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Argus Biomass Markets

Weekly biomass markets news and analysis

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MARKET COMMENTARY

Atlantic basin: EUDR changes move focus to 2026

The Argus-assessed spot price of industrial wood pellets for delivery to northwest Europe (NWE) edged up on the week, as discussions focused on next year after the European Commission proposed phasing in new anti-deforestation measures on larger biomass market participants from mid-2026.

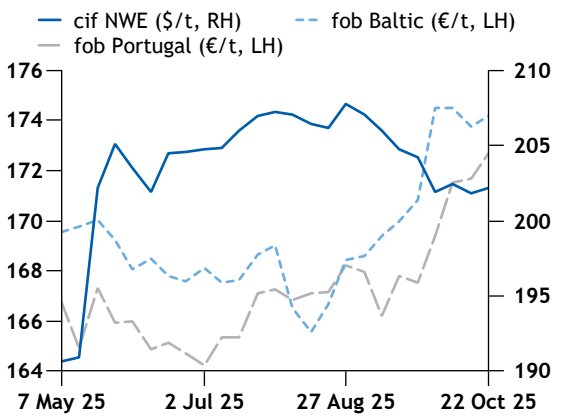
The 90-day industrial wood pellet price rose slightly by $0.35/t to $202.14/t cif NWE on Wednesday.

The EU commission this week proposed a second set of adjusted implementation dates for its new EU Deforestation Regulation (EUDR). The body in late September had floated the idea of delaying enforcement of geotagging and other EUDR requirements until the end of 2026, citing IT issues.

The commission now recommends staggering EUDR implementation depending on the size of the businesses involved, the body said on Tuesday. “Concretely this means that the EUDR will enter into application on 30 December 2026 for micro- and small enterprises. For large and medium companies, the date remains 30 December 2025 but to ensure a gradual phase-in of the rules, they will benefit from a grace period of six months for checks and enforcement,” the commission said.

The EU parliament and council must approve any proposed changes to the EUDR timeline. If finalised, the latest mooted deadlines might drive interest in shipments over the second half of 2026 or all of 2026.

Argus industrial wood pellet index



EUROPEAN INDUSTRIAL WOOD PELLETS

Wood pellets - within 90 days (spot)

	Week index		Month index		
	Price	±	Sep	Aug	Jul
cif NWE $/t	202.14	+0.35	205.52	206.89	205.97
fob Baltic €/t	174.17	+0.42	169.70	166.79	168.19
fob Portugal €/t	172.67	+1.00	167.36	167.32	165.84

Wood pellets - within 90 days (spot)

	Price	±
cif NWE $/MWh	42.81	+0.08
fob Baltic €/MWh	36.88	+0.08
fob Portugal €/MWh	36.57	+0.21

Wood pellets - forward prices

	Bid	Ask	±
cif NWE $/t			
4Q25	198.25	204.25	+0.25
1Q26	202.25	208.25	+0.25
2Q26	201.75	207.75	+0.25
3Q26	201.75	207.75	+0.25
2026	204.50	210.50	+0.25
2027	197.50	212.50	nc
2028	197.50	212.50	nc
fob Baltic €/t			
4Q25	171.00	177.00	+0.25
1Q26	174.00	180.00	nc
2Q26	168.00	174.00	nc
3Q26	168.00	174.00	nc
2026	171.50	177.50	nc
2027	165.00	180.00	nc
2028	165.00	180.00	nc
fob Portugal €/t			
4Q25	168.50	174.50	+0.50
1Q26	170.00	176.00	+1.00
2Q26	168.50	174.50	+0.50
3Q26	168.50	174.50	+0.50
2026	170.25	176.25	nc
2027	165.00	180.00	nc
2028	165.00	180.00	nc

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Meanwhile, one handy-sized cargo for November delivery remained on offer at $200-202/t cif NWE. But buyers expressed muted interest in spot volumes as utilities continued holding enough supply to meet their short-term demand.

UK pellet burn was scheduled at an hourly average of 2.4GW on 16-22 October, up from 2GW a week earlier. Drax shortened maintenance at its 645MW unit 2 by two days to 10-19 October, while MGT extended a planned outage at its 285MW Teeside unit 1 by 11 days to 6-31 October.

Some hoped the MGT outage and startup of Enviva's 1mn t/yr Epes plant in the southern US state of Alabama might bring distressed cargoes to market, but most suppliers were focused on delivering long-term contract volumes to buyers rather than offering pellets on the spot market.

Danish biomass-fired generation averaged 607MW on 15-21 October, significantly above 485MW a week prior and 437MW a year earlier, according to Entsoe data that include pellets as well as other types of biomass.

And in the Netherlands, RWE's 790MW Eemshaven unit B — which burns 30pc pellets and 70pc coal — is scheduled to reduce capacity to 690MW on 19-25 October.

In the forward cif NWE market, some utilities expected to lock in volumes for July-December 2026 and beyond late this year or early next year, when they might have a clearer view of the UK contract-for-difference (CfD) scheme for 2027-31. Discussions were heard firming for a contract delivering throughout 2026 and first-quarter 2027 below $210/t cif NWE.

Meanwhile, the Baltic 90-day spot price rose by €0.42/t on the week to €174.17/t fob Baltic. The Baltic spot bid-offer spread remained wide, with buying interest heard around €172/t fob Baltic. Producers were targeting spot and first-quarter 2026 loadings around €180/t fob Baltic, and have increased offered prices this month compared to previous months, as residential demand rises in Italy, France, the UK and the Nordics.

Portuguese producers were heard to be benefitting less than their Baltic counterparts from that higher demand, but still taking advantage to some degree, market participants said. Most Portuguese EN-plus bulk volumes are trucked to local end-users rather than exported overseas.

The Portuguese spot price increased by €1/t on the week to €172.67/t fob, with the bid-offer spread settling around €165-182/t. That said, Iberian producers did not have much spare spot volume to offer, as most of their pellets are tied up in contracts for delivery during the ongoing 2025-26 heating season, one participant said.

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		170.25	174.25	+0.50
NWE to southwest Canada	Spot		155.25	159.25	+0.50
NWE to northeast US	Spot	173.15			+0.35

Wood pellets NWE to N America netbacks - spot					$/MWh
Netback	**Delivery period**	**Mid**	**Bid**	**Ask**	**±**
NWE to southeast US	Spot		36.05	36.90	+0.10
NWE to southwest Canada	Spot		32.88	33.73	+0.11
NWE to northeast US	Spot	36.67			+0.08

Wood pellets NWE to N America netbacks - forward				$/t
	Mid	**Bid**	**Ask**	**±**
NWE to southeast US				
4Q25		168.25	174.25	+0.25
1Q26		172.25	178.25	+0.25
2Q26		169.75	179.75	+0.25
3Q26		169.75	179.75	+0.25
2026		172.50	182.50	+0.25
2027		170.00	180.00	nc
2028		170.00	180.00	nc
NWE to southwest Canada				
4Q25		153.25	159.25	+0.25
1Q26		157.25	163.25	+0.25
2Q26		154.75	164.75	+0.25
3Q26		154.75	164.75	+0.25
2026		157.50	167.50	+0.25
2027		155.00	165.00	nc
2028		155.00	165.00	nc
NWE to northeast US				
4Q25	172.25			+0.25
1Q26	176.25			+0.25
2Q26	175.75			+0.25
3Q26	175.75			+0.25
2026	178.50			+0.25
2027	176.00			nc
2028	176.00			nc

Iberian end-users were heard to be well covered for the short-to-mid term. And some off takers in the Benelux region were heard postponing delivery of Portuguese pellets as long as their contracts allow, as they have yet to fire up their pellet-fired generators.

In the freight market, a handy-sized vessel carrying wood pellets from Panama City, Florida to the UK was fixed in the week at $29,000/d. Time charter (TC) rates for ultramax-sized ships on trans-Atlantic routes from the US gulf and east coast to continental Europe declined again to $28,000/d, from $30,800/d a week earlier.

European wood chips: Spot holds

The spot price of industrial wood chips delivered to northwest Europe (NWE) held flat on the week, as end users continued holding substantial inventories but expected consumption to rise toward the end of the spot window in January.

The 90-days industrial wood chip price held flat at €9/GJ cif NWE on Wednesday.

Most offers hovered around the €6-7.25/GJ fob Baltic range, with very prompt deliveries priced at the lower end of the range. Sellers offered higher rates for loadings later in the 23 October-21 January spot window, when winter consumption typically peaks. Baltic producers are seeking to protect profits by holding back volumes until buyers' bids exceed the cost of producing chips, one participant said.

Companies across the supply chain this week remained above previous-year averages, which limited the trading activity often seen at this time of year. End-users were keen to avoid ending this heating season with excess stocks as happened when the 2024-25 heating season concluded earlier this year.

Baltic chip producers this week could access ample biomass feedstock thanks to existing inventories and roadside stockpiles. Pulp log and firewood prices are falling, which could benefit chip producers looking for raw materials in the near to mid term, a participant said.

Scandinavian end users and utilities have consumed more chips so far this heating season in Scandinavia than a year earlier, when unseasonably mild weather delayed any substantial ramp up in heating demand until late October 2024. Market participants and latest weather forecasts suggest that firms in the region could start consuming more wood chips later this year and in January-March next year.

