

MARKET COMMENTARY

Atlantic basin: Interest focuses on 2027

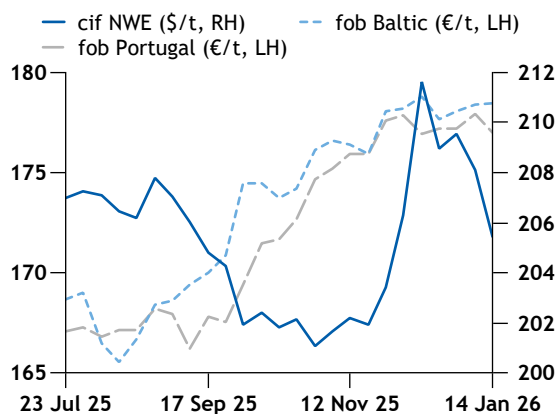
The Argus benchmark spot price for industrial wood pellets delivered to northwest Europe (NWE) fell on the week, after an unconfirmed deal was reported well below last week's assessment, but competition with the premium market continues and weaker wind generation could allow biomass-fired plants in the region to ramp up in the coming days.

The 90-day industrial wood pellet price dropped to \$205.43/t cif NWE on Wednesday from \$208.10/t cif NWE a week earlier. A market participant reported a deal done on Tuesday for 100,000t at \$204/t cif NWE, but Argus could not confirm the transaction with the other counterparty.

The growing spread between European premium pellet prices and industrial pellets has grown to two-year highs in recent weeks, incentivising producers to make more premium supply where possible. But northwest European utilities had sufficient stocks to meet their generation needs and aimed to draw down stocks by the end of winter ahead of the relatively lower-demand summer season. That said, some consumers said they would consider purchasing spot pellets if the price were attractive enough.

But wind generation across NWE could step down in the coming days, which would open space for biomass-fired plants in the power mix of certain countries. Average UK wind generation is forecast to slip to roughly 4GW on 17-20 January from 10GW on 14-16 January, with output in Netherlands falling to around 1.5GW from 3GW over that

Argus industrial wood pellet index



EUROPEAN INDUSTRIAL WOOD PELLETS

Wood pellets - within 90 days (spot)					
	Week index		Month index		
	Price	±	Dec	Nov	Oct
cif NWE \$/t	205.43	-2.67	209.10	202.31	201.86
fob Baltic €/t	178.48	+0.11	178.20	176.75	174.61
fob Portugal €/t	176.97	-0.93	177.30	176.16	171.98

Wood pellets - within 90 days (spot)		
	Price	±
cif NWE \$/MWh	43.50	-0.57
fob Baltic €/MWh	37.80	+0.03
fob Portugal €/MWh	37.48	-0.19

Wood pellets - forward prices			
	Bid	Ask	±
cif NWE \$/t			
1Q26	202.50	208.50	-2.50
2Q26	204.75	210.75	nc
3Q26	204.25	210.25	nc
4Q26	209.25	215.25	nc
2027	202.00	208.00	nc
2028	202.00	217.00	+4.50
2029	206.75	221.75	+9.25
fob Baltic €/t			
1Q26	175.50	181.50	+0.25
2Q26	171.00	177.00	nc
3Q26	171.00	177.00	nc
4Q26	176.00	182.00	nc
2027	169.50	175.50	nc
2028	168.50	183.50	+3.50
2029	172.00	187.00	+7.00
fob Portugal €/t			
1Q26	174.00	180.00	-1.00
2Q26	169.00	175.00	nc
3Q26	169.00	175.00	nc
4Q26	173.00	179.00	nc
2027	169.50	175.50	nc
2028	168.50	183.50	+3.50
2029	172.00	187.00	+7.00

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same period.

UK pellet-fired generation was scheduled at an hourly average of 3.1GW on 14 January, significantly up from 2.4GW a week earlier. The weekly increase mostly related to key UK plants being expected to run near capacity and the Lynemouth plant resuming operations at its three 133MW units, which were offline between late December 2025 and 1 January 2026.

Danish biomass-fired power generation averaged 379MW on 8-14 January, which was slightly lower than 406MW a week earlier and significantly below 708MW a year prior, according to Entsoe data that include pellets and other biomass. Orsted's 478MW unit 2 is carrying out an unplanned partial outage on 5-22 January, during which capacity will be reduced to 0-240MW throughout the period, Remit data show.

Weather forecasts suggest that heating demand in NWE could vary widely on individual days over the next four weeks, but average temperatures over that time are predicted to hold broadly stable compared to levels so far this month. Daily minimum temperatures in London were forecast to range from around -1°C to 6°C over the next two weeks.

That said, average lows in the UK capital were predicted at 2.9°C on 14-27 January and 2°C in the following two weeks to 10 February, compared to 2.2°C on 13 December 2025-13 January 2026, according to Speedwell Climate. Minimum temperatures in London have averaged 6.1°C since 1 October 2025, closely in line with averages of 5.9°C both a year earlier and across the past 10 years.

Further out, most buyers and sellers had already fixed some volumes for the 2026 calendar year and were in no rush to secure additional supply until they got a clearer picture of consumption and power prices. Market participants are holding early stage discussions on calendar 2027 and beyond, but are waiting for the UK government to finalise sustainability criteria for Drax's contract for difference for biomass-fired generation in 2027-31. Producers targeted at least \$212-220/t cif NWE for 2027 and an inflation adjustment escalator for each of the following years.

In the Baltics, the spot 90-day pellet price inched up by €0.11/t on the week to €178.48/t fob Baltic. Some consumers asked about coaster-sized vessels to top up inventories, but no deals were confirmed. At least one producer said it had little supply available for spot deals because its volumes remained tied up in long-term contracts and customers had requested cargoes for delivery later this quarter.

One producer received buying interest in 10,000-15,000t of spot pellets, but only had capacity to supply 5,000t. No

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		180.75	184.75	+0.75
NWE to southwest Canada	Spot		158.50	162.50	-2.50
NWE to northeast US	Spot	183.70			+0.60

Wood pellets NWE to N America netbacks - spot					\$/MWh
Netback	Delivery period	Mid	Bid	Ask	±
NWE to southeast US	Spot		38.28	39.13	+0.16
NWE to southwest Canada	Spot		33.57	34.41	-0.53
NWE to northeast US	Spot	38.90			+0.12

Wood pellets NWE to N America netbacks - forward					\$/t
	Mid	Bid	Ask		±
NWE to southeast US					
1Q26		179.75	185.75		+0.75
2Q26		182.00	188.00		+3.25
3Q26		179.50	189.50		+3.25
4Q26		184.50	194.50		+3.25
2027		177.25	187.25		+3.25
2028		181.75	191.75		+7.75
2029		186.50	196.50		+12.50
NWE to southwest Canada					
1Q26		157.50	163.50		-2.50
2Q26		159.75	165.75		nc
3Q26		157.25	167.25		nc
4Q26		162.25	172.25		nc
2027		155.00	165.00		nc
2028		159.50	169.50		+4.50
2029		164.25	174.25		+9.25
NWE to northeast US					
1Q26	183.75				+0.75
2Q26	186.00				+3.25
3Q26	185.50				+3.25
4Q26	190.50				+3.25
2027	183.25				+3.25
2028	187.75				+7.75
2029	192.50				+12.50

deal was concluded. Producers were targeting €180/t fob Baltic for first-quarter deliveries, while bids were slightly lower at €178/t fob Baltic.

Elsewhere, the fob Portugal price fell by €0.93/t on the week to €176.97/t fob. Consumers looking to top up their stocks might bid at €176/t fob Portugal, but buyers contracted volumes for this year from Portuguese producers in early 2025, market participants said.

