



Outlook on the global pellet market

Nordic Pellets Conference 2026

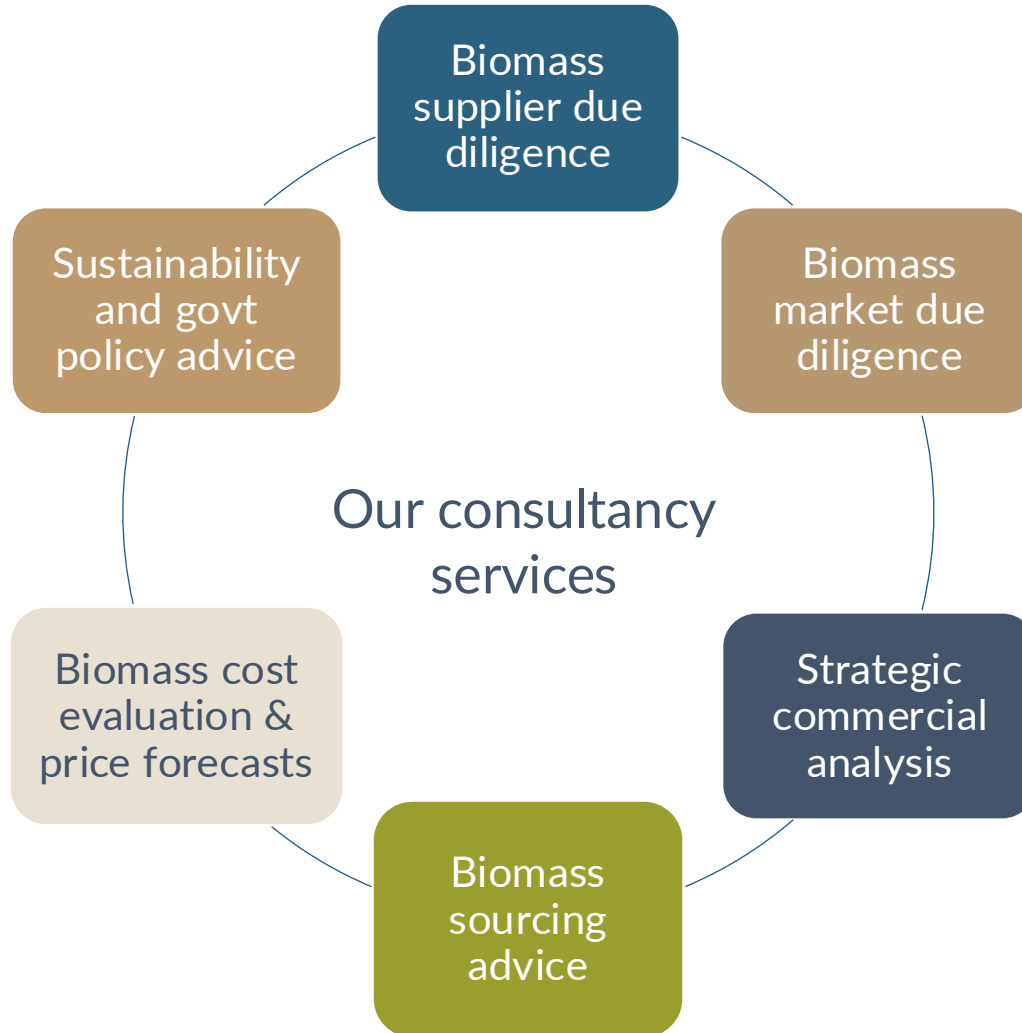
Fiona Matthews

3 February 2026

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Our biomass services



- Regular multi-client reports
- At the forefront of research into biomass demand trends
- Extensive global network of contacts
- Leading advisor to biomass market players



Multi-client reports



ForestEnergyMonitor

Sentiment in the European industrial pellet market supported by cold snaps

Fiona Matthews, Director
fiona.matthews@hawkinswright.com

Rachael Levinson, Associate Director
rachael@hawkinswright.com


Gilles Gauthier, Research and Business Development Manager
gilles.gauthier@hawkinswright.com

Tina Walsh, Research Manager
tina.walsh@hawkinswright.com

Gillian Finnerty, Consultant
gillian.finnerty@hawkinswright.com


T: +44 (0)20 8747 5840
E: post@hawkinswright.com
W: www.hawkinswright.com

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Outlook for Wood Pellets

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- **Outlook for Wood Pellets** – quarterly service providing in-depth analysis on supply, demand, costs and prices
- **Forest Energy Monitor** – monthly report covering news, analysis and prices