One wood chip-fired boiler in Sweden turned on and began ramping up this week, a participant said. But outages have limited consumption in certain regions of Europe and some firms are still awaiting colder weather before turning on wood-chip fired boilers, participants said.

Swedish Soderenergi extended an unplanned outage at its 75MW Igelsta Kraftvarmeverk chip-fired power plant by three days to 13-23 October.

Weather forecast for northern Europe would drive up demand for chip-fired heat and power in the coming weeks. Average overnight lows in Oslo, Norway could slip to -1.4°C over the next two weeks and -0.7°C over the next 45 days — roughly 1-1.5°C below seasonal norms — from 2.9°C so far this month, according to forecasts from Speedwell.

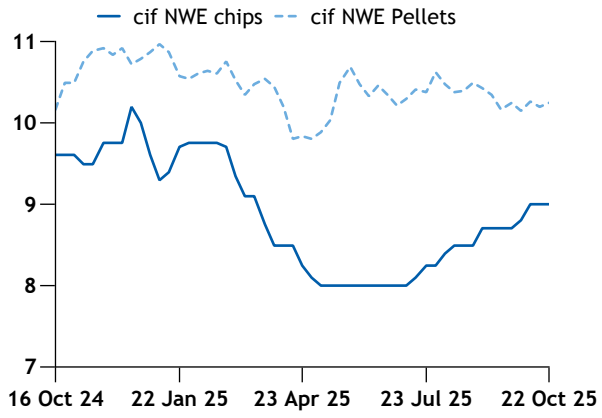
Further out, offers for contracts delivered over 2026 hovered around €7.50/GJ fob Baltic.

INDUSTRIAL WOOD CHIPS

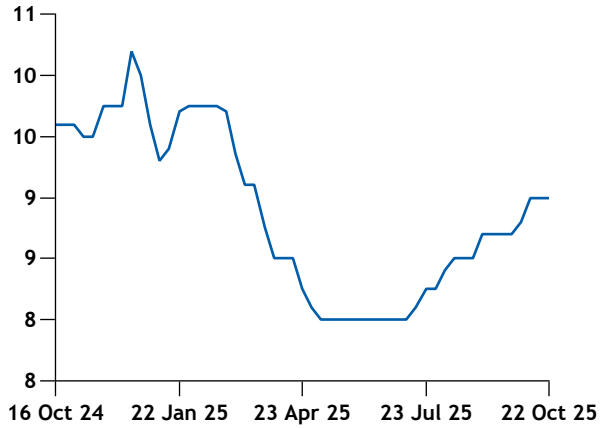
NWE wood chips - within 90 days (spot)					€/GJ
	Week index		Month index		
	Price	±	Sep	Aug	Jul
cif NWE	9.00	nc	8.70	8.48	8.12

Wood chips cif NWE - forward prices			€/GJ
	Bid	Ask	±
4Q25	8.50	9.50	nc
1Q26	8.50	9.50	nc
2Q26	8.50	9.50	nc
3Q26	8.50	9.50	nc
2026	8.75	9.75	nc
2027	8.50	9.50	nc
2028	8.50	9.50	nc

Spot wood chips vs pellets cif NWE €/GJ



Spot wood chips, cif NWE €/GJ



European premium: Spot rises as winter demand approaches

The 45-day spot price for ENplus-certified A1-grade pellets delivered to northern Italy picked up on the week, as producers were unwilling to let volumes go cheaper, market participants expected pellet production to slow further and winter demand approached.

The traded ranges for spot bagged and bulk premium pellets rose by €15/t to €280-300/t and €230-280/t delivered northern Italy, respectively, on Wednesday.

Buyers remained strongly interested in spot supply this week. Sellers offered limited volumes, especially in central and northern Europe and the Baltics, which forced some suppliers to seek additional pellets from utilities in the region.

Consistent demand since mid-August, limited feedstock for pellet production and slower Brazilian exports to Europe has restricted the volume of wood pellet available to buyers in recent months. Weak activity in the construction sector reduced roundwood consumption, leaving less of the wood residues and sawdust used for pellet output.

In the Baltics, rainy weather throughout the summer prevented trucks from entering forests, limiting harvesting and in turn wood residues from milling and processing wood. That dynamic could potentially weigh on pellet production this winter, market participants said.

Some market participants anticipate wood pellet shortages in the peak winter months, which would leave buyers in need of spot supply no choice but to pay the going rate for supply available at that time.

Austrian and German bulk supply was currently trading locally at around €260/t ex works and bagged volumes at approximately €280/t ex works in the domestic markets and Italy. Baltic loose pellets were being sold in a €195-200/t fob Baltic range, while smaller volumes were heard being offered at higher levels.

Discussions were firming for spot imports of one handy-sized cargo from across the Atlantic into the Italian market in the low- to mid- €230s/t cif northern Italy, after which Italian buyers were expected to be well covered with bulk supply for the short term.

In November, several market participants expect prices to rise around €10-20/t in Austria, Germany and the Baltic states, where some producers have sold all their output for winter 2025-26.

A cold spell forecast in Milan in the coming days could support demand for pellet-fired heating in northern Italy later this month, then quickly bounce back above seasonal norms and gradually decline over the course of November.

Argus cif NWE monthly figures	$/t
Balance of Oct	201.00
Nov	201.00
Dec	202.00
Jan	205.00

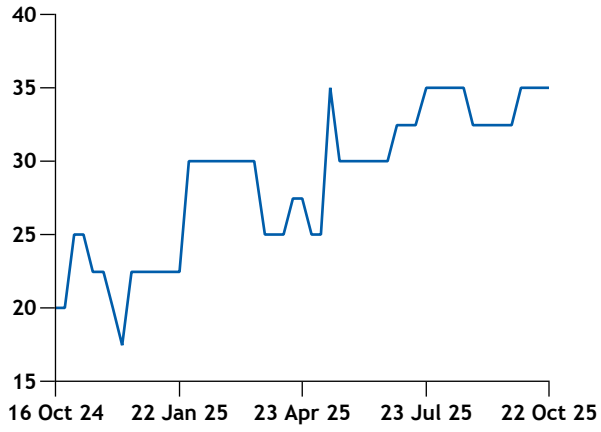
The figures above are an average survey result value for each month contained in the 90-day spot period. They are shown for indicative purposes, to better illustrate the composition of the market survey component of the spot cif NWE index. The spot index value can be found on page 1 of the report.

EUROPEAN PREMIUM WOOD PELLETS

Wood pellets - within 45 days (spot)				€/t
Delivered northern Italy	Mid	Low	High	±
Bulk	255.00	230.00	280.00	+15.00
Bagged	290.00	280.00	300.00	+15.00

Premium wood pellets			€/t
	Month index		
Delivered northern Italy	Sep	Aug	Jul
Bulk	224.38	208.75	201.00
Bagged	256.88	243.13	234.50

Italian premium prices: bagged vs bulk €/t



Average minimum temperatures in Milan this week were forecast to sink from an unusually high 9°C on 22-23 October to a below-average 4°C on 24-31 October — reaching a nadir of 2°C during that time — then rise to 6°C on 1-15 November before dropping to 3°C on 16-31 November, according to Speedwell Climate data.

Asian industrial: Most pellet prices ease, PKS up

The 90-day spot price for Vietnamese industrial-grade wood pellets of the specification typically sold to South Korea was little changed on the week on tepid market activity.

Argus assessed the price of the pellets sold to South Korea at $118.50/t fob Vietnam, unchanged on the week, while the cfr Gwangyang price was marked at $123.79/t, down by 27¢/t on the week.

There was limited activity in the South Korean wood pellet market this week. As many as two generators, including a state-owned utility and at least one independent power producer, are likely to issue spot wood pellet tenders by next week.

The system marginal price (SMP) for inland South Korea power, excluding Jeju Island, eased. The SMP — the price at which independent power producers (IPPs) sell power to state-owned Kepco — was at 107.48 won/kWh (7¢/kWh) on 21 October, down from W117.46/kWh on 14 October.

South Korea's renewable energy credit (REC) was unchanged on the week at W72,300/REC on 21 October, the latest Korea Power Exchange data show.

Meanwhile, Japanese demand for wood pellets was subdued this week. *Argus* assessed the price of Vietnamese pellets sold to Japan's feed-in tariff (FIT) market down by 55¢/t on the week to $147.33/t, with bulk freight rates from Vietnam to Japan holding in a wide $25-40/t range.

Biomass-fired utilities in the country remain well supplied with wood pellets, at a time when several plants are undergoing periodic maintenance. A fire at US wood pellet producer Enviva's silo at the port of Pascagoula in the US could cause some supply-side disruptions. There are some wood pellet stockpiles in the port to be shipped to Japan, but the exact volume is not immediately clear, according to market participants.

In contrast, Japanese biomass plants have been actively inquiring for palm kernel shell (PKS) cargoes. A utility in Japan has issued a tender for PKS cargoes to be delivered during January-February 2026, seeking up to 30,000t. The tender will close on 24 October and will be awarded next week. The utility is also considering another tender to be issued in late December or early January 2026, according to market participants.

Other Japanese utilities were considering procurement under long-term contracts with counterparties in Indonesia lasting 1-4 years. A PKS supplier in Indonesia said it will consider prices for long-term contracts at a premium of $3-5/t fob east coast Sumatra to the *Argus* index for Japan FIT-compliant cargoes or a settlement at fixed price along with a yearly increment of about 2pc.

