



Development and promotion of a transparent European Pellets Market
Creation of a European real-time Pellets Atlas

Pellet market country report PORTUGAL



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1. Summary

The domestic pellet market in Portugal is limited since its development started only in 2005. Since then, the production capacity has increased significantly from a few thousand tons to approx. 400,000 tons/year in 2008, as 3 big plants have been just commissioned and they will start their production during 2009.

In fact, the company Prodesa, specialised in wood drying, decided to establish new plants with impressive production capacities. This emerging production capacity did not result in an increased national consumption so far, in fact the pellets produced are mainly destined to exportation. In the future there may also be some thermal plants consuming pellets in Portugal. The climatic conditions in Portugal do not favour the sector of biofuels, as it is a temperate country with a limited demand of heating.

The data that will be mentioned in the following pages are the result of information provided by the Bioenergy International journal, and by our interviews with the Portuguese actors involved in the Pellets@las project.

It must be noticed that there is no national pellet industry association in Portugal and therefore, historical data is hardly available.

The main pellet standard used in Portugal is DINplus, even if also industrial pellets are often produced.

2. Introduction

The pellet market in Portugal is in an initial stage, since it is not well structured. It lacks national consumption and almost all the produced pellets are exported.

The Portuguese pellets market started developing around 2005. Since then, a large number of entrepreneurs and investor companies got involved. This market is still far from being mature, but it must be noticed that pellet production will promise good business opportunities during the next years. Especially connections between Portugal and Brazil will surely provide benefits to the Portuguese market actors.

There are currently 6 pellet production plants in operation.

The growth rate of production in the last years is impressive, approx. 200 % in 2007, with respect to the previous year, especially if we consider the production capacity. However, this does not relate to an internal national market. In fact, the national consumption is negligible, even if pellet stove and boiler sales are increasing.

The journal Bioenergy International listed on its 2008 pellets map 11 producers. This data will be correct from the next year on, as some plants for production are still under construction. More detailed information will be given in the following chapter.

3. Pellet production

In 2008, Portuguese pellets production reached approx. 100,000 tons. Even if the growth compared to previous years is large, the production capacity is much larger, with approx. 400,000 tons in 2008. This means that Portugal is ready for a further production increase in the next years.

Another plant with a capacity of approx. 100,000 tons/year is getting operative just this year so that there is no data on its real production yet.

The magazine “Bioenergy International” declares that 11 production plants are operative, but at least six of them are still in a start up phase (Table 1).

Portuguese producers mainly operate on the large scale, as their production capacity is often larger than 70,000 tons. Some smaller producers are also operating, but if the mentioned large scale producers are going to start their production, the smaller producers will face heavy competition.

Table 1: Portuguese pellet producers as listed in the 2008 Bioenergy International PelletsMap

Producer	Production capacity [tons per year]
Biomad Energias Renovavies	2000
Enermontijo, Pegeos	85,000
Peletts Power	100,000
Junglepower, Porto	90,000
Pellets Power 2, Setubal	90,000
Porto de Aveiro, Aveiro	-
Porto de Sines, Sines	-
BioBriquette, Quimbres	30,000
Flogistica, Vila Verde	-
Briquetes Raro, VN Gaia	-
EnerPleggy, Lisbon	-

5. Pellet consumption

Pellet consumption in Portugal is very limited compared to other European countries where the market is fully developed. We calculated approx. 10,000 tons in 2008, but there are significant uncertainties.

Two types of pellets are produced in Portugal:

- Industrial pellets made from low quality residues, suitable for big power plants;
- Pellets for residential use: the DINplus standard is the most commonly known standard in Portugal.

The fact that big international companies are investing and managing the production plants will facilitate the establishment of these companies, as they will avoid technical problems thanks to the experience accumulated during previous similar projects. Rapid development of this sector can be foreseen.

The increased availability of the product may also facilitate the internal consumption to increase.

The Portuguese pellet prices, following the Spanish trend, are modest at the moment. A range from 120 to 190 euro/ton, depending on the region and the season, is common. Low prices are a result of the lacking domestic demand.

6. Mixed biomass pellets

The total amounts of pellets (wood and MB) produced and consumed in Portugal was negligible until last year. In 2008 two high capacity (90,000 -100,000 t/y) production plants started their activity. Another large scale plant is foreseen to start the production in 2009. These plants state to use as raw material sawdust, shavings and chippings from sawmills (100 % Mediterranean pine) and logs from eucalyptus and pine. Consequently, we can assume that an MBP market in Portugal does not exist yet.

At the moment it seems that market development is hampered by two factors: the first one is the lack of an internal consumption. The second one is the shortage of raw material; Portugal does not have a big quantity of agricultural residues, especially in areas where pellet producers are currently concentrated: around the cities of Lisboa and Porto.

7. Legal framework & Policy

No specific financial promotion schemes for pellet (or biomass) heating were identified. In general, there is a lack of knowledge among the population and even if firing pellets is already much more convenient than other fossil fuels (for instance oil cost is approx double) the internal consumption is very low. Also due to mild climate conditions, a fast increase of domestic pellet demand in Portugal is not foreseen. Therefore all future actions regarding legal requirements and financial and economical aspects should take into account that a key feature of Portuguese market will be that the largest part of the production will be exported. It will be crucial to identify markets where wood pellets and MBP can be sold.