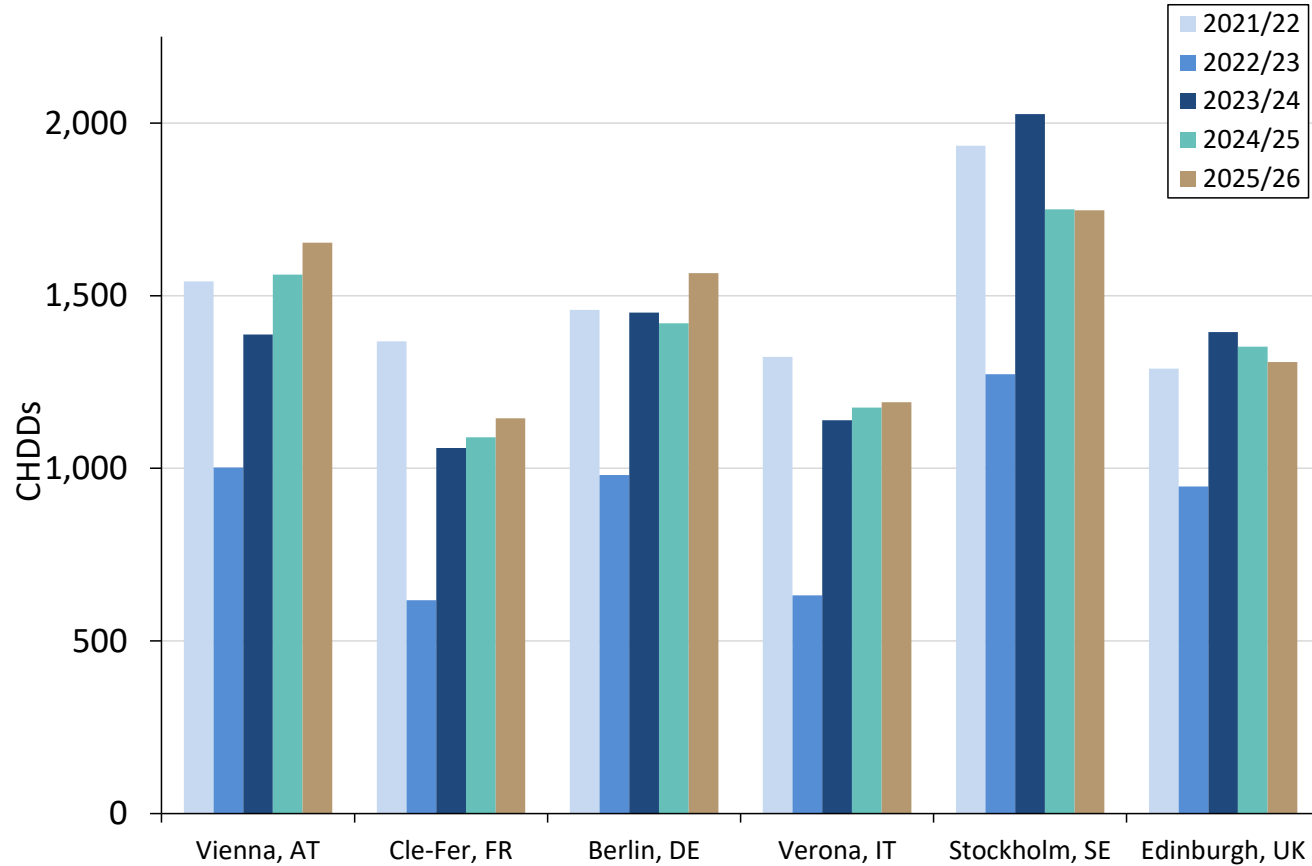


Wood pellet demand



European heating pellet demand

Cumulative heating degree days (cHDDs) in the current season v. previous years



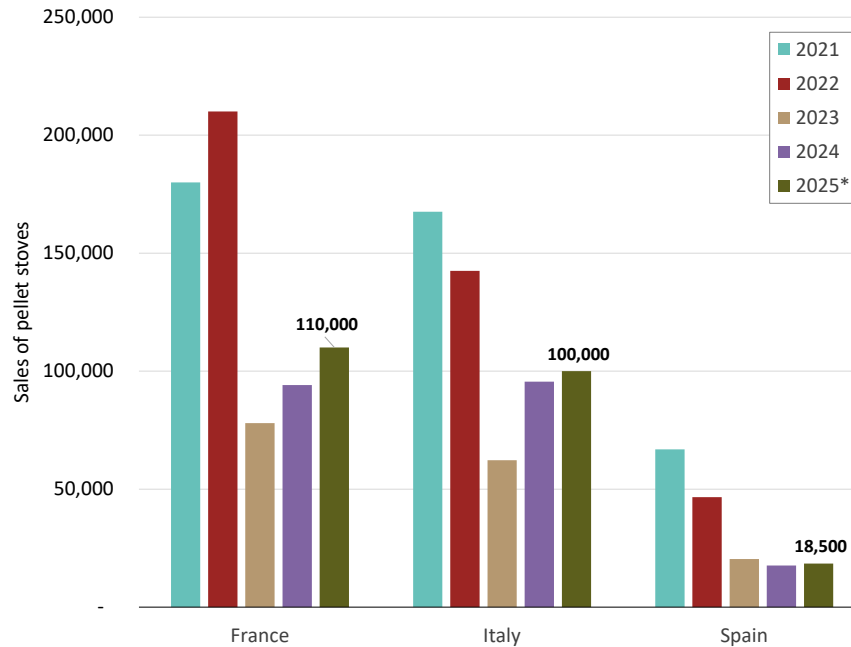
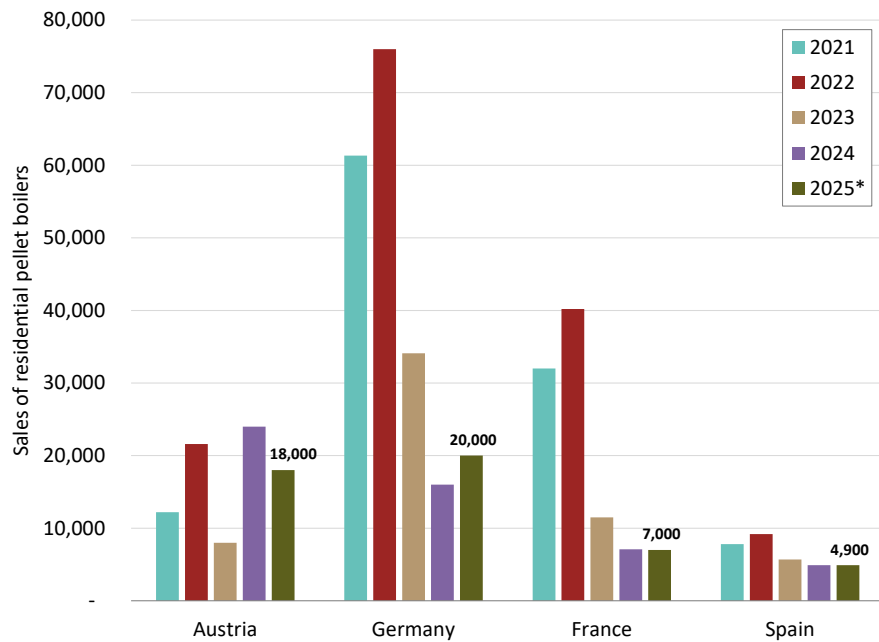
Source: MDA EarthSat

- Temperatures across Oct–Jan were generally colder than the 5y average
