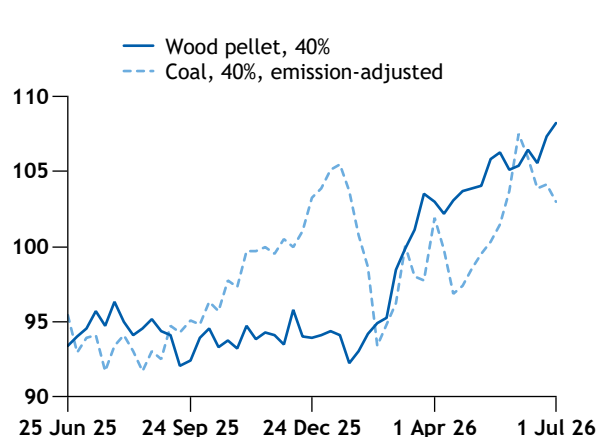
Wood pellet, cif NWE spot premium to coal, cif ARA

\$/t



Break-even generation cost, cif NWE front quarter

€/MWh



WEATHER

European weather - Departure from normal temperatures											°C	
Location	2 Jul		3 Jul		4 Jul		5 Jul		6 Jul		Precipitation (mm)	
	Avg	± normal*	Avg	± normal*	Avg	± normal*	Avg	± normal*	Avg	± normal*	5-day	15-day
UK – London Heathrow	21.4	3.3	20.4	2.2	21.8	3.5	22.4	4.1	22.5	4.1	0.7	3.7
Norway – Bergen Florida	15.4	-0.2	14.0	-1.7	13.8	-1.9	13.1	-2.7	13.5	-2.3	62.6	98.2
Norway – Oslo Blindern	16.0	-1.4	17.7	0.3	16.9	-0.6	15.8	-1.8	16.0	-1.6	19.4	31.3
France – Paris Orly	21.7	2.2	22.7	3.2	23.1	3.5	24.3	4.7	24.8	5.1	0.3	3.9
The Netherlands – Amsterdam Schiphol	19.0	1.5	18.2	0.6	19.4	1.8	19.9	2.2	19.6	1.9	5.5	10.8
Germany – Essen	20.3	2.4	18.2	0.2	19.5	1.4	19.9	1.7	19.4	1.2	5.3	12.1
Germany – Berlin Tempelhof	20.4	1.1	18.2	-1.2	17.9	-1.6	18.9	-0.7	17.8	-1.8	9.9	30.6
Italy – Milano Malpensa	25.2	0.3	25.2	0.2	26.4	1.4	25.9	0.9	26.7	1.6	0.7	9.7
Italy – Rome Fiumicino	24.3	-0.3	26.6	2.1	26.8	2.6	26.1	2.8	25.1	1.8	6.3	9.6
Poland – Warsaw Okęcie	21.1	2.0	19.9	0.7	18.0	-1.3	18.7	-0.7	17.6	-1.9	11.3	33.8
Czech Republic – Prague Ruzyně	19.1	0.8	16.7	-1.6	17.0	-1.4	18.3	-0.2	17.6	-0.9	8.0	35.0
Hungary – Budapest Lörinc	23.8	1.6	23.7	1.5	21.8	-0.5	22.5	0.2	22.9	0.5	10.6	21.5
Serbia – Belgrade Surcin	23.9	1.3	23.1	0.5	21.3	-1.4	21.2	-1.6	22.5	-0.3	25.0	36.6
Romania – Bucharest Imh	23.6	1.3	24.0	1.6	22.0	-0.4	21.2	-1.3	21.6	-0.9	23.7	54.8
Spain – Madrid Barajas	25.9	0.9	27.4	2.3	28.1	2.9	28.5	3.2	29.8	4.4	0.1	3.6

*normal means cleaned 10-year average (2017-2026 inclusive)

– Ensemble forecasts (12.00 GMT) provided by Speedwell Weather



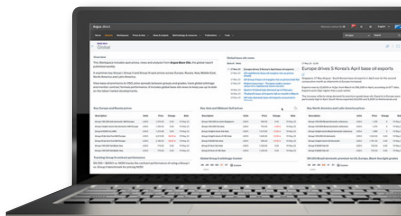
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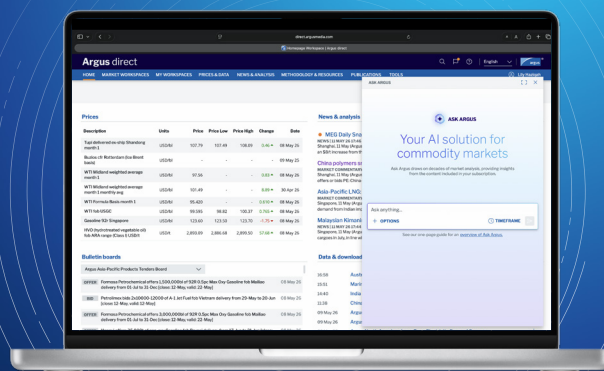
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NEWS

UK to align deforestation rules to EUDR

The UK's department for environment, food and rural affairs (Defra) is considering new rules aimed at strengthening existing regulations, aligning with the EU Deforestation Regulation (EUDR) and ensuring that products sourced from rainforests and sold in the UK do not cause deforestation.

Under the proposals, UK businesses that trade commodities sourced from rainforests would have to check that the supply chains for those products do not contribute to illegal deforestation and land clearing.

The proposals would align with the EUDR, which will take effect in EU states and Northern Ireland from 30 December 2026, and ensure access between UK and EU markets, the government said.

The government will contact businesses, civil groups and international partners later this year and plans to discuss the proposed policy and hold a consultation on making due diligence mandatory for businesses in Great Britain (GB) – England, Scotland and Wales – under the Environment Act, which targets illegal deforestation.