In the freight market, an ultramax-sized vessel carrying wood pellets for delivery to the UK in late January from the eastern US port of Savannah was fixed in the week at \$19,500/d. But market sources anticipate a pickup in rates for voyages to the Mediterranean Sea, as limited vessels could be available later this month.

European wood chips: Spot holds

The spot price of industrial wood chips delivered to northwest Europe (NWE) held flat on the week, as consumers continued receiving volumes on long-term contracts, but colder weather could drive up heating demand in the region in the coming weeks.

The 90-day industrial wood chip price was unchanged on the week at €9.80/GJ cif NWE on Wednesday. Further out, Market participants reported offers for deliveries over the whole of 2027 at €11/GJ cif NWE, while bids came in lower at €9/GJ cif NWE.

One Swedish consumer asked about potentially buying top-up volumes of industrial-grade wood chips from a UK-based trader in the week, but did not finish any deal. A UK-based wood chip trader was offering volumes at €10.80/GJ cif NWE around that time.

Baltic suppliers continued drawing down inventories to fulfil existing contracts and some have now emptied their storage sites at ports. Market participants last reported Baltic offers for SM1-quality wood chips with low moisture and ash content at around €25-31/MWh (€6.9-8.6/GJ) DAP Latvia.

Fob Baltic spot prices in recent months have climbed this winter as demand for short-term contracts increased and wet conditions before Christmas negatively impacted harvesting. But colder weather in recent weeks will likely make it easier for suppliers to collect feedstock from the forest and their offers should stop increasing in the coming weeks, a participant said.

That said, despite the stronger heating demand, an ongoing backlog of woody residues will temper any significant drop in Baltic offers. In Sweden, combined heat and power (CHP) plants were running at full capacity, which is typical for this time of year. One plant operator receiving Baltic chips had not need for additional spot volumes.

The Swedish market remains well supplied with wood chips, but Storm Johannes in late December has made it more challenging for operators to access forest roads. A preliminary assessment by Swedish authorities estimated that 10mn m³ of trees were down after the storm, which one participant said may lead to excess raw materials this and next year.

Colder weather forecast over the coming weeks could further spur heating demand and support consumption of wood chips in northern Europe. Average overnight lows in Oslo, Norway were predicted to fall to roughly -6°C over the next two weeks, then decrease further to around -7°C in the 45 days to 18 February, according to Speedwell Climate.

INDUSTRIAL WOOD CHIPS

NWE wood chips - within 90 days (spot)					€/GJ
	Week index		Month index		
	Price	±	Dec	Nov	Oct
cif NWE	9.80	nc	9.60	9.25	9.01

Wood chips cif NWE - forward prices				€/GJ
	Bid	Ask		±
1Q26	8.80	10.80		nc
2Q26	8.40	10.40		nc
3Q26	8.50	9.50		nc
4Q26	9.25	10.25		nc
2027	8.50	10.50		nc
2028	8.50	9.50		nc
2029	8.50	9.50		nc

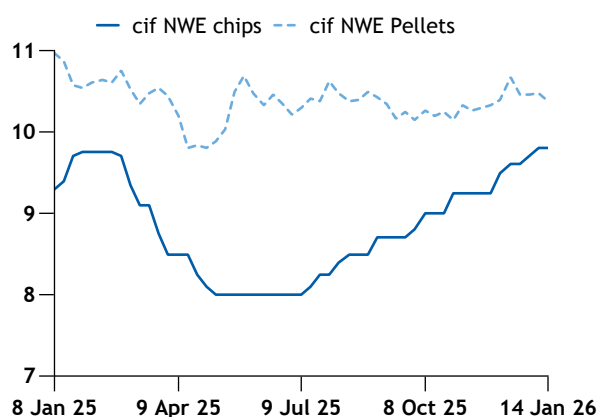
Despite icy conditions in the Gulf of Bothnia, there were enough icebreakers to help merchant vessels access several ports in northern Sweden, Finland and Norway starting 13 January. The central part of the Gulf of Bothnia in northern Sweden was covered up to 20cm of close ice, while waters around the Finnish ports of Kemi and Oulu have 10-25cm of ice attached to the shoreline. Extensive fast ice 15-30cm thick has also formed at Sweden's Lulea port, Finnish meteorological institute data show.

Iberian producers were offering in a wide range of €7-7.50/GJ fob.

In the power sector, Swedish Eon Sverige shortened an unplanned outage at its 106MW Abyverket G3 CHP by five days to 5-9 January. Stockholm Exergi extended planned works at the 190MW Vartan unit 1 to 29 July 2024-3 February 2026, from a previous end date of 15 January 2026. And in France, EPH extended works at the 150MW Provence 4 plant by a day to 21 December 2025-16 January 2026.

Spot wood chips vs pellets cif NWE

€/GJ



European premium: Winter demand firms spot

The 45-day spot price for ENplus-certified A1-grade pellets delivered to northern Italy inched up on the week, as a cold spell supported consumption and pellet production was constrained, but milder weather could lighten demand in the coming days.

Traded ranges for spot bagged and bulk premium pellets rose by €5/t on the week to €300-340/t and €270-300/t delivered northern Italy, respectively, on Wednesday.

Colder weather across much of Europe so far this month has driven consumption of premium pellets for heating purposes, reducing stocks held by consumers and distributors, especially in Italy and Germany. But inventories at Austrian storage facilities remained higher, market sources told *Argus*.

Participants hoped the low temperatures would last until end-February to empty all stockpiles ahead of the summer season. But average minimum temperatures in Milan were forecast to rise from -5°C over the past two weeks to roughly 2°C on 14-27 January then fall back to around -3.5°C on 28 January-10 February, according to Speedwell Climate.

Overnight lows in Milan have averaged 3.6°C since 1 October 2025, compared to averages of 3.8°C for that same period a year earlier and over the past 10 years.

On the supply side, most sawmills resumed production on 7-12 January, after having closed for 2-3 weeks over the Christmas and New Year holidays, during which consumers burned through stocks to heat their homes and other spaces.

Raw material availability was limited because wet weather in the Baltics over the summer hindered collection of forest residues. Elsewhere in central Europe, limited demand from the construction sector reduced sawdust supply for pellet production, while in Sweden, [stormy weather in late December](#) damaged forests.

Pellet plants were targeting producing at least 75pc of their nameplate capacity to fulfil the strong demand. In Austria, some were not able to send volumes for another 4-6 weeks, which was considered too late for some customers, but were offering that product at a €40/t discount compared with prompt bagged pellet deliveries at €390/t to end users in Austria or Germany.

Baltic supplies held cheaper, in a €315-340/t delivered northern Italy range via trucks, or hovering €225-258/t ex works Baltic. Buyers' interest from Poland increased at levels around €300/t for bagged pellets delivered to western Poland, but some Baltic producers had no free volumes to offer after supplying consumers in their domestic markets.

