

Wood Pellet - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Wood Pellet Market size is estimated at USD 14.88 billion in 2025, and is expected to reach USD 21.02 billion by 2030, at a CAGR of 7.15% during the forecast period (2025-2030).

Over the medium period, the primary drivers for the market include increasing demand for wood pellets in clean energy generation, especially in the European region.

On the other hand, the adoption and increasing deployment of alternative renewable energy sources such as solar photovoltaic, wind energy, and geothermal in various parts of the world is likely to hinder market growth during the forecast period.

Nevertheless, as per the World Bioenergy Association, wood pellets have the potential to replace coal in power generation facilities. With technology development in recent years, wood pellets have undergone thermal upgrading through various processes like torrefaction, hydrothermal carbonization, and steam explosion. The thermal upgrading enables wood pellets to act as a fuel with coal properties. The Asia-Pacific region, with the world's highest number of coal power plants, is expected to be an opportunity for the market to grow in the future.

With a significant production of wood pellets during 2022, Europe was expected to have a significant share of the market during the forecast period.

Wood Pellet Market Trends

Heating Application Expected to Dominate the Market

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- Pellets are a solid biomass fuel, primarily produced from wood residues and agricultural by-products like straw. Specific advantages of pellets as compared to unprocessed biomass include standardized properties, high energy content, and high density.
- Wood pellets for heating applications are primarily used in residential and commercial sectors for food, cooking and grilling, and supplying heat to homes. Since the cost of pellets remained cheaper than other fuels for a long time, it has become a more economical option, addressing the primary concern of the residential and commercial sectors.
- When burned, utility wood pellets (wood pellets) are a densified biomass fuel that can create power or heat. Wood pellet production, consumption, and commerce significantly increased in a few nations during the late 2000s. Industrial power plants, where wood pellets are usually co-fired with or replaced by coal, are the source of consumption growth.
- According to the German Energy Wood and Pellet Association, in 2022, there were 648 thousand pellet heating systems in Germany, an increase compared to 570 thousand in 2021.
- Moreover, as a renewable energy source, wood pellets have received subsidies and incentives from governments in many countries, and many countries either launched or updated their policies and schemes related to wood pellets for heating applications in recent years.
- The UK government has implemented a suspension of fuel quality for pellets exclusively, which went into effect on November 23, 2022, for up to one year. This means that while the rest is in effect, the fuel quality criteria for wood pellets used in biomass boilers and plants where the owner receives Renewable Heat Incentive payments from OFGEM are not required. The government revised regulations in February 2022 to require that any wood fuel having a Biomass Suppliers List (BSL) number also meet the relevant quality criteria.
- Therefore, owing to the above points, the heating application is expected to dominate the wood pellet during the forecast period.

Europe to Dominate the Market

- Europe's demand for wood pellets is expected to increase by 30-40% between 2022 and 2028. Europe represents more than 50% of global pellet demand. Moreover, pellets have also made their way into coal conversion projects in local authority or public administration buildings such as schools and offices.
- According to the USDA Foreign Agricultural Service Report, in 2022, the EU's pellet consumption reached 24.8 million tonnes, up 1.2% from the previous year. The household and commercial sectors consumed around 66% of European pellets, while the industry consumed 34%. The situation varies from one country to the next. The main driver for the Netherlands and Denmark is industrial use (for electricity and CHP). Residential heating accounts for most wood pellet use in Italy, Germany, and France.
- Most countries in the region plan to close or convert co-firing power stations, with several moving to 100% wood pellets for fuel. For instance, in May 2023, Valmet announced the convert Helen Ltd's coal-fired district heat boiler and bubbling fluidized bed (BFB) combustion to enable wood pellet firing at the Salmisaari 'A' power plant in Helsinki, Finland. The conversion promotes the company's goal of phasing out coal and simultaneously strengthens the construction of a sustainable energy system.
- On the other hand, in July 2022, the European Union banned importing Russian woody biomass used to generate energy in response to the war in Ukraine. According to reports, the EU has imported wood pellets from the United States and Eastern Europe to replace the Russian woody biomass supply. Enviva has increased EU shipments since the war began and announced a 10-year contract with an unnamed European customer to provide 800,000 metric tons of pellets yearly by 2027.
- Further, technological advancements in the market in the region are also likely to increase the demand for wood pellets during the studied period.
- Hence, owing to the above points, Europe is expected to dominate the market during the forecast period.