The consultation will propose that the regime covers the same core commodities and information in GB as the EUDR, with a view to protecting the UK markets, simplifying compliance and helping exporters to the EU meet data and traceability standards, the government said.

The government said it would give details of when it might implement the new anti-deforestation rules during the consultation. The UK Timber Regulation has already required companies to ensure imports did not carry links to illegal forest clearance since 2013.

Expanding land use for agriculture causes around 90pc of deforestation worldwide and UK consumption of “forest-risk commodities” was linked to 29,000 hectares of deforestation and 9.4mn t of carbon emissions in 2023, Defra said.

By Marta Imarisio

UK utility waste-wood burn falls in 2025: WRA

UK utilities burned less waste wood in 2025 compared with a year earlier, as unplanned outages reduced demand, industry body the Wood Recyclers' Association (WRA) said this week.

Large-scale UK utilities consumed 2.5mn t of waste wood last year, down by 12pc from 2024, while small-scale consumption held flat at 90,000t, the WRA's latest annual statistics show.

UK panel board manufacturers remained the second-largest users of waste wood last year, consuming around 1pc more on the year at 927,000t.

Domestic waste wood supply was unchanged on the year at 4mn t, but unplanned outages at end-use facilities reduced demand on occasions, creating temporary oversupply and straining storage capacity, the WRA said.

Limited storage capacity at waste wood recycling facilities meant handlers had to divert some material to landfill and unregulated or illegal dump sites, instead of recycling and recovery facilities, the WRA said.

Waste wood stocks are still unusually high, in part because of stocks carried over from 2024. This means more material will be dumped illegally this summer, unless permitted sites run with “greater flexibility”, WRA executive director Julia Turner said.

The WRA bases its report on industry data and annual surveys of its members, which represent around 90pc of UK waste wood.

By Hannah Adler

Q&A: UK must accelerate on domestic SAF: Nova Pangaea

The UK must accelerate support for sustainable aviation fuel (SAF) producers to unlock investment, meet its mandates, and boost energy security, according to Nova Pangaea chief commercial officer Jonathan Wood. The firm is developing a UK project to convert biomass residues into second-generation ethanol. That will fuel SAF production by LanzaJet, to supply International Airlines Group (IAG). Like many UK SAF proposals, Project Speedbird is behind its original timeline, not helped by policy delays. Argus spoke to Wood about energy security, policy asks, and carbon negative fuel. Edited highlights follow:

Does recent jet fuel volatility strengthen the case for domestic SAF production?

Jet fuel disruption and price spikes reinforce the case for diversifying energy supply. SAF is one way to achieve that, including domestic production. We should be realistic that some regions have more feedstock than others, but the

Nova Pangaea Project Overview	
Technology	Pyrolysis of biomass to bioethanol for the alcohol-to-jet pathway
Ethanol capacity (used for ATJ)	150,000t/yr
FID target	2027-28
Production target year	Circa 2030
Nova Pangaea	Ethanol plant
LanzaJet	Manages alcohol-to-jet facility (80,000/yr SAF & 10,000t/yr renewable diesel)
IAG	Anchor customer for the ethanol and SAF finished product

— Nova Pangaea

UK can certainly increase production. But obviously, policies and investments made over the next 1-2 years will only bear fruit towards the end of the decade. I am not advocating for a domestic quota. It is about pace, so we should not complicate or change but rather focus on implementing already announced well set policy plans.

Is your planned supply chain fully domestic?

We have supply agreements for domestic woody biomass residue, so there is a strong domestic element. Biomass power generation is plateauing and may decline as support schemes fall away, creating feedstock headroom for SAF. We recognise the UK is not one of the largest biomass suppliers. We must also look at agricultural residues and nearby regions with ample biomass, like the Nordic region.

Are current policies sufficient to support SAF?

Policy must support both demand and supply. No single mechanism will create the tipping point. The UK is moving in the right direction. We have the SAF mandate, now the key is to move at pace on supply-side mechanisms such as the [revenue certainty mechanism](#) (RCM) to unlock final investment decisions (FIDs). Feedstocks for hydrotreated esters and fatty acids (HEFA) are limited, so we must ready production platforms to tap into other feedstocks as soon as possible.

How many of the 10-15 UK SAF projects are actually near FID?

Projects need to have completed front-end engineering and design to accurately understand capital costs and project economics, to have offtake agreements, and have the feedstock origination, and financing in place. These pieces are interlinked. You cannot sign offtake without clarity on costs and feedstock, and vice versa. Aligning that is challenging. Probably only a handful of projects could achieve that in the next 12 months.

Is the delayed RCM slowing UK projects?

There is a risk it could slow the projects that are most well progressed and closest to FID. The government talks about RCM legislation by the end of 2026, so the mechanism becomes available in early 2027. But then follows the selection process and contracting. It's unclear how long that will take but it won't be done by the first quarter of 2027. Given typical timelines of 2-3 years from FID to operation, we are now looking at FID in 2027-28 and operation around 2030.

Given delays, how will the UK get advanced SAF in time for its 2027-HEFA cap?

There's advanced SAF coming out of other regions, notably the US, and potentially China. There's nothing wrong with imports, but we also need local production for a diversified and resilient portfolio.

Why has Nova Pangaea called this a critical moment for the SAF industry?

If we do not move forward, doubts will grow around mandate delivery. That will increase pressure to dilute the mandates, which would destabilise the investment case. We should leverage this difficult jet fuel situation to get some FIDs over the next 12 months. We shouldn't waste a good crisis.

HEFA has been led by traditional oil companies. But advanced SAF and e-fuels projects are typically developed by companies without the same balance sheets and therefore rely more on third-party finance to get through development and reach FID. There's billions of tonnes of biomass residue globally, creating an opportunity to boost SAF and income streams for rural and agricultural communities. But if we can't get FIDs over the next year, we'll risk not getting into that virtuous cycle that we need, of getting costs down as we scale up.