There were less volumes from the Balkan region entering

Argus cif NWE monthly figures		\$/t
Balance of Jan		204.00
Feb		206.00
Mar		206.00
Apr		206.00

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

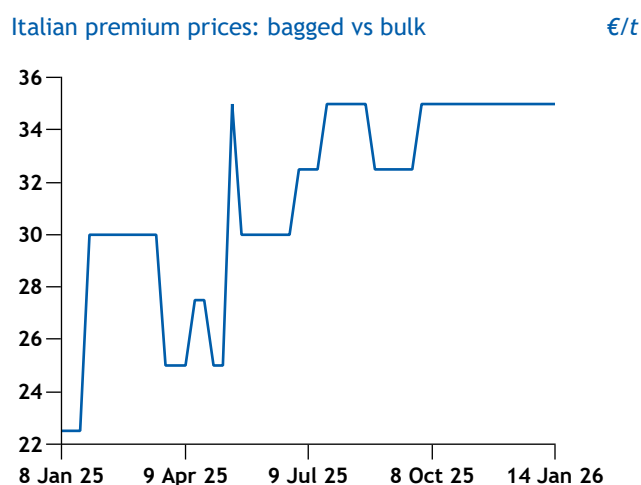
Wood pellets - within 45 days (spot)					€/t
Delivered northern Italy	Mid	Low	High	±	
Bulk	285.00	270.00	300.00	+5.00	
Bagged	320.00	300.00	340.00	+5.00	

Premium wood pellets				€/t
Delivered northern Italy	Month index			
	Dec	Nov	Oct	
Bulk	275.00	266.25	248.00	
Bagged	310.00	301.25	283.00	

the Italian market, as some supply disruptions in Croatia and Slovenia were causing delays in deliveries, market sources said.

Residential and commercial consumers in northern Italy that can heat with pellets or gas may find using their gas-fired stoves and boilers more attractive than last year, depending on the energy tariffs they pay. *Argus* premium bagged pellet price ranges since October 2025 have held 33pc higher on the year, while *Argus*' average everyday price at Italy's PSV gas hub have been 28pc lower over that same period.

Italian premium prices: bagged vs bulk



Asian industrial: Wood pellet prices down, PKS up

The 90-day spot price for Vietnamese industrial-grade wood pellets of the specification typically sold to South Korea fell, pressured by weak demand from South Korean utilities.

Argus assessed the price of pellets sold to South Korea at \$120.71/t fob Vietnam, down by \$1.04/t on the week, while the cfr Gwangyang price was marked at \$122.30/t, down by \$1.45/t.

State-owned Korea South East Power (Koen) secured 24,000t of imported wood pellets at industrial grade 2 (I2) quality at 262,500 won/t (\$177.98/t) ddp South Korea, to be transported by truck for delivery in February-March. Koen awarded 60,000t of imported I2 pellets to be transported by rail at W265,000/t ddp South Korea for February delivery. The pellets will mostly come from Indonesia.

The utility also concluded an urgent tender that awarded 10,000t at an average price of W320,000/t ddp South Korea. Domestically produced wood pellets made up 40pc of the tender volume, while the rest were imported seaborne material.

Another independent power producer (IPP) awarded around 50,000t of imported I3 pellets at \$117/t cfr Gwangyang to be delivered in February.

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 W107.35/kWh on 13 January, up from W103.38/kWh on 6 January. South Korea's renewable energy credit (REC) stood at W71,600/REC on 13 January, unchanged from 8 January and 6 January, according to Korea Power Exchange data.

Pellet producers in Vietnam continue to face rising raw material costs ahead of the Tet holidays in mid-February. The cost of wood residue has increased in all regions of Vietnam because logging has slowed as workers head off on holiday, market participants said. Existing term shipments can still be fulfilled, and no delays have been heard yet, a Vietnamese trader said. Suppliers are still trying to stockpile because most businesses are expected to shut for at least two weeks during the festivities, according to market participants.

Japanese demand for pellets remained limp as most utilities remain well-supplied. Japanese market participants returning from holidays are not issuing spot tenders yet.

The fob Vietnam price for FIT-compliant pellets fell by 57¢/t from the most recently assessed price to \$149.08/t. Bulk freight rates from Vietnam to Japan were in a wide range of \$25-40/t this week.

In the Indonesian palm kernel shell (PKS) market, the

ASIAN INDUSTRIAL WOOD PELLETS

Wood pellets - 90 days (spot)						\$/t
	Week index		Month index			
	Price	±	Dec	Nov	Oct	
fob Vietnam to S Korea	120.71	-1.04	116.80	115.79	118.62	
fob Vietnam to Japan FIT	149.08	-0.57	148.48	148.60	147.79	
cfr Gwangyang	122.30	-1.45	122.30	121.19	124.45	

ASIAN PALM KERNEL SHELLS

Palm kernel shell (spot)					\$/t
	Week index		Month index		
	Price	±	Dec	Nov	Oct
Excl. to Japan FIT					
fob east coast Sumatra	102.17	+0.17	99.23	97.96	97.43
To Japan FIT					
fob east coast Sumatra	102.90	+0.02	102.10	101.03	99.69
fob peninsular Malaysia	90.48	+0.90	88.45	89.14	88.78

trestle collapse at Tanjung Buton port continues to pressure supplies. Port authorities have suspended all loading activity and some suppliers expect conveyors to be used as a short-term remedy. Other port users expect more delays in shipments and congestion at alternative ports because many exporters have shifted away from Tanjung Buton to alternatives, such as Dumai.

A deal was heard negotiated at around the range of \$100-103/t fob east coast Sumatra. Suppliers are offering \$100-107/t for February loading fob east coast Sumatra, while bids at \$95-98/t. Buyers are adopting a wait-and-see approach to the port situation before making any spot purchases.

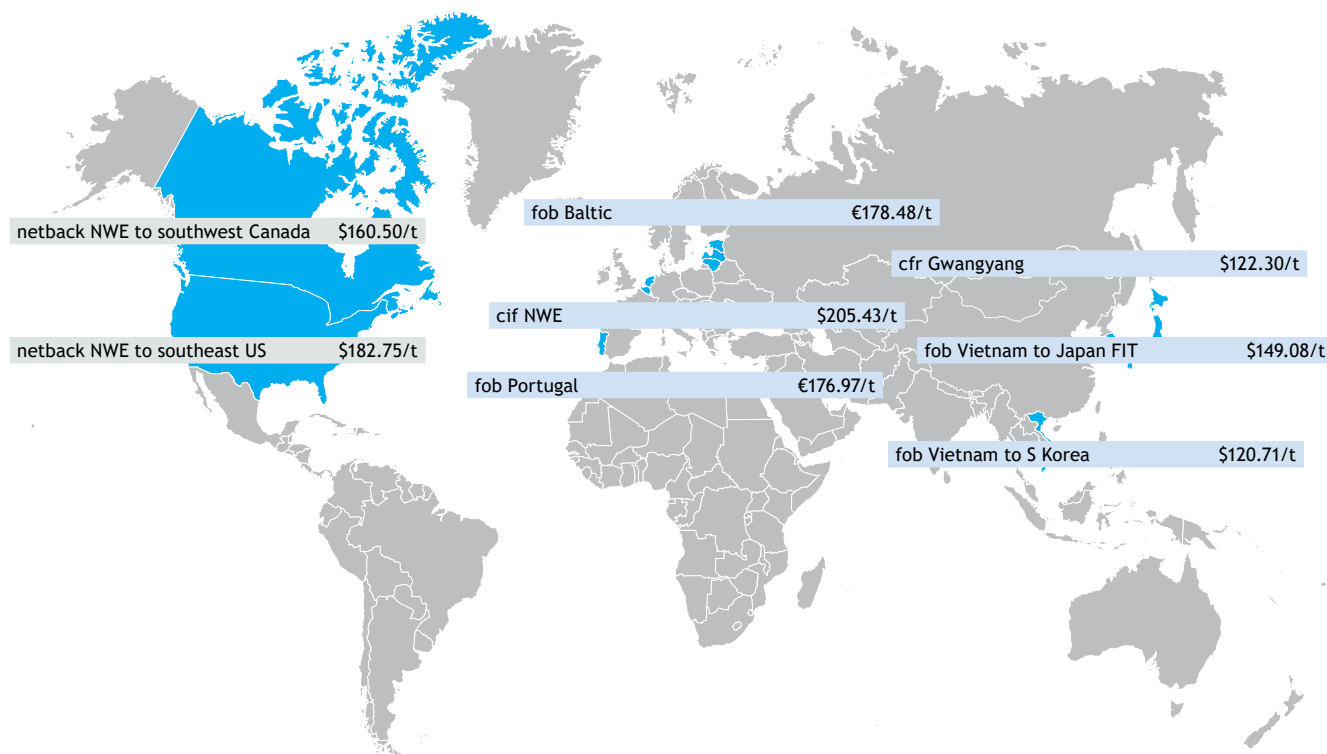
Demand in Thailand for PKS that are not Japan FIT-compliant has risen. Several industries have switched from wood chips to PKS because it is cheaper, Thai biomass market participants said.