- Except Sweden (normal) and UK (warmer)
- Heating degree days:
 - IT (+1%)
 - FR (+5%)
 - DE (+10%)
 - AT (+6%)



European heating pellet demand

Sales of pellet heating appliances in a selection of countries



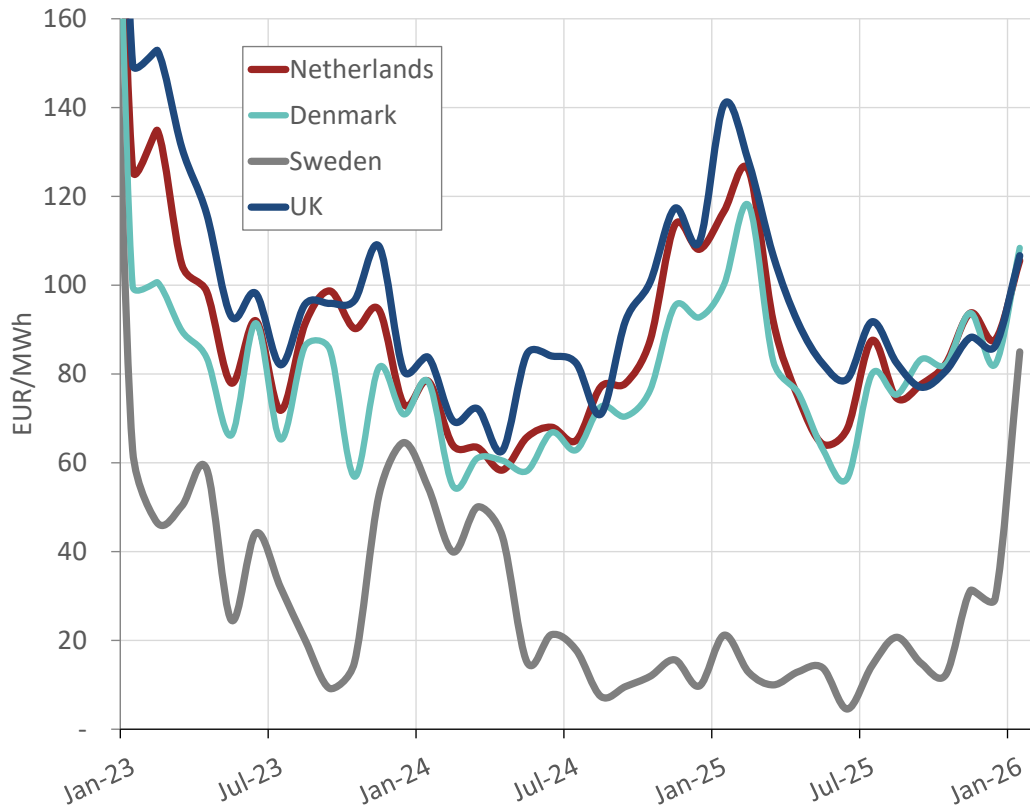
Source: Bioenergy Europe, national trade associations, Hawkins Wright estimations