What differentiates Nova Pangaea's technology?

A key aspect is the biochar co-product when we make the ethanol. That is permanent carbon capture and enables carbon negative SAF – roughly twice the greenhouse gas (GHG) savings compared with 70-80pc typical for HEFA. The biochar will initially go into soil enhancement, compost, concrete, or asphalt. In coming years, it could also be used to aid water filtration or to make strong and lightweight materials, for example in aircraft.

What is the longer-term opportunity for the technology?

The UK project is our reference plant to show the technology works at commercial scale. The bigger opportunity is to deploy in regions with large volumes of biomass or agricultural residues, like North and South America, Asia, and parts of the global south.

By Aidan Lea

Wood pellet supply, demand at all-time highs in 2025

Global wood pellet output and consumption hit all-time highs last year, supported by strong growth in Asia-Pacific. But shrinking subsidised power sector demand in Europe from next year may create short-term pressure, according to the latest annual report from industry association Bioenergy

Europe.

Pellet production worldwide rose by 10pc on the year to 53.5mn t in 2025, after holding broadly flat at 48.8mn t in 2024, the report said (*see chart*). Global production capacity reached 78.2mn t in 2025 from 75.6mn t a year earlier, and plants ran at higher utilisation rates to meet stronger demand, Bioenergy Europe said.

European pellet makers ramped up production to 24.1mn t last year – the highest of any region – from 21.9mn t during a “prolonged destocking cycle” in 2024, the report read. Stronger residential heating demand and “improved market conditions” for industrial users likely incentivised European pellet output, Bioenergy Europe said.

North America remained the second-highest producing region last year, with 14.6mn t, up from 14.2mn t a year earlier. But Asian pellet output increased by 16pc on the year to 12mn t, marking a third year of double-digit growth and helping drive up overall global supply, the group reported.

Exports from Vietnam, Malaysia and Thailand quickened on the year in 2025, with most Asian supply flowing to Japan and South Korea. Any reduction in government subsidies for pellet-fired generation in those countries could shape Asian pellet output, Bioenergy Europe said.

Most European production remains within the continent, but pellets from Belarus and Russia continue to flow to South Korea. Europe imported around 1mn t of non-Chinese Asian supply last year, according to Bioenergy Europe.

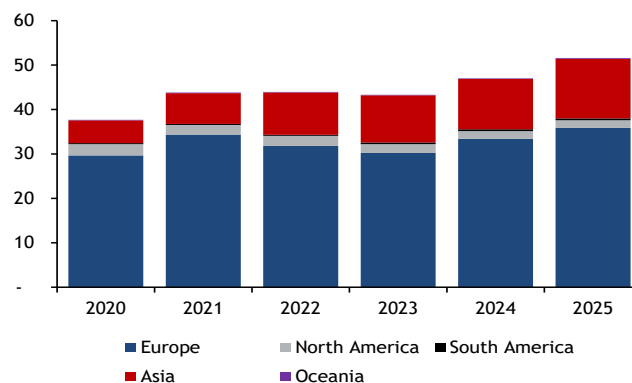
Demand steps up

Global pellet consumption reached a historic high of 51.6mn t in 2025, with industrial use accounting for 30.1mn t, according to Bioenergy Europe (*see chart*).

Europe remained by far the largest consuming region, accounting for 70pc of global demand, data showed. European [residential heating](#) and industrial use accounted

Global wood pellet consumption by region

mn t



for 37pc and 33pc of worldwide pellet consumption, respectively, the report said.

European industrial demand has been the most volatile user segment globally for the past five years, with consumption jumping to an all-time high of 17.1mn t in 2021 then declining steadily in 2022-23, Bioenergy Europe said. By contrast, Asian industrial consumption tripled to 13.1mn t in 2025 compared with 2020, driven by Japanese and South Korean support for biomass-fired power generation.

Top global consumers the UK, Japan and South Korea used nearly 23.6mn t of pellets in 2025, equal to 46pc of global demand. But Europe and Asia overall remained reliant on North American supply, bringing in 10.7mn t and 2.9mn t from the US and Canada, respectively, last year.

The southeast US remains a leading pellet-exporting region, but the prospect of weaker UK and Dutch subsidies for biomass-fired generation from 2027 is spurring suppliers to explore industrial applications as well as bioenergy with carbon capture and storage, US industry association Advanced Woody Biomass Alliance's vice-president of communication, Taylor Fitts, said in the report. US-based firms have announced a dozen of those projects, but they “will take time to mature”, Fitts said.

By Marta Imarisio

Spain approves CHP auction for 1.2GW capacity

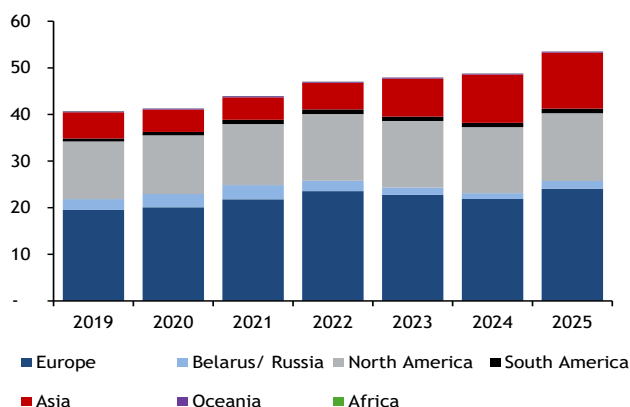
The Spanish energy ministry has approved a framework for auctions to support 1.2GW of combined heat and power (CHP) capacity.

Two auctions of 600MW each will be held in 2026 and 2027 to build new high-efficiency CHP plants fuelled by natural gas or biomass and to improve the efficiency of existing units. New gas-fired plants must be ready to consume at least 10pc green hydrogen.

