

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP

# CANADIAN BIOMASS

## Canada, U.S. pellets using more residues, byproducts

March 14, 2017

Written by Wood Resources International LLC



March 14, 2017 - Wood pellet manufacturers in both the U.S. and Canada are increasingly diversifying their feedstock to reduce fibre costs and take advantage of less utilized fibre sources, according to analysis by Wood Resources International.

The key fibre furnish in both countries are sawmill byproducts and forest residues, together accounting for over 80 per cent of the total feedstock in British Columbia and almost 50 per cent in the U.S. South.

Over the past 10 years, there has been a clear shift in fibre-sourcing for pellet manufacturers in the U.S. South from logs to residues. In 2008, when the first large pellet plant was built, practically all fibre consumed by this plant was low-quality small-diameter logs from adjacent forests. This fibre source is a high-cost fibre furnish since it needs to be chipped, hammered and dried before it can be processed to pellets, which adds substantial cost to the manufacturing of pellets.

Increasingly, pellet plants throughout the southern states have turned to sawmill by-products and forest residues that in the past have been left at the harvesting sites. The North American Wood Fiber Review (NAWFR) has for the past five years tracked the fibre sources for the pellet industry each quarter in the two major producing regions of North America – British Columbia and the U.S. South. There have been two clear trends:

In British Columbia, pellet companies have moved from entirely relying on inexpensive sawdust from the local sawmills for its fibre furnish to increasingly supplementing its dominant fibre source with forest residues in the form of tree tops and branches left after harvest operations.

In the U.S. South, there has been an increase in the usage of residuals at the expense of roundwood.

In the 1Q/17, pellet plants in B.C. consumed just over 82 per cent sawmill residues, while forest residues



30 March 2017



SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP

accounted for about 17 per cent. With the expected reduction in lumber production in the province in the coming years, pellet plants will increasingly have to rely on forest residues and low-cost logs for their furnish since the available supply of sawmill by-products will diminish.

In the US South, the fibre sourcing trend is the opposite of British Columbia with expected increases in the usage of sawmill residues as the lumber production is likely to expand in the future. From the 1Q/13 to the 1Q/17, the usage of industry and forest residues increased from 33 per cent to 47 per cent of the total fibre furnish for the pellet industry, according to the NAWFR. This upward trend is expected to continue, especially in regards to the usage of sawdust and microchips (chips manufactured from tree tops, tree branches and small-diameter trees from forest thinnings).

---

The North American Wood Fiber Review (NAWFR) has tracked wood fiber markets in the US and Canada for over 30 years and it is the only publication that includes prices for sawlogs, pulpwood, wood chips and biomass in North America. The 36-page quarterly report includes wood market updates for 15 regions on the continent in addition to the latest export statistics for sawlogs, lumber, wood pellets and wood chips. [www.woodprices.com](http://www.woodprices.com)  
- See more at: <https://www.canadianbiomassmagazine.ca/sustainability/canada-us-pellets-using-more-residues-byproducts-6184#sthash.PWGlrFWZ.dpuf>

-----  
Richard P. Vlosky, Ph.D.  
*Director, Louisiana Forest Products Development Center*  
*Crosby Land & Resources Endowed Professor of Forest Sector Business Development*  
Room 227, School of Renewable Natural Resources  
Louisiana State University, Baton Rouge, LA 70803  
Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931  
Web Site: [www.LFPDC.lsu.edu](http://www.LFPDC.lsu.edu)



**President, Forest Products Society; President-Elect, WoodEMA i.a.**