ASIAN INDUSTRIAL WOOD PELLETS

Wood pellets - 90 days (spot)					$/t
	Week index		Month index		
	Price	±	Sep	Aug	Jul
fob Vietnam to S Korea	118.50	nc	126.89	131.14	131.64
fob Vietnam to Japan FIT	147.33	-0.55	148.94	149.75	150.13
cfr Gwangyang	123.79	-0.27	133.19	138.10	138.78

ASIAN PALM KERNEL SHELLS

Palm kernel shell (spot)					$/t
	Week index		Month index		
	Price	±	Sep	Aug	Jul
Excl. to Japan FIT					
fob east coast Sumatra	99.57	+2.57	95.35	93.79	93.10
To Japan FIT					
fob east coast Sumatra	100.87	+1.12	96.56	94.85	93.73
fob peninsular Malaysia	90.21	+3.37	90.05	90.94	91.06

The price of Indonesian Japan FIT-compliant PKS was assessed $1.12/t higher on the week at $100.87/t fob east coast Sumatra, while non-Japan FIT-compliant PKS was marked $2.57/t higher to $99.57/t fob east coast Sumatra.

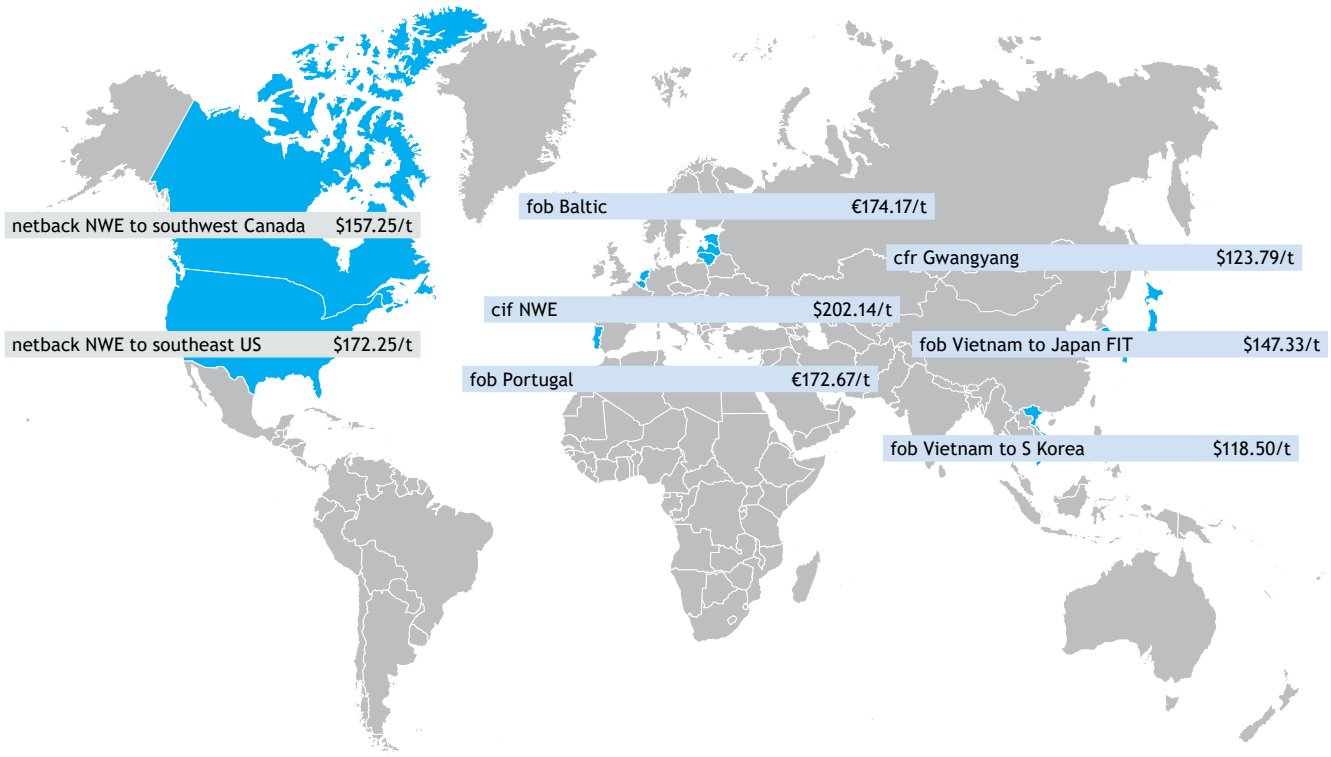
The price of procuring PKS at the mills is rising because a few exporters in the east coast of Sumatra were probably willing to pay more to avoid falling short on contracted supplies to buyers, according to market participants. These suppliers have also been approaching other traders and exporters to purchase PKS cargoes.

In the Malaysian market, the price of collecting PKS at the mills has also been rising. Market participants are also anticipating an export tax regime of about 5pc to be imposed on PKS sales. This is pending discussions between industry associations and the government. An export tax is likely to put pressure on PKS suppliers in Malaysia.

A Japanese end user likely bought a November-December-loading 10,000t cargo of Japan FIT-compliant PKS at $83/t fob peninsular Malaysia this week. But *Argus* could not immediately confirm the transaction, while some market participants said that the deal could be under distressed conditions, according to market participants.

The price for Japan FIT-compliant PKS was assessed $3.37/t higher on the week to $90.21/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	645.000
Natural gas NBP	€/MWh	Nov	31.3540
US			
Fuel oil 1% New York Harbor	$/bl	prompt	63.185
Natural gas Nymex	$/mnBtu	Nov	3.397
European Emissions			
CO_2 EU ETS	€/t	2026	79.740

WOOD PELLET FREIGHT RATES

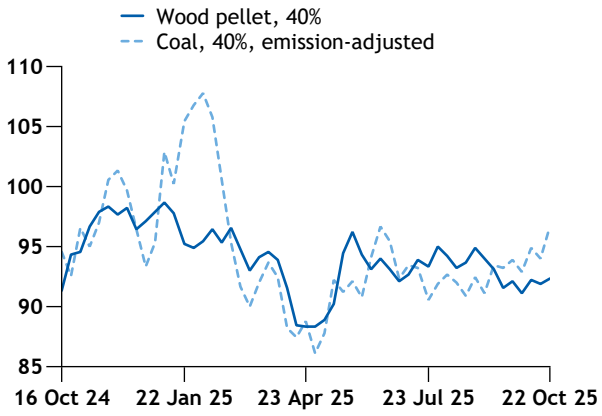
Argus wood pellet freight indications, spot cargo				
Route	**Tonnage**	**Units**	**Rate**	**±**
Aveiro-ARA	3500	€/t	19.50	nc
Aveiro-Copenhagen	3500	€/t	20.50	nc
Aveiro-Hull (UK)	3500	€/t	17.50	nc
Riga-ARA	5000	€/t	19.50	nc
Riga-Copenhagen	5000	€/t	15.00	nc
Riga-Stockholm	5000	€/t	15.00	nc
Mobile-ARA	25000	$/t	34.00	nc
Mobile-ARA	45000	$/t	28.50	-1.50
Savannah-ARA	25000	$/t	30.00	nc
Savannah-ARA	45000	$/t	25.00	-0.50
Vancouver-ARA	45000	$/t	45.00	nc

BREAK-EVEN GENERATION COSTS

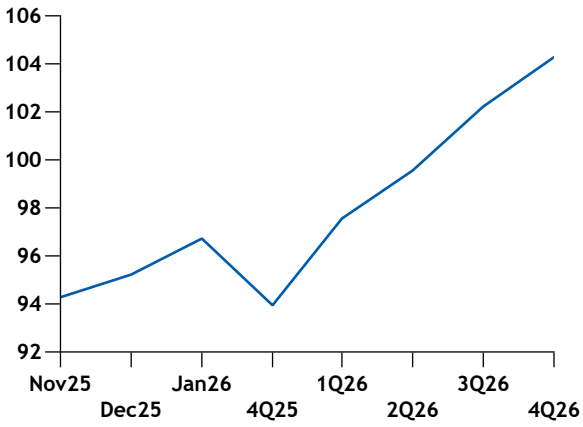
cif NWE wood pellet break-even			cif ARA coal break-even			Natural gas TTF break even		*22 Oct*
Plant efficiency	Spot	1Q26	Plant efficiency	Spot	1Q26	Plant efficiency	Spot	1Q26
$/MWh								
36%	118.92	120.75	36%	124.58	125.96	49.13%	113.42	113.67
38%	112.66	114.39	38%	118.03	119.33	55%	101.32	101.54
40%	107.03	108.67	40%	112.13	113.36	58%	96.08	96.29
41%	104.41	106.02	41%	109.39	110.60	60%	92.88	93.08
€/MWh								
36%	102.53	104.11	36%	107.42	108.60	49.13%	97.79	98.01
38%	97.13	98.63	38%	101.76	102.89	55%	87.36	87.55
40%	92.28	93.70	40%	96.67	97.74	58%	82.84	83.02
41%	90.03	91.41	41%	94.32	95.36	60%	80.08	80.25