The remuneration mechanism recently received state aid approval from the European Commission, paving the way for

Global wood pellet production by regions

mn t



the auctions to proceed.

Individual projects will be capped at 100MW or 15MW in Spain's non-mainland power systems.

The auctions will use a descending marginal-price format, in which bidders offer discounts against investment cost benchmarks defined for 12 plant categories. No single company will be allowed to secure more than 50pc of the capacity offered in any auction.

Successful gas-fired CHP units will receive a regulatory lifetime of 12 years, while biomass-fired plants will qualify for 20 years. Remuneration will be based on a 7.09pc rate of return for the 2026-31 regulatory period.

Spain's Iberian power market operator Omie will organise the auctions under the supervision of energy regulator CNMC. Dates and technology-specific capacity allocations will be announced in future auction notices. But Spanish industry group Acogen said earlier this month that the first auction is expected in October-November.

CHP operators have awaited the auctions for years, as many plants have ended operations after reaching the end of their regulatory life and becoming unprofitable. A total of 320 plants with combined capacity of 2GW – equal to half of Spain's industrial cogeneration capacity – closed in 2020-25, Acogen said, and their share of the power mix halved to 6pc. Another 100 plants could close in 2026-29 once they reach the end of their profitable lives.

New gas-fired CHP capacity entering or returning to the market is likely to boost industrial gas demand.

But in the near term, CHP gas demand is likely to continue to fall, as about 100 more plants are poised to close in 2026-29. And it could take around 18 months before new CHP plants begin supplying heat and electricity to industrial users.

Spain has 5.5GW of installed cogeneration capacity. About 92pc of the country's CHP plants supply heat and power to energy-intensive industries, with around 85pc of plants burning natural gas.

By Isabel Valverde

Poland unveils 2040 district heating strategy

The Polish energy ministry has opened a consultation on the country's district heating system, calling for a phase-out of coal-fired production and a shift to renewables and electrification by 2040.

The strategy aims to ensure that heating plants provide affordable energy to end users, despite the transition process being estimated to cost up to 231bn zlotys (\$60bn) by 2040, the ministry said.

Coal is currently the main fuel used by district heating plants, covering more than 57pc of total production.

Gas and renewables – mainly biomass – each have an approximate 15pc share of production.

The energy ministry said it aims for coal to be mostly phased out and for the share of renewables to rise to more than 52pc by 2040. Gas and biomass will remain important transition fuels, although the strategy calls for strong growth in power-to-heat technologies, such as heat pumps and electric boilers. The strategy also envisages the use of small modular reactors as well as more refuse-derived fuel and geothermal energy in the sector.

Investment in the district heating transition will be financed by a mix of private capital and Polish and EU public funds, according to the draft.

The ministry also proposes reworking the tariff system to create incentives for investment in the transition. The Polish district heating market is regulated and current tariffs for hot water are approved by energy regulator URE. This creates systemic underfunding of the system by hindering heat producers' ability to attract investment, the ministry said.

The energy ministry is open to feedback from affected industries and lobby groups until 15 July. It aims to approve the strategy by the end of this year.

Poland has one of the largest district heating systems in Europe with nearly 360 heat producers. This includes about 140 producers that also generate electricity operating 51GW of thermal capacity.

By Tomasz Stepień

Hungarian biomass demand rises sharply in 2025

Hungarian biomass consumption for heat and power rose significantly last year, after two new biomass-fired units reached capacity, agricultural research institute AKI said today.

Domestic users and industrial enterprises used almost 3.2mn t of biomass in 2025, up from less than 2.5mn t in 2025, according to AKI.

Wood chips remained the most prevalent type of Hungarian biomass last year, accounting for nearly 40pc of the supply mix on 1.2mn t, up from 1mn t a year earlier, AKI data show.

The use of firewood more than doubled on the year to 736,000t in 2025, while wood by-products like sawdust fell to 133,000t from 141,000t. Combined consumption of straw, sunflower husks and processed feedstocks fell to 615,000t from 680,000t.

AKI collected data from 165 Hungarian heat and power plants and industrial enterprises, including wood processors that generate heat for operations using utility-scale boilers. Those firms collectively represent nearly all of the

Hungarian market.

The key drivers of demand growth last year were French utility Veolia's two new 50MW biomass power units at its long-idled 240MW Oroszlany plant, AKI told *Argus*. The units were commissioned in September 2024, but only reached capacity last year.

Hungarian biomass-fired generation climbed to nearly 1.9TWh in 2025 from 1.4TWh in 2024, according to preliminary data from Hungarian energy regulator Mekh. That left biomass with a roughly 5pc slice of the domestic generation mix in 2025, up from 4pc a year earlier.

Hungary had 493MW of biomass and biogas-fired capacity as of 1 June, up from 476MW at the end of 2025 and 2024, the latest data from grid operator Mavir show.

By Bela Fincziczki

Germany funds CRCF research projects

Germany's agriculture ministry will support research on certifying and integrating credits from carbon farming activities, as it welcomed advances on the EU's carbon removals and carbon farming (CRCF) regulation.

The ministry on Tuesday granted a total of €1.7mn to three companies, to finance two-year research projects on CRCF-related certification systems.

A project led by Dekra Certification will focus on analysing and integrating existing certification systems for nature-based carbon removals, with an aim to adapt existing certification approaches to the CRCF framework.

Consultants Meo Carbon Solutions will develop an EU-compliant certification system for carbon removals and carbon farming credits, and also aims systematically to record and verify carbon sequestration in bio-based construction products.

And environmental verifiers QAL will develop a CRCF certification system for Germany.

For the agriculture ministry, carbon farming is an "important element" of climate action, but "uniform certification" will be indispensable, junior agriculture minister Martina Enghardt-Kopf said on Tuesday at an event organised by the ministry in Berlin.