- Heating appliances sales: slow recovery for stoves, weak for boilers in most markets.
- Austria: 18,000 boiler sales for 2025, -25%.
- Germany: boilers sales Jan-Oct 2025, +38%.
- France: stoves +20% for 2025 and boilers stable.
- Concerns about grant availability in FR/AT/DE in 2026



Modest power prices in Q4 2025, but spike in Jan

European wholesale electricity prices Jan-23 to Jan-26



Source: Nordpool

Power prices in Q4 2025 v Q4 2024:

- UK -22%
- NL -15%
- DK -2%
- SE +96%

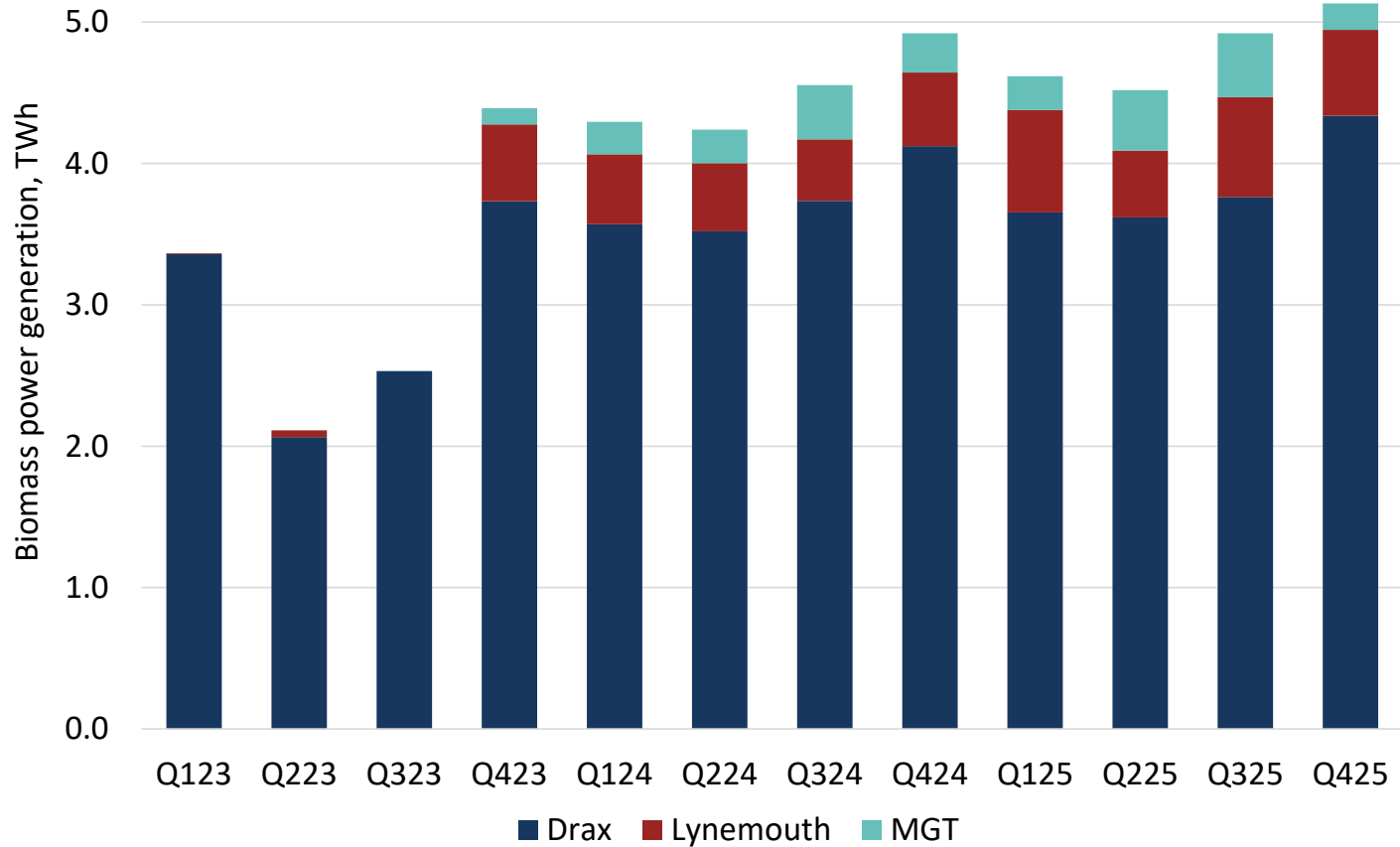
January 2026:

- UK EUR107/MWh
- NL EUR106/MWh
- SE EUR85/MWh



UK biomass output highest ever in 2025

Biomass generation in RO + CfD units, Q1 2023 to Q4 2025



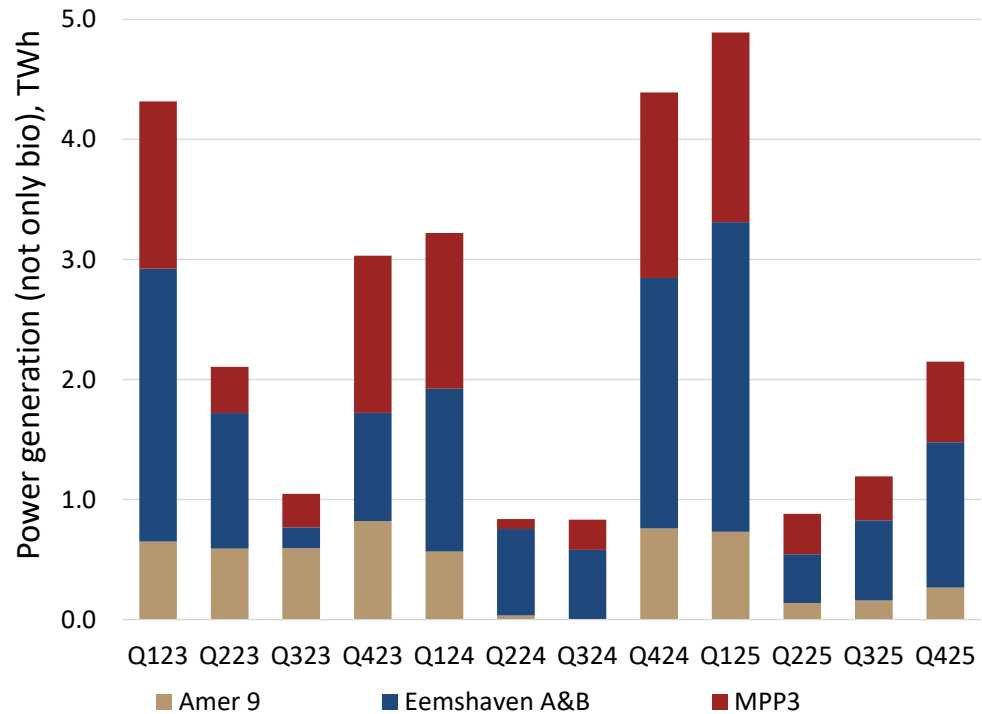
Source: NESO

- Total 2025 generation = 19.2TWh
 - Up +7% v 2024
- **Highest ever annual pellet demand (~9.6Mt)**
- Drax new CfD signed for 2027-31
- No deal yet reached with Lynemouth



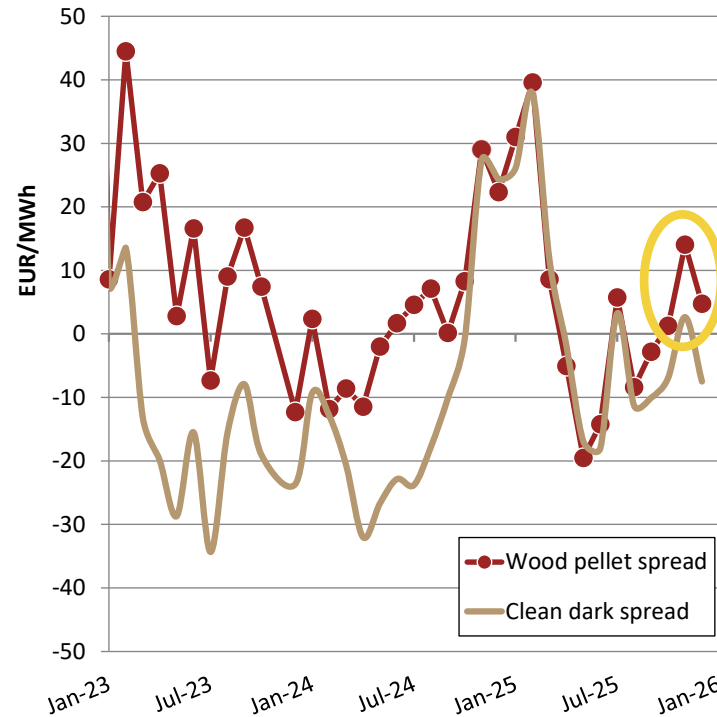
NL generation up in Q4 but still low

Power output by plant, Q1 2023 to Q4 2025



Source: ENTSOE

NL power spreads (no subsidy)