**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.*

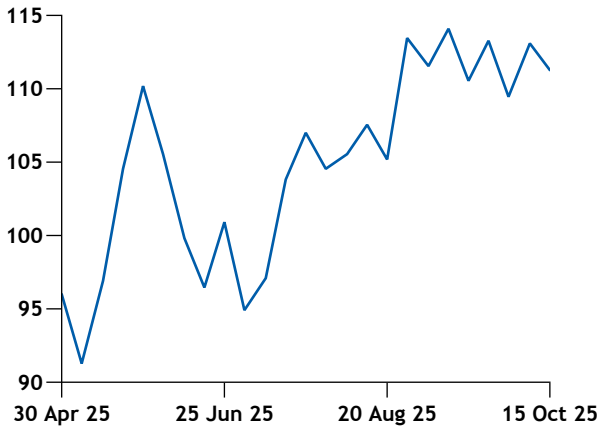
Break-even generation cost, cif NWE spot *€/MWh*



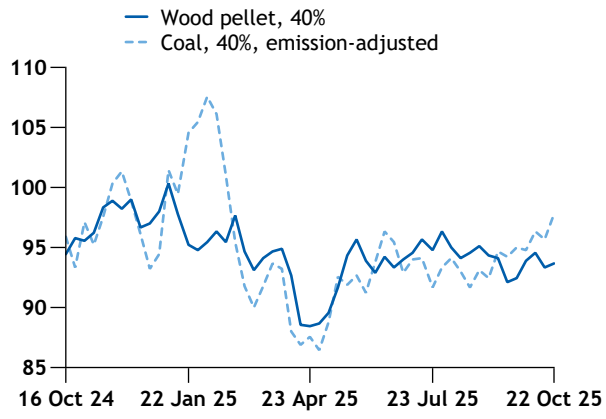
cif ARA coal swaps forward curve *$/t*



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	23 Oct		24 Oct		25 Oct		26 Oct		27 Oct		Precipitation (mm)	
	Avg	± normal*	Avg	± normal*	Avg	± normal*	Avg	± normal*	Avg	± normal*	5-day	15-day
UK — London Heathrow	9.7	-2.2	9.5	-2.2	7.6	-4.0	7.0	-4.5	9.2	-2.2	18.0	46.5
Norway — Bergen Florida	9.0	0.6	9.4	1.1	8.8	0.6	7.8	-0.3	7.2	-0.8	20.8	112.3
Norway — Oslo Blindern	9.4	3.7	8.9	3.3	8.7	3.2	7.6	2.3	6.3	1.1	47.3	92.1
France — Paris Orly	12.2	0.3	10.2	-1.5	10.1	-1.5	8.6	-2.8	9.7	-1.6	16.3	44.2
The Netherlands — Amsterdam Schiphol	11.9	1.1	10.9	0.2	10.2	-0.4	9.6	-0.9	9.6	-0.8	69.7	104.6
Germany — Essen	11.8	1.3	9.0	-1.4	8.1	-2.2	6.7	-3.5	6.9	-3.1	40.8	70.3
Germany — Berlin Tempelhof	12.8	3.4	10.0	0.7	9.2	0.0	7.9	-1.2	7.0	-2.0	23.1	44.5
Italy — Milano Malpensa	11.8	-1.8	11.6	-1.9	10.6	-2.8	10.4	-2.8	8.9	-4.2	17.0	37.3
Italy — Rome Fiumicino	19.8	3.0	17.5	0.6	17.3	0.2	17.5	0.2	14.3	-2.6	20.8	40.6
Poland — Warsaw Okecie	13.2	5.1	10.7	2.7	8.9	1.0	8.2	0.4	6.9	-0.8	17.9	35.3
Czech Republic — Prague Ruzyne	11.5	3.6	8.3	0.5	8.0	0.3	6.8	-0.8	5.6	-1.8	14.9	32.0
Hungary — Budapest Lorinc	16.3	5.4	11.6	0.8	9.9	-0.7	9.4	-1.1	7.9	-2.5	23.5	31.8
Serbia — Belgrade Surcin	17.0	4.8	13.2	1.1	11.7	-0.2	11.9	0.1	9.0	-2.7	33.6	43.8
Romania — Bucharest Imh	15.4	4.6	14.9	4.3	12.7	2.2	12.0	1.7	13.2	3.1	11.6	23.5
Spain — Madrid Barajas	17.3	3.1	15.4	1.4	16.4	2.6	12.4	-1.2	10.6	-2.8	20.7	36.4

**normal means cleaned 10-year average (2016-2025 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).
For more information visit: www.speedwellweather.com

NEWS

Drax wins Mississippi permit ahead of Arkansas plant closures

UK utility and wood pellet producer Drax has received approval from the Mississippi Department of Environmental Quality (MDEQ) to increase emission limits at its 723,000 t/yr Gloster pellet plant, the firm has told *Argus*.

This permit allows the plant to keep operating, but Drax did not say whether production will now rise.

MDEQ approved the application on 14 October, having rejected an appeal by the company against a decision to identify the facility as a "major" source of hazardous air pollutants.

Drax said its studies of the 2021-23 period had found "no scientific evidence" linking Gloster emissions to adverse health outcomes in the area.

Drax was fined $2.5mn in 2020 for violating Mississippi emission limits. It also paid $3.2mn in pollution-related settlements in Louisiana in 2022.

Separately, Drax said it plans to idle its 40,000 t/yr pellet plants in Leola and Russellville, Arkansas, on 1 November, but will continue buying wood fibre produced in the state.

Drax said it will offer severance packages to 16 employees.

"Our top priority is to operate responsibly and efficiently, and this includes making hard decisions when the data clearly show that continuing certain operations is no longer viable," executive vice-president of pellet operations Matt White said.

By Marta Imarisio

UK August wood pellet imports edge up

UK wood pellet imports rose slightly on the year in August, supported by higher biomass-fired generation.

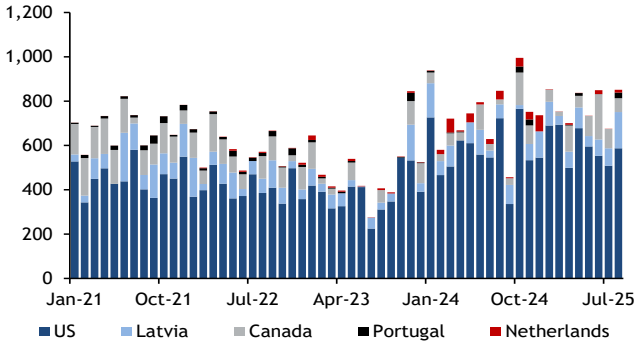
The country's wood pellet receipts totalled 867,000t in August, up marginally from 854,000t a year earlier but well above the 621,000t average for that month in 2021-23, customs data show (*see table*).

Higher biomass-fired generation by UK utilities in July-August supported demand for imports. Pellet-fired output rose to 2.1GW in August and 2.4GW in July from 1.9MW in both months a year earlier.

UK wood pellet imports, August					'000t
	2025	2024	y-o-y change	2021-23 average	2025 vs 2021-23
US	587	723	-135.4	366.4	221.1
Latvia	163	63	100.6	53.3	109.9
Canada	63	22	40.4	90.0	-27.4
Portugal	25	0	25.3	18.0	7.3
Netherlands	13	39	-26.5	4.4	8.3
Total	**867**	**854**	**13.2**	**620.6**	**246.9**

— *Customs data*

UK wood pellet imports by top countries of origin '000t



Quicker trade flows from Europe and Canada more than offset slower receipts from the US. Imports from the US accounted for nearly 70pc of UK pellet receipts in August, but outright volumes from the North American country fell sharply to 587,000t from 723,000t a year prior.

UK receipts from Latvia more than doubled on the year to an all-time high of 163,000t in August. Imports from Portugal rose from near zero a year earlier as end users looked to diversify their portfolios. But Dutch imports fell as the stockdraw in that country slowed, possibly prompted by weaker-than-expected pellet-fired generation in August.

Meanwhile, receipts from Canada nearly tripled on the year to 63,000t in August, but held below the 90,000t average for that period in 2021-23. Two shipments from Quebec and Nova Scotia landed in September at Immingham and Tyne ports, which serve utility Drax's plant in north Yorkshire, according to data from shipping analytics firm Kpler.

UK utilities have been importing less from Canada's west coast since at least mid-2021. And Japanese firms have taken up that supply, aided by the shorter travel time and lower freight costs from Canada to northeast Asia rather than Europe.

By Marta Imarisio

Poland's Enea to ramp up wood pellet burn in 2026

Polish utility Enea plans next year to burn more biomass than coal for the first time at its 1.7GW power plant, the company has told *Argus*.

Enea — Poland's largest biomass consumer — estimates that Polaniec will consume roughly 900,000t of pellets in 2026, up from 500,000t this year, depending on power demand and fuel prices. Polaniec has operated at a load

factor of around 45pc this year.

Enea aims to use 40pc pellets at co-fired units from mid-December, up from 30pc at present. The firm is upgrading 1.4GW of generation capacity across six units at Polaniec this year to co-fire more biomass, cut emissions and qualify for capacity payments.

The plant has a 2025-29 capacity contract for the six units and earlier this year won contracts for 800MW across four units until 2033. New pellet storage facilities are also due to be built at Polaniec in the coming years. The plant's coal-fired units were built in the late 1970s and early 1980s to burn lower-quality material with a calorific value similar to wood pellets.