The CRCF must be "useful" to farmers, the ministry's head of division of climate action, climate adaptation and water Anne Hoge-Becker said, with a not excessively bureaucratic framework and practicable, science-based and transparent certification.

Problematic issues include uniform quantification, the permanence of removals and leakage effects, Hoge-Becker said.

The European Commission plans to present methodologies for carbon farming and carbon storage in

buildings in the third quarter of 2026, unit head for land economy and carbon removals at the commission's climate directorate Christian Holzleitner reaffirmed at the event.

The commission adopted CRCF regulation methodologies for permanent removals – covering bioenergy with carbon capture and storage (Beccs), direct air capture and storage (Daccs) and biochar – [in February](#).

A "permanence fund" might be an option to address permanence issues, Holzleitner suggested, which could for instance be replenished by insurance firms.

And to counter fears of biodiversity being sidelined, "premium" credits sold at higher prices could reflect additional biodiversity-enhancing measures carried out by farmers, Holzleitner proposed.

The CRCF framework can offer an "attractive additional business model for farmers", Holzleitner said.

The EU will need to make it "simpler" for banks and insurance firms, as well as other companies, to invest in this market, Holzleitner said, flagging the CRCF buyers' club website [launched by the EU on Tuesday](<https://direct.argusmedia.com/newsandanalysis/article/2843257>).

Holzleitner in Berlin defended the commission's expectations that US tech firms will be among the most active in the buyers' club. These "California-based" firms are interested in climate-friendly investments but have limited opportunities in the US, Holzleitner said. Credits generated by projects that receive public funding are prioritised by the club, thereby making an investment "very attractive" for US firms, Holzleitner argued.

Although Germany leads Europe in terms of the number of carbon farming initiatives, German farmers have been [voicing their concerns](#) over the CRCF, with many warning of the expected red tape involved in certifying the credits.

Delegates in Berlin were cautious about the CRCF demand side. "This is a certification framework, not a market establishment framework," German federal research institute the Thuenen Institute's climate, soil and biodiversity expert Bernhard Osterburg said.

But even if the market remains small, it will be "recognised" and will probably generate solutions, for instance through co-operations, that the state alone would be unable to provide, Osterburg said.

By Chloe Jardine

Higher carbon taxes 'good' for biochar, torrefied pellets

A fixed tax on CO2 emissions could help biochar and torrefied wood pellets compete against fossil fuels and spur investment in new production capacity, market participants have told *Argus*.

Fluctuating EU and other emission trading system (ETS)

prices make it difficult to base financial investments on carbon costs, according to biomass consultancy Future Metrics' president, William Strauss. Falling emissions allowance costs could support consumption of fossil fuels, Strauss noted.

A fixed carbon tax of around \$100/t would be a “good starting point” — otherwise white and torrefied wood pellets will compete with coal only rarely, Strauss added.

Rising carbon taxes and fossil fuel prices could make torrefied pellets “competitive or more economical in the long term”, one industry source told *Argus*.

But while torrefied pellet and biochar use could cut CO₂ emissions in many sectors, feedstock costs often challenge project viability, [market participants have said](#).

Prompt availability of raw materials for biochar, biocoal and wood pellets — such as wood fibre and residues — may be constrained across much of the world, but stable and sustainable feedstock supply could grow as these industries develop, one source said.

That said, abundant wood fibre supply in the southeast US — where several pulp and paper mills have closed in recent years — has pushed down feedstock costs there, market participants told *Argus*.

Sawmills are looking for “consistent offtakers” of green pulp wood chips and offer feedstock at prices that can have a big impact on torrefaction operating costs, US-based engineering firm TSI's vice-president, John Teal, said.

TSI runs a demonstration plant in the state of Georgia

and has provided 100-1,000t samples of torrefied pellets to dozens of consumers, mostly in Europe and Japan.

Another developer has identified opportunities to lower production costs and says it could achieve a torrefied pellet price “fully competitive with coal” in the near future.

A case for torrefied pellets

Torrefied pellets and biochar cost more than white pellets, but value-added products can be less expensive to store because they do not require dry and closed spaces.

Strauss highlighted [the planned conversion of NB Power's 450MW Port of Belledune coal-fired plant](#) in eastern Canada's New Brunswick province. NB Power wants to convert this facility to burn torrefied pellets by 2029. It would only run at capacity during winter, then build around 500,000t of stocks as it lies idle over the rest of the year, Strauss said.

“The price per GJ that NB Power is willing to pay reflects the value of the needed capacity for the winter months and favours a pellet that can live outside,” Strauss said.

Utilities prefer to burn white pellets for electricity when a power station's capacity factor is high and stocks are elevated enough to meet prompt demand, according to Strauss.

Several white pellet producers are considering converting facilities to produce torrefied pellet or biochar and could announce investments this year, as demand for subsidised power in the UK and Netherlands is set to “plateau for a couple of years”, Teal said.

US wood pellet producer Enviva [has said](#) it would explore non-conventional biomass markets and use cases, given the expiry of the current UK and Dutch subsidies for pellet-fired generation after 2027.

By Marta Imarisio

European biochar production rising: Lobby group

Thirty new biochar production plants could be commissioned in Europe this year, but regulatory uncertainty and financing constraints have slowed growth, according to industry association Biochar Europe's latest annual report.

Europe could finish this year with 235 operational biochar plants, up from 205 at the end of last year and 185 at the end of 2024, the group said, adding that biochar production capacity dedicated to biochar carbon removal (BCR) grew to 91,000t in 2025 from 84,000t in 2024 and will reach 105,000t this year.

Assuming six months operation at 50pc uptime in the commissioning year and 12 months at 70pc after that, BCR-dedicated output could reach 67,000t in 2026, up from 60,000t in 2025 — equal to 190,000t and 170,000t of CO₂ emissions, respectively — the report states.

