



## **Opportunities through the import of wood pellets from Non-EU Member<sup>1</sup>**

### **I. Overview**

Besides photovoltaics and wind energy, wood energy is the only renewable, retrievable and base-load capable technology on a power plant scale. It can therefore make a significant contribution to achieve our climate targets and the energy transition reliably and cost-effectively while maintaining important jobs. However, as demand is growing, no quantities of industrial wood pellets that could ensure security of supply have been produced within the EU until now. In Germany, there has been no production to date, and the wood pellet production facilities currently available in Germany are difficult and time-consuming to convert. One of the largest producers of industrial wood pellets is the USA. Importing wood pellets from outside the EU would therefore have the following advantages:

- The energy transition and the climate targets of the German government could be achieved faster and more reliably.
- Sustainable, certified wood pellets represent a lower-carbon alternative to gas and ensure security of supply.
- Access to an international market for wood pellets that is sustainable in the long term creates investment security and predictability for power plant and CHP plant operators.
- At a time when transatlantic energy relations are facing major challenges (keyword: gas purchases from Russia), diversification of fuels through the purchase of wood pellets from the USA would make a constructive and relieving contribution to power and heat generation.

### **II. Advantages of Wood Energy**

As only residual and calamity wood that cannot be used in any other way is used as raw material in the production of wood pellets, wood energy has the advantage of being continuously available on demand, regardless of weather conditions. The conversion of 1GW of power plant capacity results in a saving of over 3 million tons of CO<sub>2</sub> per year. Transport emissions are low compared to gas. Therefore, considering production and logistics, there is an overall CO<sub>2</sub> saving of 87% compared to gas. In addition, the infrastructure for generating electricity from wood pellets can be provided quickly and cost-effectively. Existing coal-fired power plants can be converted, paving the way for the substitution of coal by wood. Furthermore, wood energy enables the reliable and large-scale provision of green heat, both in district heating and industry. Through a connection to deep-water ports and the continued use of former coal-fired power plants, jobs and facilities will be preserved at suitable locations.

### **III. Why Imports of Wood Pellets from Non-EU Member States are needed**

Indeed, biomass in the form of wood pellets is available in Germany, but for power plant firing, special industrial wood pellets are required. A conversion of German wood pellet production plants is time-consuming, which is why the import of sustainably certified wood pellets from international markets

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<sup>1</sup> Working translation, original in German

is advisable. Sustainably produced wood pellets have been traded internationally for more than 10 years and the corresponding use thus offers - similar to natural gas - access to an existing, liquid and transparent market. In addition, the long-term and reliable supply of wood pellets to large biomass power plants can be ensured through international markets, even if regional suppliers fail to deliver. This makes it easier for utilities to finance the reconstruction of power plants and to plan ahead with certainty, thus driving the energy transition. In the medium term, the use of wood pellets in power plants is likely to promote the willingness to innovate and produce in Germany as well.

#### **IV. Central Demand: Evaluating Imports of Wood Pellets from Non-EU Member States**

For decades, Germany has relied on the import and trade of energy commodities (coal, gas, oil) for its energy supply. Therefore, having in mind the ambitious climate targets for 2030, the energy transition, and the renewal of transatlantic relations, the possibility of accessing an established international market for renewable energy sources, such as industrial wood pellets, makes ecological, economic, and political sense.