Polaniec also has a 230MW biomass unit that consumes 1.1mn t/yr of wood chips and 100,000 t/yr of agricultural biomass, including palm kernel shells, sunflower husks and straw pellets. This unit participates in a 15-year renewable certificate scheme that ends in November 2027 and which obliges the unit to burn 10pc agricultural biomass.

The unit temporarily exited the scheme in the second half of this year and currently has a six-month capacity market contract instead. Enea wants the unit to rejoin the renewable certificate scheme next year. A trading firm plans to import 40,000t of Indonesian PKS at Poland's Gdansk port to supply Polaniec in late November, *Argus* understands.

Enea hopes to secure more pellets over the coming year through longer-term deals and has signed two-year agreements with Polish suppliers. The company said it prefers Polish suppliers, but that it will also import pellets and other types of biomass.

Enea is also considering upgrading two 500MW units at its 4GW Kozienice power plant to burn more biomass from 2030.

By Tomasz Stepien

Sweden's Sodra sells Baltic assets to Ikea franchisee

Swedish forestry and biofuels group Sodra has agreed to sell about 153,000 hectares (ha) of Latvian and Estonian land and assets to holding company and Ikea's largest franchisee, Ingka Investments.

The €720mn ($836mn) divestment includes 135,000ha of land in Latvia and 18,000ha in Estonia, 89pc of which is forested. The transaction is subject to approval by the relevant authorities in Latvia and Estonia.

Ingka operates in 31 markets and represents 87pc of global Ikea sales. The group is owned by a charitable foundation, which reinvests its profits internally rather than distributing them to shareholders.

Ingka aims to partner with Baltic sawmills and panel manufacturers to process wood regionally and strengthen the region's forestry value chain, it said.

The divestment will allow Sodra to "focus more on developing the value of our members' forests and thereby strengthen our long-term competitiveness", chief executive Lotta Lyra said.

Ingka currently owns 331,500ha in the Baltic states, the US, Romania, New Zealand and Finland, where it manages existing forests and grows new forests.

Sodra in January announced plans to sell land and related assets in the Baltic region, which the Latvian government told *Argus* it was considering acquiring as a "matter of national security".

The forestry firm had also said earlier this month that it was looking to make 200 staff redundant to help cope with high raw material costs, which had contributed to the company posting a 321mn kronor ($34mn) loss in the second quarter.

By Marta Imarisio

Swedish energy firm Harjeans to shut pellet plant

Swedish municipal energy company Harjeans will phase out wood pellet production at its 120,000 t/yr Sveg plant in central Sweden in spring next year as market changes over the past five years have made operations unsustainable, the firm said.

Decommissioning will begin immediately, but production is expected to continue until the spring of 2026.

"Both the pandemic and the war in Ukraine have contributed to reduced consumption and a shrinking private market for pellets," Harjeans said, adding raw material supply had also become "more uncertain".

The Sveg plant was not originally built to make pellets and would require rebuilding in order to produce competitively, but current market conditions do not justify the capital requirements, Harjeans said.

Harjeans Energi will continue to handle fuel and run the Sveg's combined heat and power plant, which has capacity to generate 10MW of power and 32MW of heat.

At least three Nordic forestry groups have proposed potential staff cuts this month because of high operating costs and geopolitical uncertainty, including Sweden's Sodra and Finnish firms Metsa and Stora Enso.

By Marta Imarisio

Nordic firms to collaborate on Beccus projects

Swedish technology firm Nordbex and Norwegian engineering company Aker Solutions have signed a memorandum of understanding to develop a portfolio across Europe equipped with bioenergy with carbon capture, use and storage (Beccus).

The companies aim to build Sweden's first replicable Beccus facility called Nordbex 1 in the south of the country by the end of June 2029, Aker Solutions said.

The facility will turn forestry waste into biofuel to generate power and heat for local communities while capturing CO2.

Aker Solutions will manage the engineering, procurement and construction of the plant, with Nordbex acting as project developer.

The non-binding agreement would give Aker Solutions exclusive ownership of the second and third Beccus plant that Nordbex hopes to develop, along with rights to make first offers on any subsequent projects.

By Marta Imarisio

German winter 2025-26 bark spreads turn positive

German biomass-fired power generation could be profitable without subsidies for the rest of this winter, if prevailing forward wood pellet and electricity prices hold and pellet-fired plants manage to run at moderately high efficiencies, according to *Argus* analysis.

German day-ahead generation spreads for 40pc-efficient biomass-fired plants — or "bark" spreads — have in recent weeks settled more consistently in positive territory, as pellet prices have fallen and power prices have increased, after fluctuating widely and remaining negative on average in February-September (*see day-ahead graph*).

German day-ahead bark spreads averaged €5.50/MWh on 1-18 October, a sharp reversal from an average of around minus €12.50/MWh in February-September. And German bark spreads for November, December and the first quarter 2026 were firmly positive at €5.43/MWh, €3.51/MWh and €1.45/MWh, respectively, as of 15 October.

But even if prevailing generation fuel and power prices hold, German biomass-fired plants would continue to face stiff competition in the power market from coal-fired and gas-fired plants.

Argus' benchmark 90-day spot assessment for industrial wood pellets delivered to northwest European ports (cif NWE) edged down over the first two weeks of October, as many end users held substantial stocks, which limited short-term demand. The spot price was assessed at around $202/t on 15 October, down from around $208/t in late August.

Pellet prices had risen in June-August, when buying interest increased slightly and UK pellet burn rose. And until the EU's recently proposed one-year delay to implementing its new deforestation regulation (EUDR), some market participants had anticipated that firms would stockpile supply before those rules took effect.

Further support for bark spreads came from German day-ahead power prices increasing each month on the Epex exchange since July, averaging around €97/MWh on 1-18 October, up from roughly €85/MWh in February-September.

But while November bark spreads for 40pc-efficient biomass-fired plants are positive, they remain well below those for coal-fired and gas-fired plants of similar efficiency after accounting for EU emissions trading system (ETS) costs.

German 40pc-efficient ETS-adjusted base-load dark and spark spreads for November were €56.36/MWh and €19.23/MWh, respectively, as of 15 October (*see month-ahead graph*).

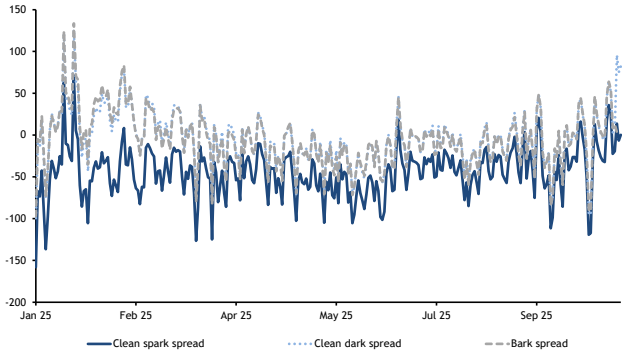
First-quarter spreads

Further forward, with German biomass, coal and gas-fired plants running at 40pc efficiency in the first quarter of 2026, forward prices on 15 October would give operators a bark spread of €1.45/MWh, far higher than a clean spark spread of minus €28.95/MWh, but distantly trailing a positive clean dark spread of €65.34/MWh.

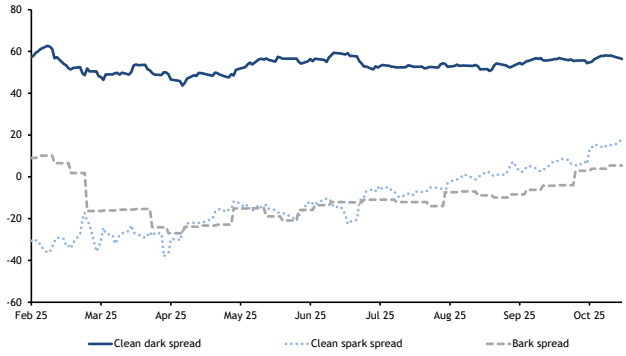
But at those same prices, the most efficient gas-fired plants could operate profitably in January-March next year. The ETS-adjusted spark spread for a 55pc-efficient plant for the first-quarter 2026 was €24.83/MWh as of 15 October.

Demand for biomass-fired generation could increase from next month, after German grid regulator Bnetza increased

German day-ahead generation spreads, 40pc efficiency €/MWh



German month-ahead generation spreads, 40pc efficiency €/MWh



tender volumes for biomass-fired generation following a funding approval in September. This indicates a policy drive to maintain and potentially expand biomass-fired generation capacity.

At the same time, weather will strongly influence demand for industrial wood pellets in Germany. An unseasonably mild, windy and sunny heating season would ease demand for biomass-fired heat and power, while persistent overcast, still and colder-than-normal weather would increase demand for all types of thermal generation.

Long-term weather forecasts as of 21 October showed minimum temperatures in Berlin, Essen and Munich edging down over the next 45 days to broadly in line with seasonal norms.

Cif NWE spot pellet prices have increased over the course of the winter for the past five years, as utilities turned to the short-term market to top up supply. If that happens again in the coming months, it would weigh on unsubsidised bark spreads, potentially turning them negative for lower-efficiency pellet-fired plants.