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Germany was Europe's largest biochar producer in 2025, with 24pc of the market, but capacity growth there has stalled since 2024, according to the report.

Sweden, Denmark and Finland together accounted for 30pc of European capacity, up substantially since 2021, while Austria and Switzerland recorded the strongest growth to claim a combined 16pc. The other 30pc was mostly accounted for by Spain, France and the UK.

New biochar plants are keen to sell to industries like metallurgy and others looking to switch fuels because they offer more reliable revenue than activities involving carbon removals or carbon credit markets, the report notes.

Biochar production capacity for barbecue and metallurgical uses grew to 270,000t in 2025 from 240,000t in 2024.

Overall BCR-dedicated output growth has slowed as regulatory uncertainty and financing constraints lead companies to delay or cancel projects, Biochar Europe said. Policy support and integration into compliance markets could help scale BCR-dedicated production, but projects that fail to monetise waste heat, use immature technology or have overly optimistic business cases will "underperform", the group warns.

By Hannah Adler

EU faces struggle to scale biomethane by 2030: Acer

The EU will struggle to increase biomethane production quickly enough to meet its decarbonisation targets, despite it being the most viable near-term alternative to fossil fuels, according to EU energy regulators agency Acer.

Biomethane is the EU's most mature low-carbon gas option, but its contribution remains limited, Acer said in a report. Production reached 4.3bn m³ in 2024, with more than 1,500 plants operating across member states as of mid-2025. This accounted for only 1pc of EU gas consumption and is well below the European Commission's 35bn m³ target for 2030.

Acer identifies a clear gap between technical readiness and deployment. While the technology is proven, scaling up production through new plants or upgrading of existing biogas plants will require expanded feedstock supply, investment support and more consistent cross-border market rules.

High production costs compared with natural gas and limited availability of sustainable biomass remain key barriers, the report highlights. Fragmented certification systems are also restricting cross-border trade, preventing the development of a liquid biomethane market.

Biomethane offers strategic benefits, despite these challenges, Acer said. It can use existing infrastructure and reduce import dependence, strengthening energy security in a context where the EU still relies on imports for nearly 90pc

of its gas supply.

Acer identifies targeted policy action as essential to unlocking growth, with priorities including harmonising guarantees of origin and sustainability certification and improving regulatory clarity. Stronger and more predictable carbon pricing will also be needed to close the competitiveness gap with fossil gas.

The report also focuses on biomethane's role in the power sector, where gas-fired generation continues to provide flexibility and set prices during periods of low renewable output. As renewable capacity expands, the need for flexibility will increase, but limited biomethane volumes mean fossil gas will continue to dominate in the near term.

Expanding the biomethane sector must be co-ordinated with wider energy system changes, Acer added, including developments in electricity, hydrogen and carbon capture, to ensure an efficient transition.

By Svea Winter

Alberta to allow biomass-related offset credits

Canada's Alberta province has expanded the ability of biomass-waste combustion projects to generate carbon-offset credits for the province's industrial emissions program.

Alberta Environment and Protected Areas on Thursday published an [updated protocol](#) for biomass-waste projects that expands credit generation to include heat displacement in addition to previously eligible electricity generation. This expansion lets more project types and more emission sources within existing projects qualify.

Projects that generate and use heat, not just electricity generation, to displace fossil-fuel use can now generate offsets for heat displacement, which previously was not explicitly quantified.

In addition, the revised protocol includes all emission sources that had been subject to the federal carbon levy but not eligible in the previous version of the protocol. This change was triggered by the end of the federal fuel charge in April 2025.

Both changes to the protocol will potentially broaden credit generation in heat-only biomass projects and combined heat-power cogeneration.

The project developer must satisfy several requirements including ensuring energy generated from the combustion of biomass waste partially or fully offsets fossil fuel-based energy, and that emissions from bioenergy production are lower than would have occurred in the absence of the project.

By Adam Battistessa

Japan's northeast hit by earthquake, energy sites safe

A 7.2-magnitude earthquake struck northeastern Japan today. No major damage to nuclear power plants or thermal power facilities and domestic refineries has been reported so far, according to industry sources contacted by Argus.

The earthquake occurred off the coast of Iwate prefecture at 07:30 on 25 June Japan time (22:30 GMT on 24 June), according to the Japan Meteorological Agency. The quake registered an upper-6 seismic intensity – the second-highest level on Japan's shindo scale – in Aomori prefecture. There is no risk of a tsunami from the earthquake, the agency said.

Japanese prime minister Sanae Takaichi also said there was no risk of a tsunami. The government would assess the damage and work to respond to the disaster, she added.

The earthquake did not affect power generation facilities in the Tohoku area, with no damage reported to nuclear, thermal, hydroelectric, or renewable power plants, Tohoku Electric Power told Argus. Around 4.6GW of coal-fired capacity and 7.9GW of gas-fed capacity were available for operation in Tohoku as of 25 June, according to a power plant operational status notice by the Japan Electric Power Exchange.

The 825MW Onagawa No.2 nuclear reactor in Miyagi, close to the earthquake's epicentre off the Iwate coast, continues to operate. No damage was reported at the Rokkasho nuclear fuel reprocessing plant in Aomori, which is scheduled to begin operations in the April 2027-March 2028 fiscal year. Two major biomass power plants in Tohoku – the 75MW unit at Ofunato in Iwate and a similar-sized plant at Hachinohe in Aomori – were also unaffected, sources told Argus.

In Hokkaido, where the quake registered at 4 on Japan's seismic intensity scale in some areas, there was no damage to power generation facilities, a representative at Hokkaido Electric Power said. No nuclear reactors are currently operating in Hokkaido, with the 2,070MW Tomari nuclear plant remaining safely closed.