The Indonesian market for PKS that meets Japan's FIT requirements was up by 2¢/t on the week at \$102.90/t fob east coast Sumatra. The market for material that is not Japan FIT-compliant rose by 17¢/t to \$102.17/t fob east coast Sumatra.

PKS supplies in Malaysia have been undermined by a lower yield of fresh fruit bunch from palm plantations. This has led to an increase in the price of PKS from crude palm oil mills.

Prices for Malaysian PKS that complies with Japan's FIT requirements edged up by 90¢/t from the last assessed price to \$90.48/t fob peninsular Malaysia.

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	623.750
Natural gas NBP	€/MWh	Feb	30.8240
US			
Fuel oil 1% New York Harbor	\$/bl	prompt	68.105
Natural gas Nymex	\$/mnBtu	Feb	3.409
European Emissions			
CO2 EU ETS	€/t	2027	90.760

WOOD PELLET FREIGHT RATES

Argus wood pellet freight indications, spot cargo				
Route	Tonnage	Units	Rate	±
Aveiro-ARA	3500	€/t	23.00	nc
Aveiro-Copenhagen	3500	€/t	26.00	+2.00
Aveiro-Hull (UK)	3500	€/t	21.00	nc
Riga-ARA	5000	€/t	23.00	nc
Riga-Copenhagen	5000	€/t	18.50	nc
Riga-Stockholm	5000	€/t	18.50	nc
Mobile-ARA	25000	\$/t	26.50	-3.75
Mobile-ARA	45000	\$/t	22.75	+0.25
Savannah-ARA	25000	\$/t	22.75	-3.25
Savannah-ARA	45000	\$/t	19.00	-0.25
Vancouver-ARA	45000	\$/t	45.00	nc

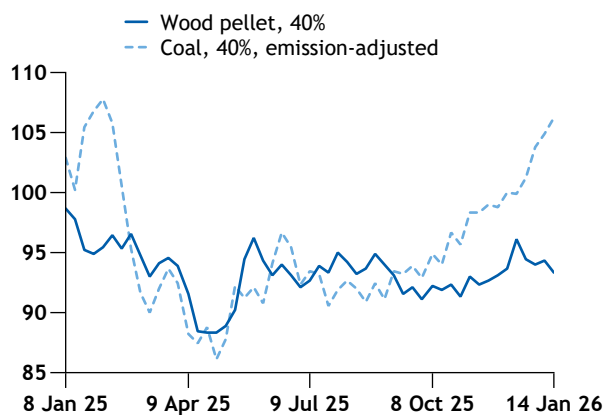
BREAK-EVEN GENERATION COSTS

cif NWE wood pellet break-even			cif ARA coal break-even			Natural gas TTF break even			14 Jan
Plant efficiency	Spot	2Q26	Plant efficiency	Spot	2Q26	Plant efficiency	Spot	2Q26	
\$/MWh									
36%	120.85	122.22	36%	137.57	136.14	49.13%	111.54	106.65	
38%	114.49	115.78	38%	130.33	128.98	55%	99.63	95.27	
40%	108.77	110.00	40%	123.81	122.53	58%	94.48	90.34	
41%	106.11	107.31	41%	120.79	119.54	60%	91.33	87.33	
€/MWh									
36%	103.70	104.87	36%	118.05	116.82	49.13%	95.71	91.52	
38%	98.25	99.35	38%	111.83	110.68	55%	85.49	81.75	
40%	93.33	94.39	40%	106.24	105.14	58%	81.07	77.52	
41%	91.06	92.08	41%	103.65	102.58	60%	78.37	74.94	

*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.

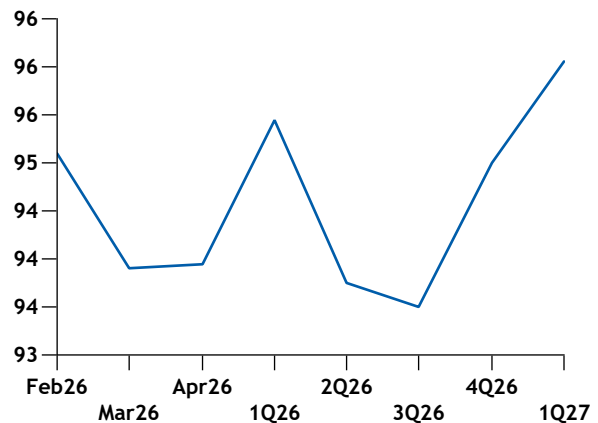
Break-even generation cost, cif NWE spot

€/MWh



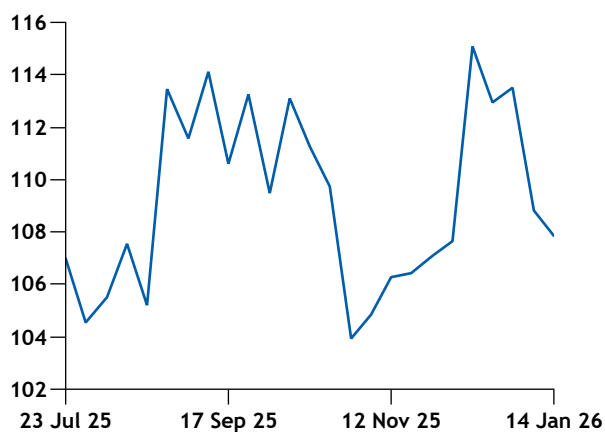
cif ARA coal swaps forward curve

\$/t



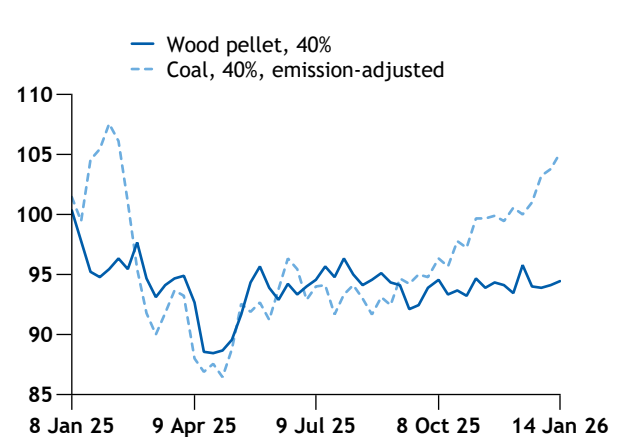
Wood pellet, cif NWE spot premium to coal, cif ARA