By Hannah Adler

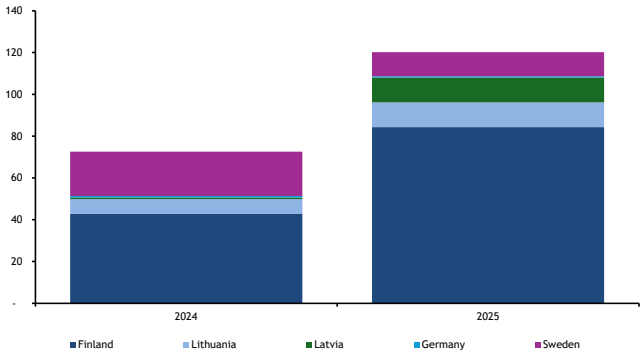
Baltic hardwood chip exports rise in May-Aug

Baltic countries boosted their hardwood chip exports in May-August compared with a year earlier, driven primarily by end users restocking in Finland.

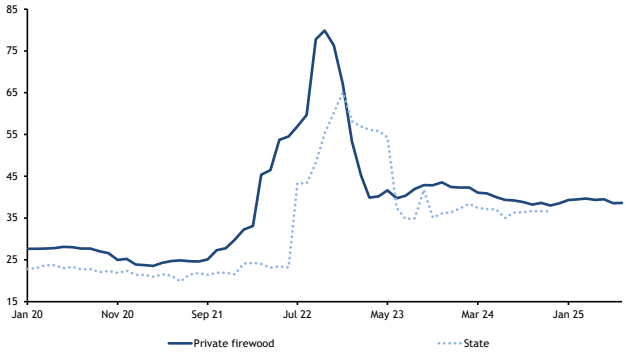
Exports of hardwood chips from Latvia, Estonia and Lithuania rose on the year in May-August with the majority of supply heading to Finland, customs data show (*see exports chart*). Exports to Finland from those countries nearly doubled over the period to 84,000t because Finnish end-users built up stocks ahead of the 2025-26 heating season.

Baltic wood chips prices remained equal to or lower than those in certain areas of Scandinavia and the Iberian peninsula over the summer, with some producers selling close to or below production costs to generate cash flow and

Baltic woodchip exports key partners, May-Aug *000t*



Estonian firewood prices *€/m³*



empty stocks, market sources said.

And raw material costs in the Baltic states remained lower than a year earlier in the second half of the summer. Estonian prices for roadside firewood in May-July were lower on the year, although they remained above the averages for those months in 2020-23 (*see price chart*).

The chips described above fall under customs code 440122 HS, which excludes coniferous and soft wood chips. That supply is typically shipped to heat and power producers, but may include deliveries to other sectors.

By Hannah Adler

Italy opens consultation on RED III

The Italian government has sent the country's senate a draft decree that transposes new features of the EU renewable energy directive (RED III) into national law.

The bill would introduce provisions for forest biomass used for non-energy purposes and adjust criteria for sustainability and reduced greenhouse gas emissions from biofuels and biomass.

The draft law sets Italy a target of sourcing 39.4pc of its primary energy from renewables by 2030, which is less ambitious than the 42.5pc goal at the EU level.

Under the proposal, the country will only introduce new incentives for biomass-fired power plants either in designated regions or equipped with carbon capture and storage (CCS), and will not support burning high-value timber and waste for energy. Italy would also report annually to the EU to ensure energy security and forest management.

Other proposed changes include an 80pc reduction in emissions from biomass-fired power plants from 2026, in line with the top end of emissions cuts outlined in RED III, and simplified certification for 7.5-20MW biomass-fired plants until June 2027.

Companies would also have to limit the forested areas from which biomass can be extracted, with a view to reducing CO2 emissions from biofuels, bioliquids and

biomass fuels.

To proceed, the draft decree must receive a parliamentary opinion from the senate and non-binding feedback from both of Italy's legislative chambers, then be finalised and adopted by the country's council of ministers.

Like most EU member states, Italy missed the EU's deadline to transpose RED III on 21 May 2025, which resulted in a formal infringement notice.

By Marta Imarisio

EPH's Gazelenergie should pay €8.9mn feed-in tariff fee: Cre

French energy regulator Cre has recommended that power producer Gazelenergie, the French subsidiary of multinational EPH, should pay €8.9mn to the French state to cover additional revenue it made after exiting from a feed-in tariff agreement.

Gazelenergie's 150MW Provence 4 biomass-fired plant has produced under a feed-in tariff from 2018. In July 2022 the firm announced its intention to no longer benefit from the scheme, which ended from November of that year.

But a 2023 law allowed producers that had cancelled their feed-in tariffs in the second half of 2022 — in practice, only Gazelenergie — to ask for them to be reinstated. Gazelenergie requested this in January 2024, and it returned into effect from January 2025.

As a condition of reinstatement the firm must pay to the state any additional revenues it gained from the plant while the contract was inactive over and above what it would have earned under the feed-in tariff. This includes revenues from electricity sales as well as capacity market payments.

Gazelenergie calculated the amount it would have to pay back at zero. But Cre calculated the amount at €8.9mn. Gazelenergie argued that if the plant had remained under its feed-in tariff, it would have been incentivised to produce more, Cre said. But the regulator did not take this into account, saying there was no provision for theoretical modelling in the legislation.

The plant's output in the period in which it remained outside the tariff totalled 374GWh. If valued at the hourly spot price its revenue would be equal to €60.1mn, or roughly €161/MWh.

The minister responsible for energy — currently finance minister Roland Lescure — will decide the actual amount Gazelenergie must pay, based on Cre's recommendation.

The plant produced 463GWh over January-July this year, but has been off line since 4 July. The plant's new feed-in tariff, active over 2025-32, foresees 4000 h/yr of runtime. So far in 2025 it has been active in roughly 2,250 hours at full power, and another 1,100 hours at lower power levels.

By Rhys Talbot

Puro integrates carbon capture methodologies

Carbon removal registry Puro.earth (Puro) announced today that it has created a simplified certification process for suppliers and buyers of carbon removal credits.

Puro has integrated the CCS+ Initiative's carbon removal framework into its platform. The framework includes protocols for developers seeking to register carbon removal projects, including bioenergy with carbon capture and storage and direct air capture.

The move will streamline the buying process and improve transparency, according to Puro. The registry is endorsed by industry trade group International Carbon Reduction and Offset Alliance and is the largest certification body dedicated solely to carbon removal projects.

Earlier this month, Swiss carbon removal financier Altitude signed a deal to buy 120,000 Puro-issued biochar credits from facilities in west Africa. Retirements on the Puro registry hit a seven-month high in September.

By Felix Todd

Deforestation spike in 2024 risks 2030 goal

Global deforestation last year rose by 27pc and was 63pc above the projected pathway to zero deforestation by 2030, according to the annual Forest Declaration Assessment, published this week by a climate-focused coalition of the same name.

Global deforestation in 2024 rose to 8.1mn hectares (ha), equivalent to the territory of the Czech Republic and up by 27pc from 6.37mn ha in 2023, the report said.

Agricultural expansion and recurring wildfires, especially in tropical forests, were responsible for deforestation exceeding the target set under the Kunming-Montreal biodiversity framework to halt forest loss and restore nature, which was signed by 196 nations at the UN biodiversity summit in 2022.

But at least 10.6mn ha of degraded forests were under restoration projects as of September, although the report lacks data to accurately estimate if the recovering areas follow required scaling processes to reach set goals. The projected restoration area, which represents nearly 5.4pc of global reforestation potential, is 30pc behind targets set under the Kunming-Montreal biodiversity framework.

The global deforestation curve "has not begun to bend" with about five years to reach the 2030 goal, the report said. But the EU's Green New Deal and Brazil's Tropical Forest Forever Facility initiative — to be officially launched in Cop 30 — may be promising for forest conservation if both overcome political pushback and legislation hurdles.

Separately from the Kunming-Montreal biodiversity framework, more than 140 countries committed to halt

deforestation by 2030 at the UN Cop 26 climate summit in Glasgow, with a wider target to restore around 350mn ha of degraded lands by then.

Tropical urgency

Around 8.8mn ha of tropical moist forests were degraded in 2024, which is more than triple the projected level on the pathway to zero degradation by 2030 laid out in Cop 26.

Large-scale wildfires in the Amazon basin emitted 791mn metric tonnes of CO2 last year, exceeding Germany's greenhouse gas emissions in the same period, according to the latest Forest Declaration Assessment. The report did not provide a comparison with 2023 emissions.

Around 17-38pc of the Amazon rainforest is already degraded, and the report expects as much as 47pc degradation in the basin by 2050 because of land-use change, extreme droughts and wildfires.

Bolivia lost 9pc of its remaining intact tropical moist forests last year, accounting for 32pc of global degradation emissions. Brazil lost less than 1pc of its forest area in the period but represented half of all tropical moist forest degradation in the Amazon basin at 1.66mn ha. Venezuela's degradation last year jumped 19-fold from the five-year average, while forest degradation rose six-fold from the five-year average in the Guiana Shield countries — which comprises Guyana, Suriname, France's French Guiana, Venezuela, Colombia and Brazil.

By João Curi

StormFisher pays C$17.5mn for distressed biofuel maker

Canadian developer StormFisher Hydrogen will pay C$17.5mn ($12.5mn) to acquire hundreds of millions of dollars worth of assets from distressed biomethanol maker Recyclage Carbone Varennes (RCV).