Japanese refiner Eneos operates the 145,000 b/d Sendai refinery in Miyagi. But the earthquake had no impact on Eneos' facilities including refineries, the company said. *By Fumito Nagase, Motoko Hasegawa, Kohei Yamamoto, Takeshi Maeda, Reina Maeda, Nanami Oki*

Japan's wood pellet, PKS imports fall in May

Japan's wood pellet and palm kernel shell (PKS) imports fell on the month and on the year in May, according to data released by the country's finance ministry today.

Japan imported about 644,000t of wood pellets in May, lower by 21pc than the previous month and by 16pc than

Japan's imports by key sourcing countries					'000t
	May '26	Apr '26	May '25	m-o-m ± %	y-o-y ± %
Wood pellets					
Canada	41.4	92.4	108.8	-55.2	-61.9
Thailand	0	6.8	0.1	-100	-100
Indonesia	26.8	43	11.7	-37.6	129.8
Vietnam	427.7	543.5	429.3	-21.3	-0.4
Malaysia	33.7	32	63.7	5.1	-47.1
US	93.3	77.8	133	20	-29.8
China	20.5	22.5	16.2	-8.9	26.9
Total	643.8	818.3	762.9	-21.3	-15.6
PKS					
Indonesia	422.7	416.2	438.1	1.6	-3.5
Malaysia	65.5	138.9	126.3	-52.9	-48.2
Sri Lanka	4.3	5.9	4.5	-28.2	-5.3
Thailand	10.2	0.4	0.1	2,498.5	7,949.5
Others	3.1	3.2	1.7	-4.5	81.5
Total	506	565	571.1	-10.4	-11.4

– Japan finance ministry

the same month in 2025. Vietnam remained the country's largest supplier in May with 428,000t, followed by Canada with 93,000t.

Japan's PKS imports came in at about 506,000t in May, down by 10pc from April and by 11pc from a year earlier. Indonesia was the country's largest supplier with 423,000t, while the second-largest supplier was Malaysia with 65,000t.

The decline in imports of biomass fuels in May was likely because several biomass-fired power plants in Japan were undergoing periodic maintenance during the month. This included the 112MW Sendai Kou plant in Miyagi prefecture, which was halted over 1 May-7 June.

Japanese petrochemical firm Tosoh started operations at its 74MW biomass-fired power plant in Yamaguchi prefecture for in-house use on 27 April. The plant co-fires wood pellets, coal and other fuels.

The 112MW Niigata Mega Bio project, which is scheduled to start operations around 2029-30, won Japan's long-term zero emissions power capacity auction. The auction result was announced on 13 May.

By Takeshi Maeda

Mitsubishi eyes methanol from Australian geological H2

Japan's Mitsubishi Gas Chemical (MGC) has signed a preliminary deal with Australian exploration firm Gold Hydrogen to assess the feasibility of producing methanol using geological hydrogen from the planned Ramsay Project in South Australia's Yorke Peninsula, the firms said today.

The companies plan to launch a preliminary feasibility study in the second half of 2026 following production testing at Gold Hydrogen's geological hydrogen exploration well, which is scheduled to begin imminently, the firms said.

Geological hydrogen would be the primary feedstock for methanol production, with the assessment also covering the use of renewable power and regional infrastructure on the Yorke Peninsula.

The peninsula offers “abundant under-utilised cereal-straw biomass,” Gold Hydrogen said. This could provide a source of biogenic CO₂ for the methanol production.

The investment was made with a view to the potential commercialisation of the Ramsay Project and the possible development of a wider methanol business based on geological hydrogen, MGC said.

MGC acquired a stake in Gold Hydrogen last year.

For Gold Hydrogen, the methanol production could present an offtake opportunity for its hydrogen output.

Gold Hydrogen has found geological hydrogen reserves with “world-leading purities” at the site, the firm said.

The company is also targeting exploration of helium resources, which could become a priority in the short term given global supply issues and the lack of domestic producers in Australia, it said.

Almost all of the over 50 planned geological hydrogen exploration projects globally are still in early exploration stages and potential production volumes and costs remain highly uncertain.

MGC and Gold Hydrogen are the first to explicitly announce plans for methanol production from geological hydrogen.

By Anmol Choubey

Brazil funds Ferbasa charcoal plant in Bahia

Brazil's state-owned development bank Bndes has approved a R44mn (\$8.5mn) loan for Brazilian ferro-alloy producer Ferbasa to build a charcoal plant in northeastern Bahia state.

The company expects to produce 20,000 metric tonnes (t)/yr of charcoal in its new unit in Maracas city. The output will supply charcoal as a bioreductant to its metallurgical facility in Pojuca, about 300km (186 miles) away. Ferbasa picked Maracas for its new plant because of its 5,400-hectare forestry area, which provides a reliable and immediate supply of biomass feedstock, it said.

Charcoal is widely used in Brazilian metallurgy industry, serving as a bioreductant that replaces petroleum coke in certain steelmaking routes. Its use supports more sustainable steel production thanks to its lower carbon footprint and renewable origin.

Bndes will provide financing covering 98pc of total investments for the project, which is estimated at R44.4mn. Operations should begin by December, Ferbasa said.

By João Curi

Raizen's 1Q ethanol output, sales down

Brazilian biofuel company Raizen's ethanol production and sales decreased in January-March from a year before because of lower sugarcane crushing, driven by adverse weather conditions.

Raizen's ethanol production fell by 16pc from the same period a year earlier to 20.2mn liters (1,400 b/d), leading to a 23pc drop in ethanol sales to 610.2mn liters.

These figures pertain to Raizen's agrobusiness segment, which comprise ethanol, sugar and bioenergy.

The company said it has faced “one of the most challenging operating environments in recent years”, citing adverse weather conditions, commodity price volatility, [high interest rates](#) and the ongoing impact of the illegal fuel market.