\$/t



Break-even generation cost, cif NWE front quarter

€/MWh



WEATHER


European weather - Departure from normal temperatures												°C
Location	15 Jan		16 Jan		17 Jan		18 Jan		19 Jan		Precipitation (mm)	
	Avg	± normal*	Avg	± normal*	Avg	± normal*	Avg	± normal*	Avg	± normal*	5-day	15-day
UK – London Heathrow	7.9	2.3	7.4	1.8	7.0	1.4	6.8	1.2	6.9	1.4	37.5	71.0
Norway – Bergen Florida	4.4	2.2	4.3	2.1	3.4	1.3	1.8	-0.3	1.9	-0.2	53.7	123.6
Norway – Oslo Blindern	-2.9	-0.5	2.1	4.5	1.2	3.7	0.0	2.5	-0.8	1.8	41.5	98.6
France – Paris Orly	9.7	5.0	9.1	4.5	8.1	3.5	7.1	2.5	7.0	2.5	10.8	33.4
The Netherlands – Amsterdam Schiphol	7.2	3.5	7.0	3.4	5.0	1.4	2.6	-1.0	2.8	-0.7	11.7	33.5
Germany – Essen	8.5	5.7	8.2	5.5	5.5	2.8	2.9	0.3	3.3	0.8	4.8	25.8
Germany – Berlin Tempelhof	3.1	2.3	3.3	2.6	2.4	1.8	1.8	1.3	0.8	0.4	1.1	13.9
Italy – Milano Malpensa	6.0	2.5	5.7	2.2	7.2	3.7	8.3	4.8	7.8	4.3	93.6	141.2
Italy – Rome Fiumicino	12.8	5.0	12.0	4.5	12.0	3.3	12.4	3.7	12.5	3.1	17.8	106.5
Poland – Warsaw Okęcie	0.8	2.7	-2.9	-0.9	-6.4	-4.3	-7.8	-5.6	-7.2	-4.9	0.4	20.6
Czech Republic – Prague Ruzyne	-0.1	0.8	-0.7	0.3	0.3	1.4	-1.1	0.0	-2.7	-1.5	1.4	9.1
Hungary – Budapest Lörinc	-0.5	-1.1	1.2	0.6	0.3	-0.3	-2.7	-3.3	-5.1	-5.6	3.2	15.3
Serbia – Belgrade Surcin	1.5	-0.1	1.6	0.0	0.5	-1.0	-1.2	-2.7	-1.1	-2.5	0.6	16.4
Romania – Bucharest Imh	-0.9	-0.3	-3.9	-3.2	-5.7	-5.0	-7.1	-6.4	-7.8	-7.0	3.3	26.1
Spain – Madrid Barajas	5.0	-0.7	7.2	1.5	4.9	-0.8	4.9	-0.8	6.3	0.6	28.0	80.5

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

– Ensemble forecasts (12.00 GMT) provided by Speedwell Weather



Ensemble averages and cleaned weather data all supplied by Speedwell Weather Limited (12:00 GMT).
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NEWS

UK policy looms large in forward biomass Rego market

UK renewable energy guarantees of origin (Rego) certificate prices for biomass-fired plants in 2027-29 ended last month lower on the year, but buying interest could pick up in the coming months and give biomass-fired plants more opportunity to profit.

UK biomass-fired plant operators earn Regos for generating power and revenue by selling certificates in the UK Rego market, but Argus-assessed prices for certificates dated two and three years ahead have declined sharply since their record high in November 2023.

Biomass Regos for April 2027-March 2028 and April 2028-March 2029 finished last year at £1.05/MWh, down from a £2.30-2.40/MWh mid-year peak and holding well below the £2.80-2.90/MWh price range at the start of 2025 (see graph).

Forward Rego prices for 2027-29 rose in summer 2025, when market participants were waiting for the UK government to finalise contracts for difference (CfDs) for biomass-fired generation by utility Drax and MGT in those years.

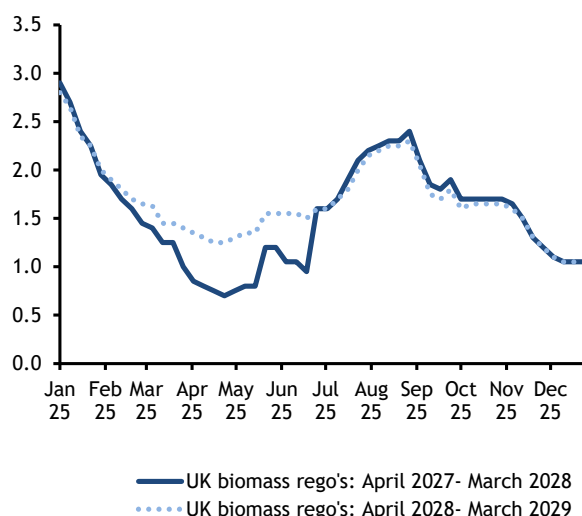
Companies likely wanted to secure biomass Regos ahead of the UK government [renewing its CfD scheme beyond 2026](#), as weaker state support after that would likely drive down biomass-fired generation and in turn reduce the flow of Regos entering the market.

But Rego prices for 2027-29 fell sharply from September last year after firms sold off substantial volumes of excess certificates.

"Ample supplies and bearish sentiment dominated the Rego market in the last weeks of 2025," deputy editor of the

UK biomass rego's

£/MWh



Argus global certificates market Giulio Bajona said.

At this point, the trajectory of both UK biomass-fired generation by plant owners Drax and EPH the volume of its associated Regos entering the market remains uncertain.

The EU [delaying implementation of its deforestation regulation](#) (EUDR) by 12 months to the end of 2026 will give biomass market participants more time to ensure their pellet imports comply.

The UK government has also launched a consultation on a cross-sector sustainability framework for biomass in December, which if approved could require more firms to submit more extensive documentation of their biomass. The consultation is closing in February.

Drax [secured](#) a low-carbon contract for difference (CfD) covering 6 TWh/yr of power generation from biomass-fired units at its North Yorkshire plant in April 2027-March 2031. But the contract caps the plant's annual load factor eligible for subsidies at 27pc, well below the roughly 66pc load subsidised at present.

The government has yet to decide CfDs for EPH's 399MW Lynemouth plant beyond 2027 or establish a support regime for bioenergy with carbon capture and storage (Beccs) projects, which while costly to install, could support demand for biomass-fired power generation and Rego supply.

Drax and EPH have been in talks with the government since 2023 concerning a bridging mechanism for subsidies from 2027 – when current subsidies expire – and the early 2030s, when the first Beccs units are expected to start up.
By Hannah Adler

UK CfD power output at record high in 2025

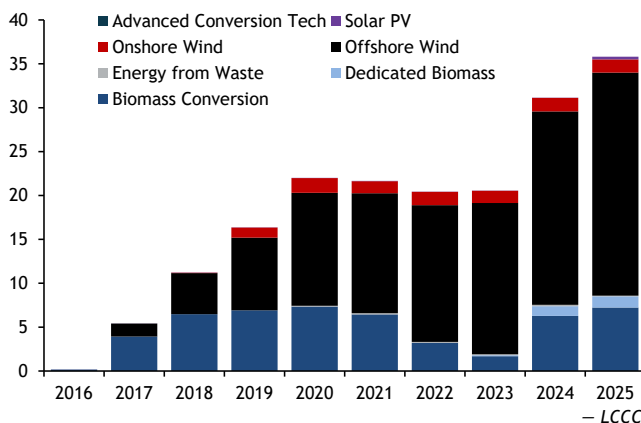
Generation covered by the UK's contracts for difference (CfD) scheme rose to the highest on record in 2025, driven by increased offshore wind capacity and favourable generation economics for biomass-fired units.

Total generation covered by the CfD scheme rose to 35.8TWh in 2025, data from scheme operator LCCC show, up from 31.1TWh a year earlier and the highest since the first year that generation from the scheme properly ramped up in 2017.