About 45pc of the electrolyzer that Accelera by Cummins was developing for RCV is complete and in place on the site outside of Montreal, Quebec, Stormfisher EVP of strategy and business development Ashkan Shoja-Nia told *Argus*. StormFisher has retained the contract with Accelera and is evaluating potentially increasing the capacity of the 90MW proton exchange membrane electrolyzer as it refashions the project to produce low-carbon methanol from hydrogen rather than from gasified biowaste, he said.

Before filing for bankruptcy protection in March, RCV was developing a biofuels plant with the capacity to produce 125mn liters/yr of biomethanol. The bankruptcy court has approved the sale to StormFisher, which plans to turn the partially built facility into a producer of methanol [that complies with EU Renewable Fuel of Non-Biological Origin

Varennes, Canada

(RFNBO) standards.

"There's almost a billion dollars of assets on the ground," said Shoja-Nia. "There's a team on the ground, employees that are developing a really good project. We can concentrate on the parts of the project that are lower risk."

As originally conceived, the project would have relied on Enerkem technology to gassify more than 200,000 metric tonnes (t)/yr of residual waste, a process that produces a so-called syngas that is rich in CO2 but low in hydrogen, the other component needed to produce methanol. StormFisher considers the variability of biowaste feedstock as too risky and the gassification technology still unproven at scale to continue with that plan, said Shoja-Nia. With Quebec's grid considered low-carbon enough to meet strict RFNBO requirements, StormFisher was especially attracted by the possibility of having a grid-connected electrolyzer to produce all of the hydrogen needed to make synthetic methanol, or so-called e-methanol.

Leveraging the site's location on the St. Lawrence river with an already established supply of renewable power, the company thinks it could provide "the most cost effective molecule in the Atlantic," said Shoja-Nia.

Potential buyers and sellers of e-methanol still face a substantial price gap. Shoja-Nia declined to comment on specific discussions related to the Quebec plant, but said generally, e-methanol buyers have expressed interest in range of C$700-1000/t, while producers report costs from C$1,100-1,400/t, depending on the site's location and pedigree.

"Effectively, you have to find a site that can be on the lower end of that spectrum and a buyer on the higher end of that spectrum."

Shoja-Nia could not yet provide a timeframe for when the company will make a final investment decision on the project. While the power supply is secured, StormFisher still needs to source CO2 and sign up offtakers.

The company expects the site will require C$600mn in capital investment, a portion of which will come from loans.

By Jasmina Kelemen

World still falling behind on renewables target: Report

The world is off track to meet renewable energy and efficiency goals agreed at the UN Cop 28 climate summit, a report from renewable energy groups and the Cop 30 presidency said.

A record 581.9GW of renewable capacity was added in 2024, representing a 15pc annual growth rate, up slightly from 14pc growth in 2023, the report found. But meeting the Cop 28 target of tripling global renewables to 11.2TW by 2030 will require annual growth of 17pc, or about 1.12 TW/yr, over 2025-30, it said.

Although a gap remains, "the direction… is clear", Global Renewables Alliance chair Ben Backwell told reporters at a pre-Cop 30 event in Brasilia, Brazil this week. The alliance issued the report along with the International Renewable Energy Agency (Irena) and the Brazilian Cop 30 presidency.

The world has "reached a tipping point", and is "in the last mile" in terms of renewables' overall share of energy capacity, said Irena director general Francesco La Camera.

Solar power accounted for the bulk of new capacity in 2024, the report found. More than 75pc of the total came from solar PV, which added 452.1GW — up by 27pc on the year and the highest annual addition of any renewable technology to date.

Wind energy followed with 114.3GW of new capacity, including 105.7GW of onshore wind. Hydropower, excluding pumped hydro, rose by 9.3GW, while bioenergy, geothermal, concentrated solar power (CSP) and marine energy together grew by 6.1GW, with bioenergy accounting for 83pc of that.

"Aside from solar PV, capacity additions for all renewable energy technologies remain well below the level required to meet the tripling target," the report said.

"The world has broken renewable capacity records, but records alone will not keep 1.5°C [threshold] alive," La Camera said. This refers to the more ambitious aspect of the Paris climate agreement, which seeks to limit the global rise in temperature to "well below" 2°C above pre-industrial levels and pursues a 1.5°C threshold.

The report urges major economies to lead the acceleration effort. G20 nations are projected to account for more than 80pc of global renewable capacity by 2030, and the G7 to raise its share to around 20pc in that time.

The report highlighted the need for investment in grids, supply chains and manufacturing to reach the 2030 goals.

By Bachar Halabi and Lucas Parolin

Voltalia launches third French Guiana wood-fired plant

French renewable generation firm Voltalia has begun expanding its fleet in South America by commissioning a 10.5MW waste wood-fired plant at Sinnamary in French Guiana.

The plant is undergoing final tests and aims to generate 80 GWh/yr.

Voltalia already owns and operates French Guiana's 1.7MW Kourou and 5.1MW Cacao plants. Sinnamary will cover up to 8pc of French Guiana's electricity needs and give Voltalia 16pc of the country's total generation capacity, Voltalia said.

Sinnamary is part of a €200mn investment to harness submerged wood from Petit-Saut lake by building a harvesting unit and sawmill. Both will be developed by forestry company Triton Guyane, which aims to produce around 9,000 m^3/yr of construction timber.

Sawmill residues will be burned at Sinnamary.

By Marta Imarisio

Brazil to generate carbon credits through forests

Brazil will generate carbon credits through conservation and restoration projects in public forest concessions, the government said.

Brazil's president Luiz Inacio Lula da Silva signed a decree on 17 October that allows projects to adopt internationally recognized certification methodologies to generate credits in the Brazilian emissions trading system (SBCE). With this law, private initiatives managing public forests will be able to choose the certification method under the reducing emissions from deforestation and degradation (REDD+) framework, instead of just the national regulation system.

The certification enables international recognition to transfer carbon credits in the global market without renouncing national regulations, according to the environment ministry. It also allows for predictability and legal security that can help draw private investments into Brazil's climate agenda.

Brazil established the extraordinary secretariat for the carbon market within the finance ministry on 15 October. The secretariat aims to promote sustainable development and consolidate the decarbonization market by 2030, but faces hurdles such as establishing criteria for carbon credits and guidelines for monitoring.

Brazil's nationally determined contribution under the Paris Agreement aims to end deforestation and restore 12mn hectares of degenerated forests by 2030.

By João Curi

Q&A: Fuel law drives carbon capture in Brazil

*Brazil's fuel of the future law is the main driver behind one new bioenergy with carbon capture and storage (Beccs) project, **Daniel Pedroso**, the executive director of natural*

gas firm Agil Energia said. Agil and renewable energy company Aventra formed Endura Energia, a joint venture focused on the Beccs market.
The project, which Pedroso expects to be launched in 2031, would capture and store 1mn metric tonnes (t)/yr of CO2, focusing on carbon from the ethanol and sugar sector. Pedroso — who also serves as Endura's chief executive — spoke to Argus about the project's future and the overall scenario for carbon capture projects in Brazil. Edited highlights follow.

What is the timeline to launch Endura?
We expect to send a formal request [to hydrocarbons regulator ANP] in the second quarter of 2026. We see the beginning of operations in the early 2030s. And we expect to scale the project tenfold in a decade.
How will regulations affect the project's timeline?
Regulation will be critical. The fuel of the future law gave the groundwork for the regulation, putting [hydrocarbons regulator] ANP in charge of authorizations for carbon projects.

ANP has already indicated the ways that companies can request authorization [for projects] while it issues more detailed regulation at the end of this year or early next year.

Now, we will finish this first phase of studies, which is the screening of possible sites [for CO2 storage], and then enter the second stage next year, by requesting authorization from ANP. This request is essential because it defines an area where we will put a seismic work program and a test well.

Are there any sites in Brazil that you are looking at, specifically, for the project?
We are looking first at the southern Parana basin, which extends through southern Parana, southeastern Sao Paulo and Espirito Santo and central-western Mato Grosso do Sul states.

Of course, we're looking for sites that are closer to the main emitters, which are the main [sugarcane] mills. But also, we cannot force nature to be right underneath the mill we choose.

We will have some sites, where we will take CO2 produced from 4-6 mills.

How much investment will the project require?
I am not at liberty to disclose that as of now, but I can say they are similar to those in exploration and production of oil and gas.

What are some of the regulatory advances that you think are still missing for Brazil's Beccs market?
It is already extremely positive that we have the fuel of the future law and a strong regulatory agency. That is a competitive advantage for Brazil.

But there are still some sensitive points regarding the upcoming regulation, such as how, from the perspective of future management of these reservoirs, the mechanisms for accountability regarding monitoring and management will work.

There will come a time, say 20-30 years from now, when injection into a given reservoir will end and monitoring will begin. And there's always the need to demonstrate that the CO2 is still stable.

In an oil field, there are already established criteria for abandonment, well capping and closure of activities. As for carbon, we need to ensure that it will remain in the reservoir forever, basically.

The regulation needs to establish what these future mechanisms are, so that it is already included in each project and for how long.

These criteria are essential for projects today to have a forecast of the necessary mechanism and for greater investment safety.

But ANP has already appointed a department for that. So the regulation just needs to be improved. It's a matter of adapting it for carbon capture.

What will be ANP's main challenge to complete that process?
The regulator will need the financial resources and it has recently faced challenges in that sense. ANP needs to expand, not shrink.

