

Press & Journal article

The Press and Journal

Switch to biomass heating fuels demand for wood chip.

Significant market growth in north-east presents challenges, By Joe Watson

Published: 06/02/2010

A huge swing in the number of people using wood to heat their homes has proved a boon for forest and woodland owners and added value to products that were struggling to be viable.

Figures just out from the Forestry Commission reveal a trebling in demand in woodfuel use in the last four years and further market growth of at least 100% anticipated in the 12 months to March 31.

Andrew Nicol, the director of Deeside-based timber producers' co-operative DWP Harvesting, said the surge in sales of wood chips, pellets and logs was staggering and showed considerable numbers of home and business owners had switched from oil and gas use into renewable wood for heat generation.

He added: "As far as wood chip is concerned within the north-east alone, the demand is now something like 8,000-10,000 tonnes a year. If you go back three to four years it was next to nothing.

"We are projecting further significant growth because of two projects. The new energy centre for NHS Grampian at Aberdeen Royal Infirmary will use 4,500 tonnes a year, while the district heating scheme being installed within a housing development by the Hill of Banchory Energy Supply Company (at Banchory) will add another 8,000 tonnes a year.

"That's going to be another 12,500 tonnes that will need to be serviced in the next 12 months. It's a very exciting time."

Mr Nicol, who is based at Dess, near Lumphanan, said with the Scottish Government's target for 11% of all heat to come from renewable sources by 2020 the market still offered opportunities as just 1.4% currently comes from green energy.

Increasing the market, however, presents challenges to woodland owners, not least in ensuring that supplies are brought to market in a structured way and in persuading other possible users that wood is a secure and viable alternative to fossil fuels.

Mr Nicol said such was the anticipated market growth that DWP was looking to expand beyond the 36 members it has currently and who between them have 22,400 acres of forests and woodlands in Aberdeenshire, Moray, Inverness, Perthshire and the Mearns.

Most of the wood being chipped or pelleted comes from the roundwood from tree-tops and which is too small to go to sawmills.

It previously would have been sold either to be made into chipboard or exported from Aberdeen and Montrose to Finland where it was pulped.

But Mr Nicol said the increased demand for wood in biomass boilers had boosted roundwood prices by about a fifth from its previously low level.

"It's a significant step in the right direction. We are looking for more people to join as we are expecting the market to continue growing, albeit with its usual ups and downs. What biomass has done is change the laws of supply and demand and made other users put up prices to be competitive."

Mr Nicol is also involved in the Wuid Chips Company, which supplies wood chips, pellets and firewood. It is one of a number of firms set up in response to the growing demand for biomass. Others include Puffin Pellets at Boyndie, near Banff, and Stovies at Arbuthnott in the Mearns. Two more pellet firms are expected to be set up elsewhere in Scotland.

The Forestry Commission report said the switch to biomass was creating jobs across rural Scotland as well as helping cut carbon dioxide emissions, with current savings estimated at about 381,610 tonnes annually and up 12% on the 2007-8 figure.

Environment Minister Roseanna Cunningham said: "The phenomenal increase is down to the fact that more and more businesses across Scotland are recognising that – with significant cost savings to be made – switching to biomass makes sound economic sense."

There are grants available to help small and medium-sized businesses switch to wood through the Scottish biomass heat scheme.

The report suggests total woodfuel use is expected to rise to 1.5million oven-dried tonnes by 2012 if all current investment projects, including electricity and combined heat and power generation, come to fruition. That would be more than double current demand at about 664,141 oven-dried tonnes.