The increase was largely because of higher CfD-covered offshore wind output, which rose by 3.4TWh on the year to a record 25.4TWh. Average wind speeds in January-November 2025 fell to around 9.2mph (14.8kph), latest government data show, down from 9.7mph in January-November 2024 and below the long-run January-November mean of 9.9mph. But availability at Danish utility Orsted's 1.4GW Hornsea 2 offshore wind farm – awarded a CfD in the second allocation

UK generation covered by CfDs

TWh



round in 2017 – increased, with the project generating over the whole calendar year in 2025, having only ramped up from the second quarter of 2024. And the 448MW Neart na Gaoithe offshore wind farm came on line in February 2025, adding to overall output.

Hornsea 2 and the 1.2GW Hornsea 1 last year recorded the highest CfD-backed output of all supported wind farms, at 5TWh and 5.1TWh, respectively, compared with 3.5TWh and 4.3TWh in 2024.

CfD biomass-fired output also contributed to the rise in overall supported generation, increasing by 1.1TWh to a record 8.5TWh. This fully accounted for the year-on-year rise in overall biomass-fired generation, which reached just under 19.9TWh last year, up from 18.8TWh in 2024, leaving output from units operating outside the scheme broadly unchanged.

Last year also saw favourable generation economics for CfD-backed biomass-fired units. UK utility Drax's 645MW unit 1 received an average top-up payment of £56.80/MWh across the year, up from £46.59/MWh in 2024 and the highest since 2021, while EP's 405MW Lynemouth pellet-fired plant was paid £63.79/MWh, up from £49.63/MWh and the highest since 2020. The higher payments reflected a widening premium of both utilities' strike prices over breakeven power prices based on spot industrial wood pellet costs delivered to northwest Europe (cif NWE), which supported spot pellet procurement and generation when plant availability allowed.

Across all technology types, generators were paid £2.6bn (\$3.5bn) last year, up from £2.4bn in 2024 and the highest on record. Offshore wind generators accounted for the largest share of payments at £2bn, followed by biomass generators at £546mn.

Offshore wind capacity covered by the scheme is due to increase from 7.4GW currently to 11.3GW by the end of this year, data from LCCC show, rising to 14.9GW by the end of

2027. Onshore wind and solar power capacity are also due to jump sharply, from 1.8GW currently to 3GW by the end of the year.

By Timothy Santonastaso

Finland offers €90mn to spur biogenic carbon capture

The Finnish government has invited developers of biogenic carbon capture projects to apply for government funding for the technology, from a total pool of €90mn (\$105mn).

The government "aims to promote the creation and scaling of the first solutions to capture biogenic carbon dioxide and to accelerate the design of subsequent solutions on market terms", it said. It will grant funding for projects that either permanently store the captured CO₂, or use it.

Projects that offer the lowest bids, in terms of funding required per unit of CO₂ capture capacity, will be selected, the government said. It will target projects that aim for biogenic CO₂ capture capacity of at least 15,000 t/yr, for start-up by 2030. The CO₂ capture must be operational until at least the end of 2035, it added. Funding will be limited to €30mn per project, and must not account for more than 30pc of the eligible total project costs.

Applications for the funding must be submitted by 31 March, and the government expects to take decisions in the autumn.

CO₂ from biogenic sources – such as sustainable biomass burn – is classified as carbon-neutral under EU legislation, meaning that any CO₂ captured from the process and stored is considered emissions-negative.

Finland has set a [target of net zero emissions by 2035](#) – arguably the most ambitious of developed economies. Bioenergy is a key tenet of its strategy, and the country – densely forested – also plans to increase carbon removals in its land use, land use change and forestry sector.

Finland's greenhouse gas (GHG) emissions stood at 39.1mn t in 2024, preliminary government data show, 45.5pc lower than 1990 levels and less than half of the country's peak in 2003.

Northern Europe is moving ahead with carbon capture and storage technology, in part down to government funding, although several countries also hold a geological advantage for CO₂ storage.

By Georgia Gratton

Swedish forests hit hard by winter storms

Swedish forests face their most extensive damage in the past 10 years after Storm Johannes hit last month, the Swedish Forest Agency said.

Preliminary assessments of forestry firms and the Swedish Forest Agency indicates 10mn m of forest may have

fallen after the storm hit central and northern Sweden on 27-28 December 2025.

Storm Johannes, and Storm Anna shortly after that, in late December and early January devastated forests from Norrbotten to northern Uppland. The damage was concentrated in recently-thinned areas and a lack of frost made trees more vulnerable to storms and strong winds, the Swedish Forest Agency said.

Supplies of sawdust and wood residues used to make wood pellets in Europe remain restricted by limited demand for construction across the continent, which in turn has reduced demand for sawmilling, market participants told *Argus*.

And spot prices for woody biomass used for industrial heat and power in northwest Europe (NWE) are holding higher on the year.

Argus last assessed the 90-day wood pellet price at around \$201/t cif NWE compared with \$190/t a year earlier, while the latest 90-day wood chip spot price of €9.80/GJ cif NWE was slightly up from €9.40/GJ a year earlier.

By Marta Imarisio

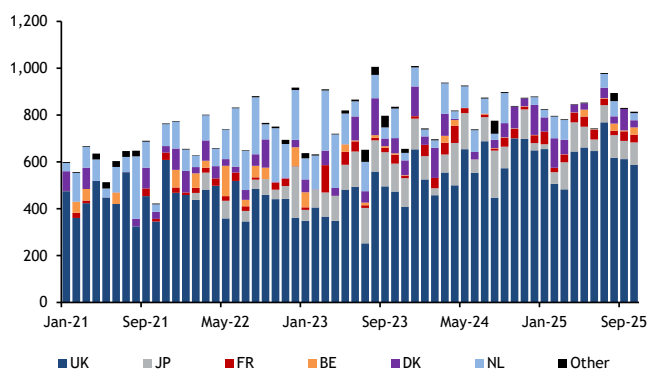
US, Canadian Oct wood pellet exports mixed

US wood pellet exports fell on the year in October while Canada's edged up, after UK buyers took larger Canadian volumes for their supply portfolios.

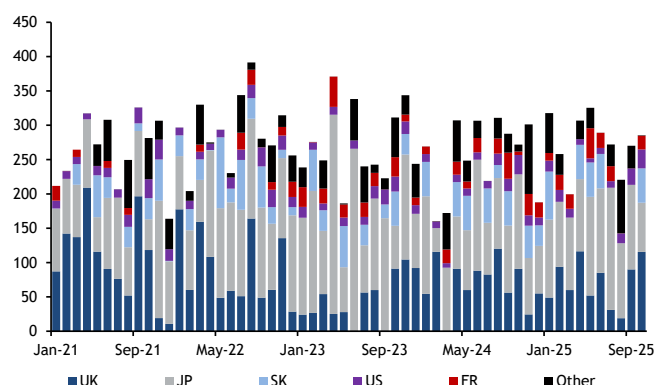
The two exported a combined 1.1mn t of pellets in October, broadly in line with a year earlier but 142,000t higher than the average for the month in 2021-23, customs data show.

US shipments dropped to 814,000t in October from 839,000t a year earlier but were considerably higher than the previous three-year average for that month (*see chart*). The US exported significantly less to its largest consumer the UK as well as to Denmark. Loadings for the UK fell to 587,000t from 701,000t, and dropped by two-thirds to 31,000t for Denmark.