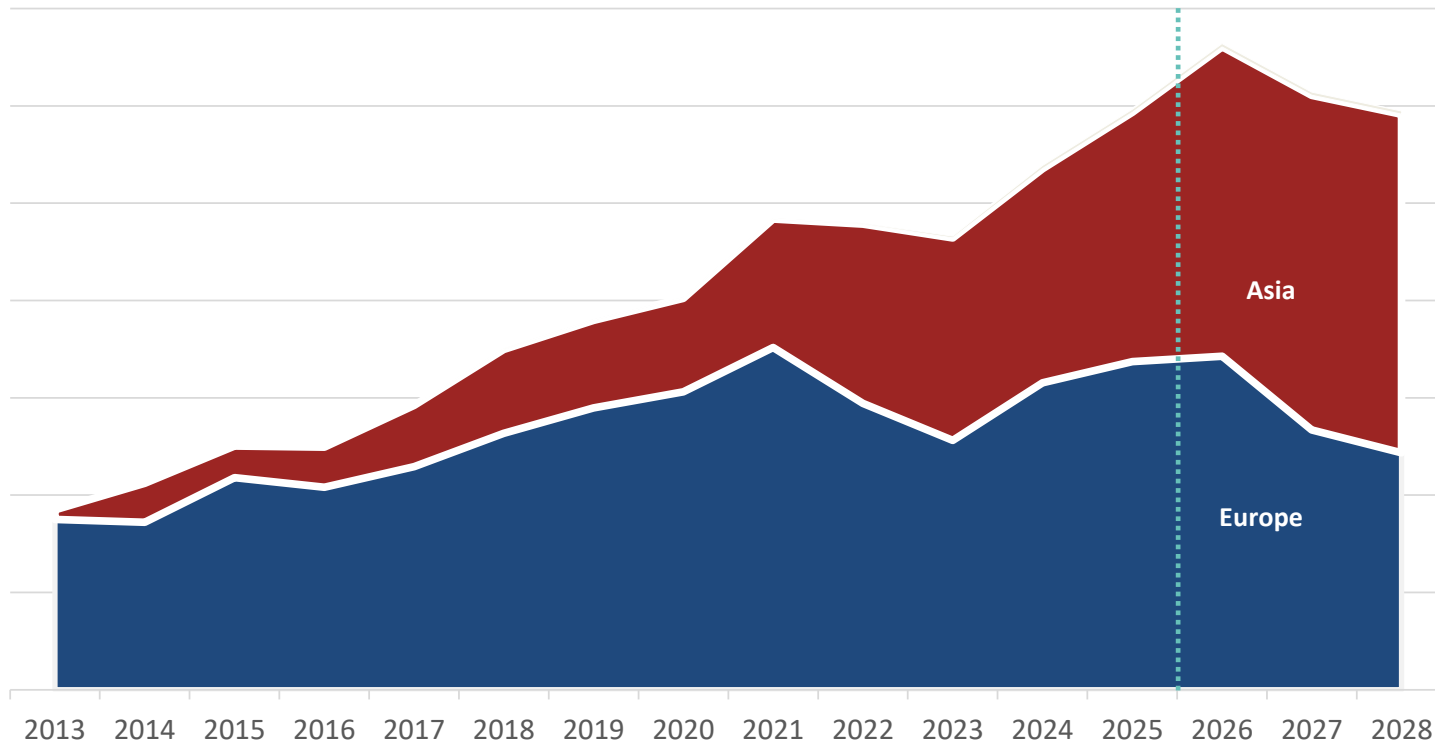


- Power generation +82% in Q4 2025 v Q3
 - Amer +67%
 - Eemshaven +10%
 - MPP3 +83%
- Unsubsidised pellet spread slightly positive throughout Q4 (assuming spot pellet price)
- But small margins and negative CDS > low annual demand (~1.8Mt)



Asian growth will partially offset European decline

Industrial pellet demand forecast to 2028



- Previous Korean subsidy changes abandoned
- But major RPS reform planned for 2026, spot REC trading may be abolished
- Japan market reaching maturity, only three more plants under construction
- Asian demand being largely fulfilled by Vietnam
- Total Asia demand 13Mt in 2025
- But Europe demand likely to fall ~4Mt between 2026-28