What sort of infrastructure will be needed for the Endura project?
The regions we looked at have no existing pipelines for carbon. That will indeed be a challenge, both in the economical and licensing sense.

Our project considers CO2 liquefaction on site. We will then move the CO2 by trucks which will be powered by vehicular natural gas or biomethane. We see that as the most adequate, flexible and economical logistical option.

We can add pipelines from some mills that are closer to the storage sites, but that would be an exception.
By Lucas Parolin

Japan's firms to cut CO2 emissions at Cirebon plant

Japan's largest power producer by capacity Jera and trading house Marubeni plan to reduce CO2 emissions at the 1GW No.2 unit of the Cirebon coal-fired power generation plant in Indonesia.

Jera and Marubeni agreed on 3 October to study decarbonisation measures for the Cirebon No.2 unit with Indonesian state-owned power utility PLN, as part of the third ministerial-level meeting of the Japan-led decarbonisation platform Asia Zero Emission Community (Azec), Jera told *Argus* on 21 October. Cirebon Electric Power, the power plant operating firm funded by Jera, Marubeni, as well as other Indonesian and South Korean companies, and PLN are considering exploring potential implementation of decarbonisation measures like biomass co-firing, ammonia co-firing, and carbon capture and storage or carbon capture, use and storage. Jera is unsure which measure has the most potential.

The firms plan to conduct research for the next two years. But the schedule after 2027 and details of its CO2 reduction goal are not clear.

The No.2 Cirebon unit, which is equipped with an ultra-supercritical generator — a piece of advanced technology to improve power generation efficiency — started its operations in May 2023. It consumed coal from Indonesia.

The 660MW No.1 Cirebon coal-fired power generation unit may be retired early with the Indonesian government's push. Jakarta is aiming to remove up to 6.7GW of coal-fired generation capacity by 2040 and to completely remove coal-fired power plants from its overall generation mix by 2058, in pursuit of its net zero target by 2060.

The Japanese government is eager to promote both economic growth and decarbonisation in Asia-Pacific countries, instead of focusing only on decarbonisation. The ministerial-level meeting concluded with a joint statement reaffirming Azec's "one goal, various pathways" approach, which recognises country-specific decarbonisation strategies. It also endorsed a "triple breakthrough" framework aimed at achieving climate mitigation, inclusive growth and energy security.
By Nanami Oki

Oilseed output key to Australian biofuels: GRDC

Australia will need to significantly increase its oilseed production if it is to build a viable low-carbon liquid fuels (LCLF) industry, according to industry-funded agency Grains Research and Development Corporation (GRDC).

The Feedstock First roadmap released on 16 October outlines a three-stage strategy to secure the oil feedstocks needed for an Australian LCLF industry, while meeting the increasing needs of international refiners. The roadmap focuses on boosting yields, expanding cropping areas, and increasing crop diversity.

In the short term, Australia must raise oilseed output by increasing hectares sown to crops and improving yields, GRDC said. About 75pc of Australian canola or 4mn-5mn t/yr is exported, much of it processed into LCLF in Europe.

Expanding these export markets will remain the priority, GRDC said. And surplus from more local crushing and refining plants, as well as competitive pricing, could support a future domestic LCLF industry. The federal government in September announced plans to spend A$1.1bn ($715mn) to develop a domestic biofuels industry.

In the medium term, the roadmap calls for increasing oil production by maximising oil content in existing crops and diversifying into new higher-oil crops. Established seed oils such as canola are more available and scalable but have higher carbon intensity (CI) ratings. New intensified seed oils like high-oil canola and oilseed lupin that have reduced CI will be beneficial to the industry.

Canola seeds are 43-45pc oil and soybeans are 17-20pc oil but both crops have been heavily bred to maximise their oil content and are approaching natural limits. But even small increases in oil percentage can lead to substantial oil production gains when applied across the millions of hectares of canola planted each year, GRDC said.

Other crops such as peanut and sesame can reach up to 55pc oil and macadamia can reach up to 78pc oil, according to GRDC. Legumes like lupin can also be bred for higher oil content and could help meet future LCLF feedstock needs.

Biomass oil opportunity

Longer term biomass oil that can be accumulated from plant leaves, including up to 35pc oil in trials with tobacco, could be developed as a new source of supply. Oil could be extracted from crop residues of grain crops, creating a large-scale, low-carbon feedstock source. These oils would have a much lower CI score, making them highly attractive for LCLF production.

By Grace Dudley

Dry spell weighs on crops in southern Australia

More above-average temperatures this weekend could pose further risks to crops — particularly wheat — in southern Australia.

This could dampen expectations for what is expected to be a bumper national harvest.

Wheat is particularly at risk because it develops slightly later than barley and canola, which are further developed and more resilient to weather risks as a result.

In parts of Victoria, South Australia (SA) and southern New South Wales (NSW) temperatures of up to 35°C are forecast on Sunday. Soil moisture is "below average" or "very much below average", particularly in Victoria's Mallee region and NSW's Riverina region, according to the Bureau of Meteorology. Rainfall in October has been limited, and September was average to below average across most crop areas in southern Australia, taking the edge off August and July's favourable conditions.

September-October is normally a key period for grain filling, but a lack of rain has capped yield potential. This is especially the case for crops planted later because of delayed rains at the start of the growing season.

At the same time, rain forecast next week in SA and parts of Victoria could limit risks. And northern NSW and Western Australia are still on track for bumper harvests, which should push national wheat output above historical averages.

Farmers consider abandoning areas

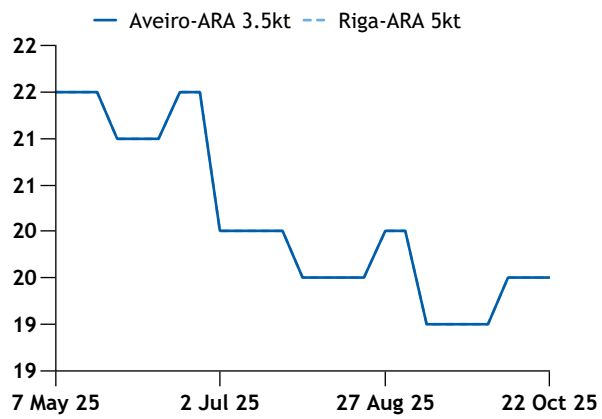
Some farmers are weighing up whether to cut underdeveloped crops for hay. Some in Victoria and southern NSW have already chosen to do this as they expect higher profits from this than from harvesting crops with lower yields later to sell in a well-supplied global market.

But the window to cut crops for hay is closing, before they lose potential value as biomass, according to market participants.

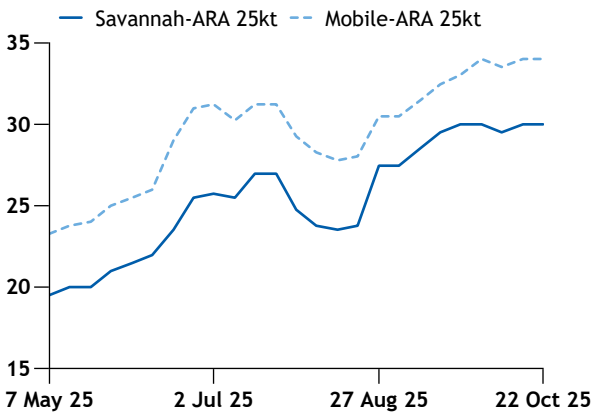
Argus forecasts Australia's wheat output at 37.4mn t in 2025-26, while some market participants peg it at 35mn-36mn t.

By Edward Dunlop

Wood pellet freight, coaster size €/t



Trans-Atlantic wood pellet freight rates 25,000t $/t



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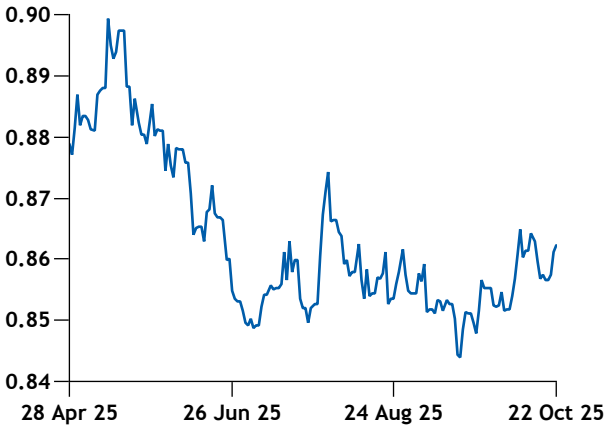
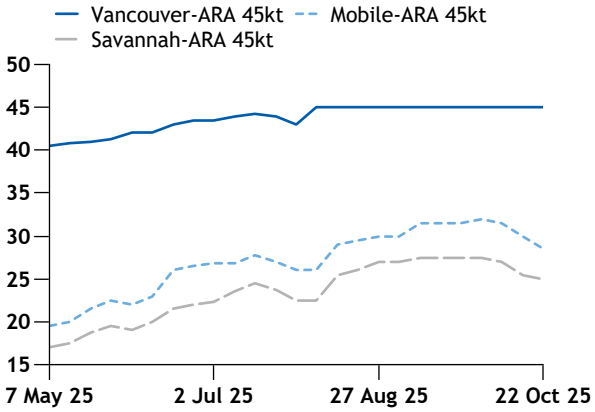


Trans-Atlantic wood pellet freight rates 45,000t $/t



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