US wood pellet exports by top destinations '000t



Canadian wood pellet exports by top destinations



US exports slowed as pellet-fired generation in northwest Europe remained lower on the year in September-October. UK utilities generated 1.9GW of electricity from pellets in October, down from 2.4GW a year earlier, while biomass-fired output in Denmark dropped to 300MW from 480MW.

That said, US October exports to the Benelux countries and Japan partially offset the weaker flows, increasing to 62,000t and 96,000t, respectively, from near zero a year earlier.

US pellet manufacturer Enviva sent at least two Handysize cargoes to Japan and other volumes came from UK-based producer Drax's North American operations, according to data from shipping analytics firm Kpler.

Quicker Canadian shipments in October to the UK and South Korea more than offset markedly slower exports to Japan, where consumers probably relied more heavily on US supply. Canada's overall October exports rose to 285,000t from 272,000t a year earlier (*see chart*).

By Marta Imarisio

Carbon financier Milkywire buys 12,500 CDRs

Carbon removal financier Milkywire has pre-purchased about 12,500 credits from start-up developers and pilot projects with backing from Salesforce, it said today.

The credits are generated through several engineered removal methods, including biochar, direct air capture, enhanced rock weathering, biomass storage, mineralisation and bioenergy with carbon capture and storage.

The volume will be sourced from 19 providers across 15 countries, Milkywire said.

The financier has also opened its next call for durable carbon removal credits with the aim of closing more deals this year. It will provide more details about the call for proposals on 12 January.

Salesforce had committed to buy \$5mn in durable carbon removals from Milkywire in December 2024.

By Alexandra Luca

Vietnamese pellet production costs rise ahead of Tet

Production cost of wood pellets in Vietnam has increased ahead of the Tet holidays because of a shortage of raw materials.

The increase in costs comes on the back of a series of weather-related disruptions at the southeast Asian country, such as heavy rainfall and flooding throughout the second half of 2025, impacting the wood pellet supply chain. Forested regions in northern and central Vietnam were severely affected by roadblocks and landslides that disrupted logging operations.

This tightened the availability of raw materials such as wood waste and chips required for pellet production. But the shortage of the raw materials did not lend support to the spot prices around that time because demand for Vietnamese wood pellets from Japan and South Korea remained weak due to buyers turning to alternative origins and other biomass fuel instead.

But the market is now experiencing the impact of the tightness in raw material availability because wood pellet suppliers are currently building stockpiles ahead of the Vietnamese Tet or lunar new year holidays. The holidays start on 17 February, around when wood pellet suppliers and loggers in the country typically halt operations for about two weeks.

Wood pellet suppliers want to ensure steady supplies under existing contracts, several Vietnamese market participants said. The uptick in demand paired with the

existing shortage of raw materials drove wood pellet prices up.

Argus last assessed the price of wood pellets fob Vietnam to South Korea at \$121.75/t on 7 January, compared with \$118.21/t on 24 December 2025, while the price of fob Vietnam to Japan was marked at \$149.65/t, \$2.48/t higher from 24 December.

Fulfilling term demand

But wood pellet suppliers have enough stock to fulfill orders and meet term contractual obligations, despite the shortage and rising costs of production. Most producers were well-prepared to meet existing contractual demand in January and February, having secured volumes in late 2025, market participants said.

Wood pellet end-users from countries like South Korea and Japan also secured early-2026 shipments in advance via mid-term contracts and tenders, with not much spot buying interest emerging for the Tet holiday period. But wood pellet production may dip after the Tet holidays because loggers could take a longer holiday than the pellet producers, market participants said. An extended pause in logging operations could worsen the raw material shortage and eventually lead to difficulties in fulfilling shipments, the participants added.

By Joshua Sim

Japanese firms divert PKS supplies from Tanjung Buton

Japanese buyers are shifting their shipments of palm kernel shells (PKS) from Tanjung Buton port in Indonesia to other ports because of a [trestle collapsed](#), market participants told Argus.

Several Japanese buyers have cancelled or postponed their PKS cargoes from Tanjung Buton port, located in the Riau province of east Sumatra, and shifted to other suppliers around different ports, such as Jambi and Dumai, after the trestle at Tanjung Buton collapsed on 5 January, according to a Japanese trader. Some suppliers are trying to divert their loadings to other ports as well, a market source said. Local authorities are currently investigating the incident.

Suppliers keen to stay put in Tanjung Buton

The port repairs are expected to take a considerable length of time, and it is unclear when the port can resume full operations.

PKS suppliers are waiting for port authorities to decide whether the port's conveyor belt can be used for loading operations. It has not been established if the belt is suitable for loading 10,000t cargoes of PKS.

A conveyor belt facility at Tanjung Buton has limited



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loading capacity and could cause significant port congestion, traders said. Using the conveyor belt is also more expensive compared to usual vessel cranes used to load PKS on ships, according to market participants. The price of using the conveyor may more than double loading costs, said a PKS supplier with operations in Riau.

But many major suppliers are willing to use the conveyor despite the challenges because other ports could be also congested, a market participant said. These suppliers rely heavily on the port in Tanjung Buton for their existing shipments.

One of these suppliers has received approval to trial using the conveyor for one of its PKS shipments in February. The supplier is not willing to use other ports because the distance from its stockpiles to other ports like Dumai would incur significant transportation costs and diminish profit margins. The supplier may resort to issuing a force majeure if upcoming shipments in February-March cannot be loaded in Tanjung Buton, it told *Argus*.

Such disruptions could push down Indonesia's PKS export capacity and impact prices, market participants said. Tanjung Buton a major port for PKS exports in Sumatra, accounting for at least 720,000t of estimated PKS shipments in 2025, according to preliminary shipping data.

By Takeshi Maeda and Nadhir Mokhtar

Japan's Renova raises renewable power sales in Dec

Japanese renewable energy developer Renova reported higher electricity sales in December 2025, driven largely by the start of commercial operations at two new biomass-fired power plants earlier in the year.

Renova sold approximately 306GWh of renewable electricity in December, including solar, biomass, and geothermal – up 54pc from the same period in 2024, according to data published by the company on 13 January. The increase reflects additional output from the 75MW Omaezaki Kou plant, which began operations in January

	Capacity (MW)	Electricity Sales (GWh)	Start of Operations
Akita	21	13	Jul-16
Ishinomaki Hibarino	75	53	Mar-24
Sendai Gamo	75	40	Nov-23
Tokushima Tsuda	75	50	Dec-23
Omaezaki Kou	75	49	Jan-25
Kanda	75	51	Jun-21
Karatsu	50	30	Sep-25
Total	445	286	

Source: Renova

2025, and the 50MW Karatsu plant, which came online in September. Biomass accounted for around 286GWh of the total sales.

The company runs seven biomass-fired power plants in Japan, with a combined capacity of 445MW in December, along with 374MW of solar and 2MW of geothermal capacity.

Renova sells electricity from the 75MW Sendai Gamo, 75MW Tokushima Tsuda, Omaezaki Kou, and 75MW Kanda biomass-fired power plants under Japan's feed-in tariff (FiT) scheme. Meanwhile, electricity generated by the 21MW Akita, 75MW Ishinomaki Hibarino, and Karatsu biomass-fired power plants is sold under the country's feed in premium (FiP) scheme, based on long-term power purchase agreements (PPAs) with its clients.

Japan introduced the FiP scheme in 2022, allowing power producers to sell electricity on the country's day-ahead power exchange or through direct bilateral contracts while receiving a premium that varies according to past average prices and other conditions.

The Japanese government has been encouraging power producers to shift from FiT to FiP to enhance market competitiveness, promote self-reliance, and reduce the costs of supporting renewable projects.