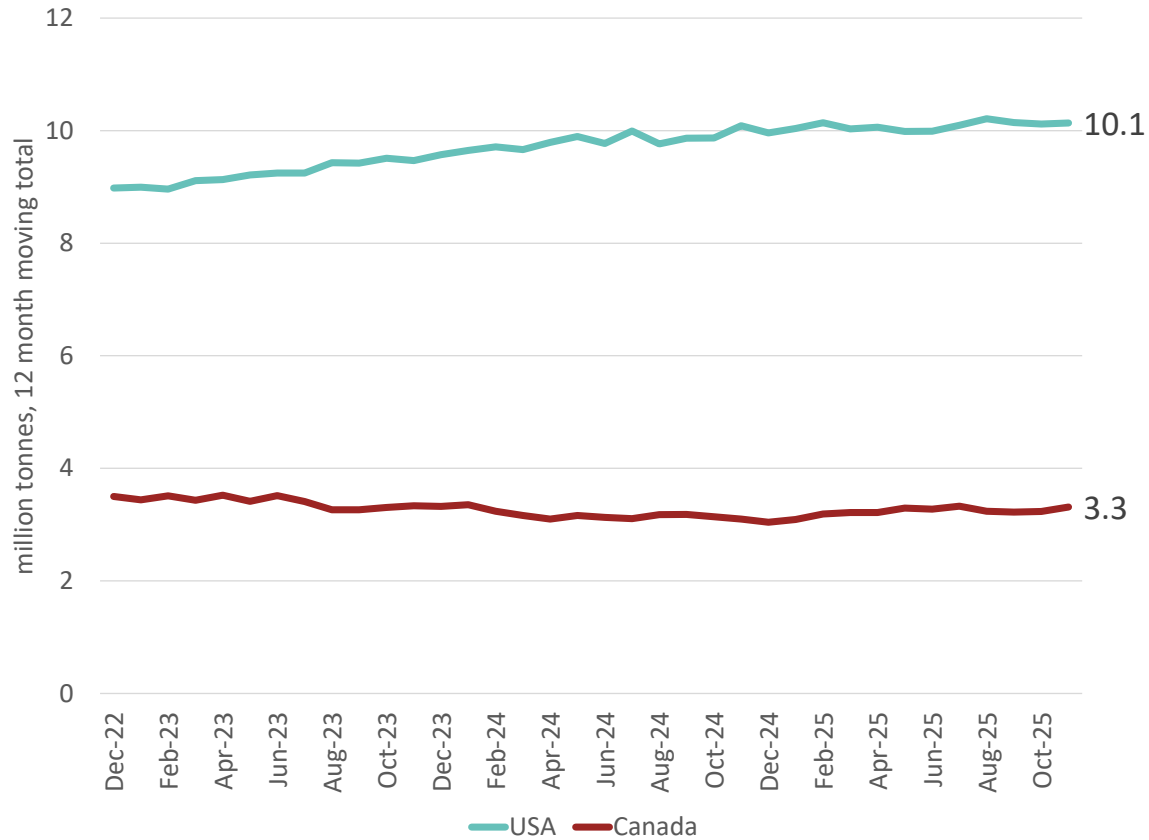


Wood pellet supply



N.American supply update

Canada and USA exports Dec-22 to Nov-2025



Source: GTT

- Canadian sawmill sector in serious difficulty
- Total US tariffs on imported Canadian sawnwood ~45%
- Numerous sawmills have curtailed output or closed
- Drax has closed its 250kt/y Williams Lake pellet mill because of fibre issues
- 2025 CA exports stable, but future uncertain
- Enviva 1.1Mt/y Epes mill now operating, supplying Japan



German sawdust prices moved higher again

German sawdust prices



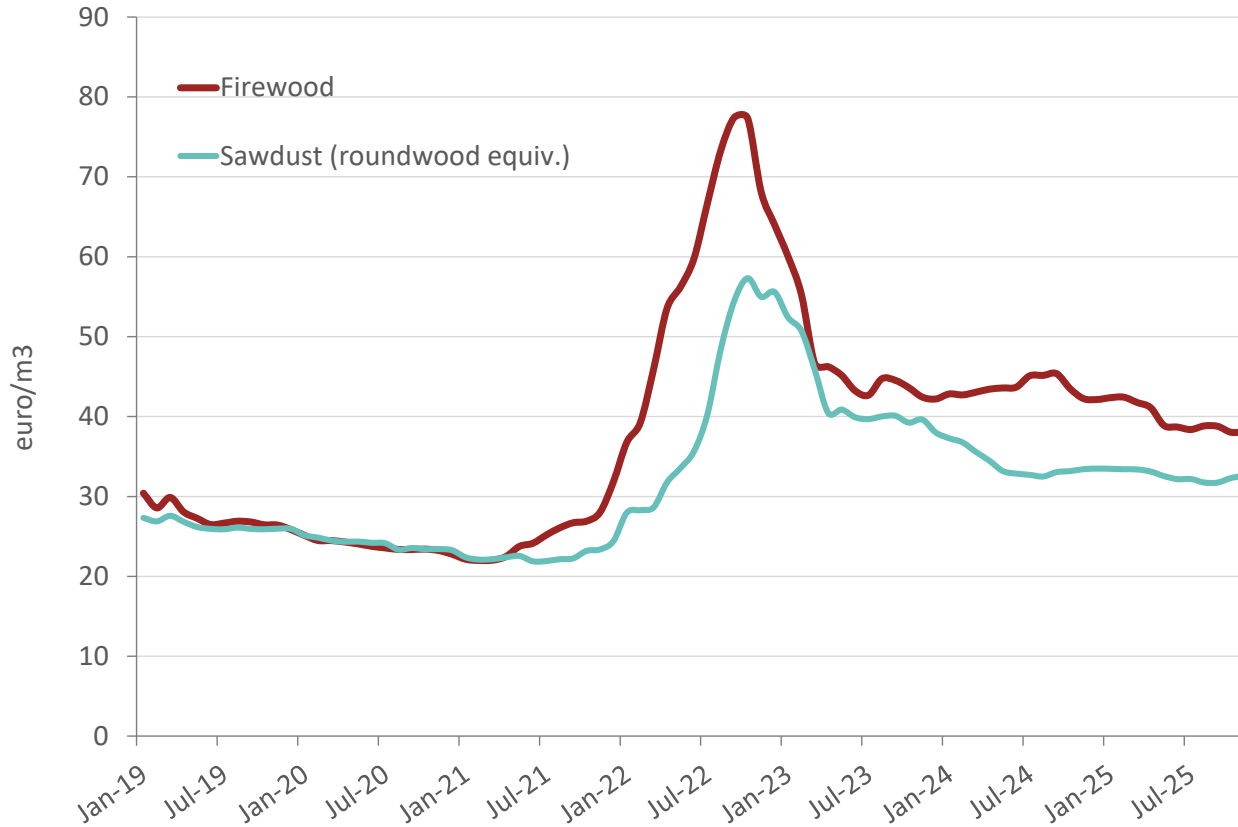
Source: EUWID

- Higher sawdust prices in Europe through 2025
- Southern Germany saw EUR3/m³ uplift in January
- EUR180/t = highest level since 2022
- Roundwood availability has been a problem for sawmills
- Demand from pellet producers intensified in Jan due to the cold weather