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Wood Pellet Industry Overview

The wood pellet market is moderately consolidated. Some of the key players in the market include (in no particular order) Enviva Partners LP, AS Graanul Invest, Drax Group Plc, Fram Renewable Fuels LLC, and Segezha Group JSC, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Scope of the Study

1.2 Market Definition

1.3 Study Assumptions

2 EXECUTIVE SUMMARY

3 RESEARCH METHODOLOGY

4 MARKET OVERVIEW

4.1 Introduction

4.2 Market Size and Demand Forecasts in USD, till 2029

4.3 Recent Trends and Developments

4.4 Government Policies and Regulations

4.5 Market Dynamics

4.5.1 Drivers

4.5.1.1 Increasing Demand for Wood Pellets in Clean Energy Generation

4.5.1.2 Growing Wood Pellet Manufacturing Infrastructure

4.5.2 Restraints

4.5.2.1 The Adoption and Increasing Deployment of Alternative Renewable Energy

4.6 Supply Chain Analysis

4.7 Industry Attractiveness - Porter's Five Forces Analysis

4.7.1 Bargaining Power of Suppliers

4.7.2 Bargaining Power of Consumers

4.7.3 Threat of New Entrants

4.7.4 Threat of Substitute Products and Services

4.7.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION

5.1 Application

5.1.1 Heating

5.1.2 Power Generation

5.2 Geography

5.2.1 North America

5.2.1.1 United States of America

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- 5.2.1.2 Canada
- 5.2.1.3 Rest of the North America
- 5.2.2 Europe
 - 5.2.2.1 France
 - 5.2.2.2 Italy
 - 5.2.2.3 Germany
 - 5.2.2.4 United Kingdom
 - 5.2.2.5 Spain
 - 5.2.2.6 Nordic Countries
 - 5.2.2.7 Turkey
 - 5.2.2.8 Russia
 - 5.2.2.9 Rest of the Europe
- 5.2.3 Asia-Pacific
 - 5.2.3.1 China
 - 5.2.3.2 India
 - 5.2.3.3 Indonesia
 - 5.2.3.4 Japan
 - 5.2.3.5 South Korea
 - 5.2.3.6 Malaysia
 - 5.2.3.7 Thailand
 - 5.2.3.8 Vietnam
 - 5.2.3.9 Rest of the Asia-Pacific
- 5.2.4 South America
 - 5.2.4.1 Brazil
 - 5.2.4.2 Argentina
 - 5.2.4.3 Colombia
 - 5.2.4.4 Rest of the South America
- 5.2.5 Middle-East and Africa
 - 5.2.5.1 Saudi Arabia
 - 5.2.5.2 United Arab Emirates
 - 5.2.5.3 South Africa
 - 5.2.5.4 Nigeria
 - 5.2.5.5 Qatar
 - 5.2.5.6 Egypt
 - 5.2.5.7 Rest of the Middle-East and Africa

6 COMPETITIVE LANDSCAPE

- 6.1 Mergers and Acquisitions, Joint Ventures, Collaborations, and Agreements
- 6.2 Strategies Adopted by Leading Players
- 6.3 Company Profiles
 - 6.3.1 Enviva Partners LP
 - 6.3.2 AS Graanul Invest
 - 6.3.3 Drax Group PLC
 - 6.3.4 Fram Renewable Fuels LLC
 - 6.3.5 Segezha Group JSC
 - 6.3.6 Lignetics Inc.
 - 6.3.7 Biopower Sustainable Energy Corp.

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6.3.8 Asia Biomass Public Company Limited

6.3.9 PT South Pacific

6.4 Market Ranking/Share Analysis

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

7.1 Thermal Upgradation of Wood Pellets Due to Technological Development

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