By Takeshi Maeda

Malaysia's PKS, wood pellet exports fall in Nov

Malaysian palm kernel shell (PKS) exports fell on the year in November, pressured by weaker supply from palm oil mills.

Malaysia's overall PKS exports stood at 135,000t in November, down by 9pc on the year but up by 12pc on the month, customs data show. The year-on-year decline was because heavy rains hampered PKS output at crude palm oil mills, which affected several suppliers' exports.

Japan accounted for 90pc of Malaysia's total PKS exports. Malaysia exported about 122,000t of PKS to Japan, up by 14pc on the year and by 13pc on the month.

Japan's demand for PKS has steadily increased in 2025

	Quantity	m-o-m ± %	y-o-y ± %
PKS			
Japan	121,713	13.4	14.3
Thailand	12,537	9.6	461.9
Total	135,050	12	-9
Wood pellets			
Japan	51,980	85.4	-43.3
South Korea	25,136	21.3	-34.8
Total	95,237	88.9	-40.3

Source: Customs data

because of new biomass-fired capacity coming on line, such as the [112MW Sendai Kou plant](#) that started up in late November.

Malaysia's PKS exports to Thailand stood at 13,000t in November, higher by more than fivefold on the year, and up by 9.6pc from October. Thai PKS demand surged given that multiple industries started shifting from wood chips to PKS for power generation in late 2025.

Wood pellets

Malaysian wood pellet exports stood at 95,000t in November, lower by 40pc on the year but up by 89pc on the month, according to customs data.

Wood pellet exports fell on the year because of weather-related disruptions to supplies in Malaysia, and weaker demand from key wood pellet-consuming countries such as South Korea.

Exports to Japan accounted for 55pc of Malaysia's total wood pellet exports in November. Malaysian wood pellet shipments to Japan stood at 52,000t, down by 43pc on the year but up by 85pc on the month.

Malaysian wood pellet exports to South Korea stood at 25,000t in November, down by 35pc on the year but up by 21pc on the month. Shipments to South Korea made up 26pc of Malaysian wood pellets exported in November. The decline in exports was because of less demand from spot tenders in South Korea in October.

By Joshua Sim

India to fund biomass-based hydrogen projects

The Indian government plans to award 1bn rupees (\$11.1mn) in grants to encourage companies, start-ups and non-governmental organisations (NGOs) to build pilot projects that produce hydrogen from forestry waste, crop residues and other biomass.

The Biotechnology Industry Research Assistance Council is managing the initiative, applications for which opened on 26 December 2025 and will close on 27 January.

The government will allocate around Rs25mn to each project to cover up to 80pc of eligible equipment costs for private-sector applicants and up to 100pc of those costs for state-affiliated organisations.

The programme is part of a strategy to save the government \$1.1bn in fossil fuel imports.

India has over 250GW of non-fossil power generation capacity, including 17GW of bioenergy, and is on course to hit 500GW of renewable capacity by 2030, renewable energy ministry secretary Santosh Kumar Sarangi said late last year.

By Hannah Adler

Isometric certifies mangrove restoration methodology

Carbon registry Isometric has approved a new protocol that will allow projects that restore mangrove ecosystems to issue CO2 removal (CDR) credits on the platform, it said on 13 January.

The recovery of such ecosystems includes activities such as replanting, water quality improvement and pest management.

The protocol requires suppliers to quantify the CO2 stored in mangrove biomass and in the soil. Projects are allowed to combine remote sensing technologies such as satellite-based monitoring with field measurements to report these levels.

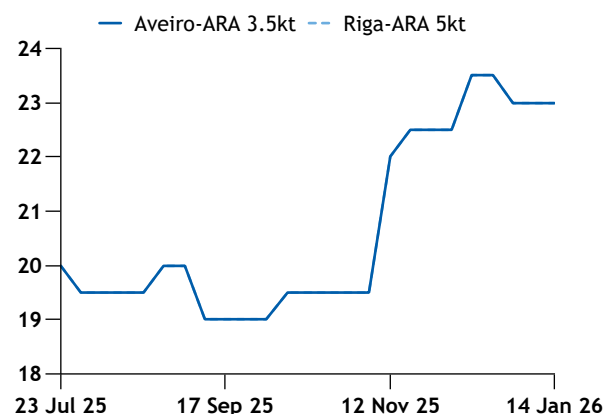
Mangrove ecosystems store up to 11.7bn t of carbon globally, making them a particularly effective tool for carbon removal, the registry said.

Isometric also certified its first methodology for [improved forest management removal projects](#) (IFM) on 6 January.

By Kiara Campagne Nieva

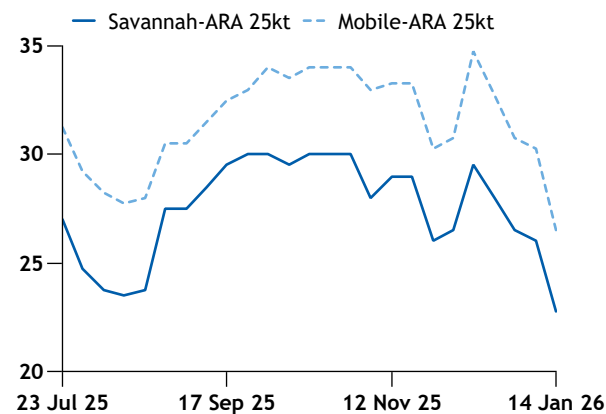
Wood pellet freight, coaster size

€/t

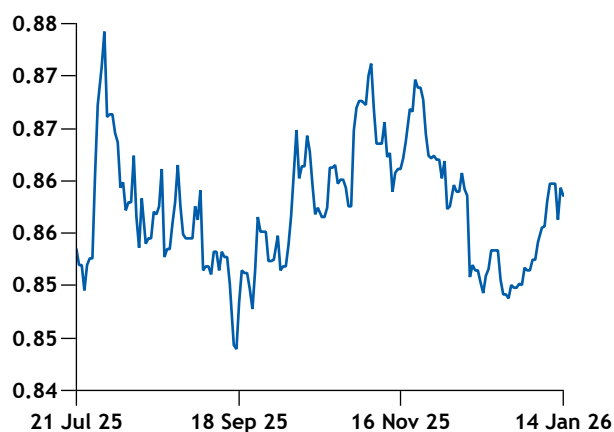


Trans-Atlantic wood pellet freight rates 25,000t

\$/t

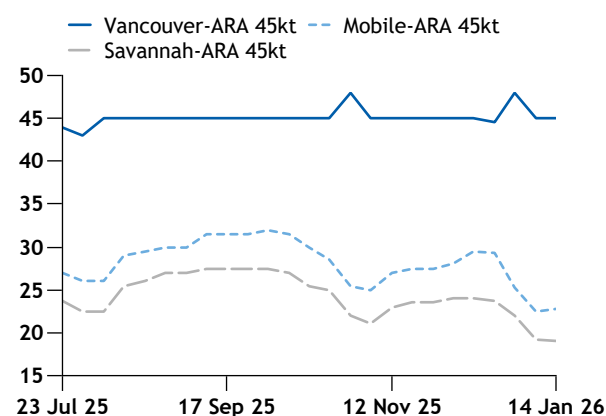


\$/€ exchange rate



Trans-Atlantic wood pellet freight rates 45,000t

\$/t



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Registered office
Lacorn House, 84 Theobald's Road,
London, WC1X 8NL
Tel: +44 20 7780 4200

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Editor
Jeff Kuntz
Tel: +44 20 4570 3558
biomass@argusmedia.com

Customer support and sales:
support@argusmedia.com
sales@argusmedia.com

London, Tel: +44 20 7780 4200
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