Baltic wood costs lower for now

Latvia wood chip and sawdust price



Source: MeKA

- Little change in wood prices on the quarter
- Mild start to the winter limited buying activity from district heating plants
- Harvesting activity was disrupted but yet to have a significant impact on wood prices, except perhaps in Lithuania
- Estonia will cut harvesting in state-owned forests by 10% from 2026



Wood pellet prices



European industrial spot prices were essentially flat

Europe spot industrial pellet prices 2017-2025



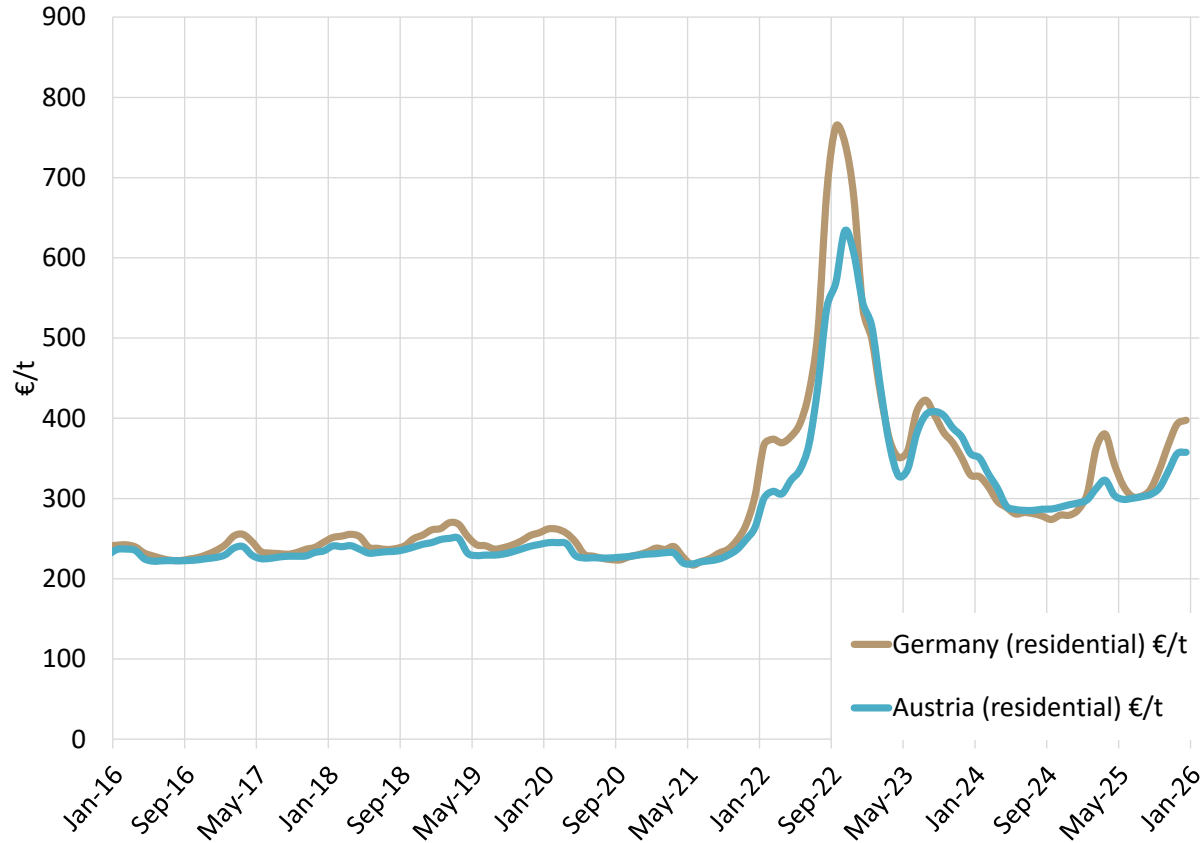
Source: Hawkins Wright, Forest Energy Monitor

- Utilities' outages during Q4 softened spot prices slightly
- A couple of deals lifted prices at the end of Nov/early Dec
- Spot demand for Feb/Mar but no offers forthcoming
- Weak dollar makes it very hard for European producers to compete



Heating pellet retail prices

German and Austrian retail wood pellet prices



Source: DEPI, ProPellets

- Ex-works and retail prices continued their upward trend in Q4
- However, November activity was quieter than usual because of the mild start to the winter
- Higher raw material costs and increased demand pushed prices up in January



What to watch for in 2026 and beyond

Heating pellet availability tightening

Stock levels may be low at end of winter

Post-2027 CfD announcement for Lynemouth

Drax (and Lynemouth) contracting decisions to 2031

Future operation of N.American pellet mills > closures likely

EUDR implementation from 2027



Thank you for listening

If you have any questions,
please contact me:

Fiona.matthews@hawkinswright.com