Raizen crushed 203,000 metric tonnes (t) of sugarcane in January-March, 71pc less than in the same period a year earlier.

Ethanol accounted for 95pc of Raizen's production mix in January-March, up from 67pc a year earlier. Sugar's share of the mix fell to 5pc from 33pc. Sugar output totaled 2,800t during the period, a 90pc drop from a year earlier.

January-March is the fourth quarter of the 2025-26 sugarcane crop year, which runs from April 2025-March 2026. During the period, sugarcane crushing fell by 10pc to 70.5mn t. Excluding divestment initiatives over the period, including the hibernation of the MB and Santa Elisa mills and the sale of nearly 2mn t of sugarcane, crushing volumes totaled 69.2mn t, a 3.9pc decline.

Ethanol production during the crop year fell by 18pc to 2.6bn liters, while biofuel sales dropped by 19pc to 2.7bn liters. Average ethanol prices rose by 8.7pc to R3,056/m³ (223.50¢/USG).

The production mix during the period favored sugar, which accounted for 53pc of output, up from 50pc a year earlier. Ethanol's share declined from 50pc to 47pc.

Sugar output during the crop year decreased by 5.5pc from the previous cycle to 4.8mn t, while sales were nearly stable, falling by 0.3pc to 5mn t. Average sugar prices fell by 9.2pc to R2,314/t.

Fuel sales

Raizen, which also operates in fuel distribution, increased fuel sales between January-March by 8.2pc from a year earlier to 7bn liters.

The increase was driven by a 12pc rise in gasoline sales to 2.2bn liters and a 10.5pc increase in diesel sales to 3.5bn liters. Jet fuel sales rose by 6pc to 368mn liters, while ethanol sales were the only to decline, falling by 8.8pc to 800mn liters.

These figures pertain to Raizen's fuel distribution

segment, which is separate from the agrobusiness sector.

Fuel sales in the 2025-26 crop year increased by 6.7pc from a year before to 28.8bn liters, also led by 9pc and 11pc rises in diesel and gasoline sales, respectively. Ethanol sales fell by 10pc.

Raizen welcomed government initiatives to curb irregular market practices during the crop year, but said that an "uneven competitive environment persists, particularly in the ethanol market".

The US-Iran war did not have a relevant impact on the company's cash flow in March, despite higher diesel prices, Raizen's investor relations director Philippe Casale said during the company's quarterly earnings call.

Financial restructuring

Raizen has been implementing initiatives to reduce its

mounting debt, including asset sales and a financial restructuring plan.

The company [filed an extrajudicial debt restructuring plan in March](#), aiming to negotiate and restructure debt totaling R65.1bn. The proposal has been approved by more than 80pc of debt holders. Legal confirmation of the reorganization plan should occur by September, according to chief executive Nelson Gomes.

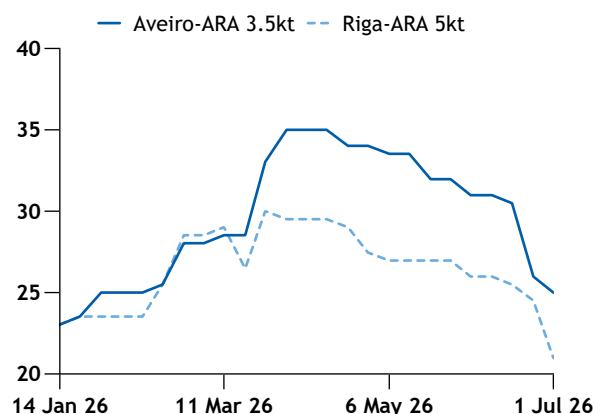
Raizen held R58bn in debt in March, nearly 70pc more than the R34.3bn of a year earlier.

The company reported a R7.3bn loss in the first quarter, wider than the R2.5bn loss a year earlier. Losses for the 2025-26 crop year totaled R27bn, compared with a R4.3bn loss in the 2024-25 crop year.

By Fernando Ladeira

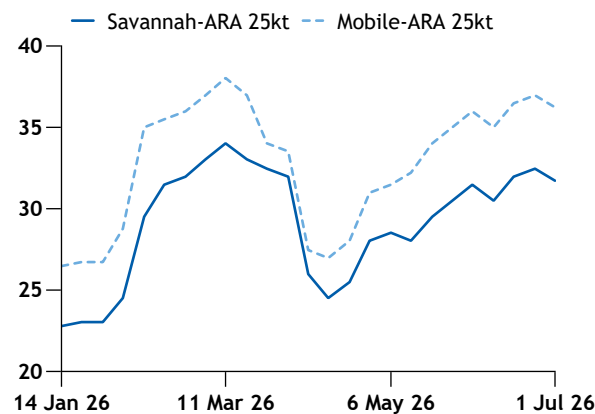
Wood pellet freight, coaster size

€/t



Trans-Atlantic wood pellet freight rates 25,000t

\$/t

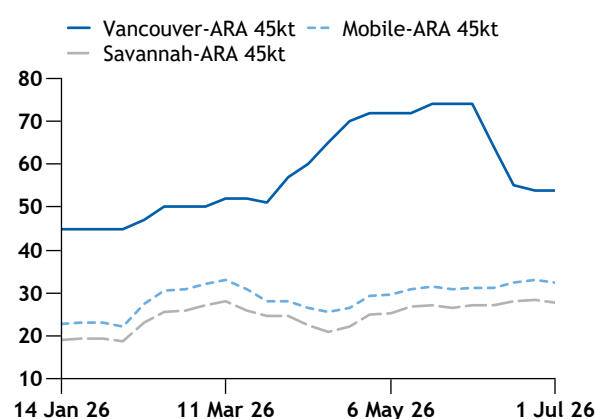


\$:€ exchange rate



Trans-Atlantic wood pellet freight rates 45,000t

\$/t



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