

## PELLET INFO-NOTE # 1

### ADVANTAGES OF HEATING WITH PELLETS IN ATLANTIC CANADA

Choosing to heat your home or business with wood pellets offers many advantages to users. Firstly, pellet heating is very competitive, especially with heating oil. In general terms, one can expect that heating with pellets purchased in bulk will be about half the cost of heating with heating oil. The actual savings vary with the price of oil which tends to be very volatile.

In contrast, the price of pellets is relatively stable. In Atlantic Canada, pellet production capacity has risen steadily. Nominal capacity is at about 450,000 tonnes per annum. Domestic consumption in the Atlantic is about 45,000 tonnes per annum, but it is growing steadily.



Most of the pellets produced in this region are exported to Europe to countries such as Holland, Belgium and Sweden where there are significant incentives to switch to green fuels. (The total annual consumption of pellets in Europe is now about 11 million tonnes and is projected to rise to 15 million tonnes by 2015.)

New pellet plants are being constructed every year. Thus our pellet supply in Atlantic Canada far exceeds our domestic consumption. Pellets are made from mill waste (shavings and sawdust) and increasingly from low-grade roundwood which is readily available throughout the region. We will never run out of pellets in Atlantic Canada and there is no reason that pellet costs should rise dramatically as oil prices escalate.

### Significant Savings with Burning Pellets

For people purchasing pellets *in bulk* for use in high efficiency, central heating pellet boilers and furnaces, the savings can be substantial compared to heating oil.

A simple way to compare the relative value of pellets with heating oil is to compare the cost of a tonne of pellets with the volume and value of the heating oil that a tonne of pellets will displace.

A tonne of pellets displaces about 490 litres of heating oil when burned in an efficient pellet boiler or furnace. Bulk pellets can be purchased in Atlantic Canada at a delivered cost of about \$230.00 per tonne. (The delivered price will vary depending on your distance from a pellet mill.)

The savings with pellets can be calculated as follows:

Pellets = \$230.00/t = 490 litres of heating oil

Pellets = \$230.00/t = 490 x cost per litre of heating oil

Pellets = \$230.00/t = 490 x .1.00 per litre = \$490.00 (value - oil displaced)

Savings = \$260.00 per tonne of pellets used (\$490.00 - \$230.00 = \$260.00)

Note: A large home in our region might use 6 tonnes of pellets per year.

(Annual Savings therefore = \$260.00 x 6 = \$1,560.00/a with oil at 1.00 per litre)

**Savings With Bulk Pellets** - At \$1.00 per litre for heating oil, bulk pellets are about 47% of the price of oil. Thus, the savings with bulk pellets are significant for homeowners and businesses.

## A Key Factor in Choosing Pellets

In considering the purchase of a pellet heating system, the *most important factor* is not what the price of fossil energy is at a given point in time, but rather what you think the *trend-line is in fossil energy prices*. A state-of-the-art pellet heating system is a long-term investment. It will provide all your heating and domestic hot water needs for perhaps twenty years or more.

Oil is a volatile commodity that goes up and down dramatically with political events and the state of the world economy. World daily oil consumption is continuing to grow and the trend for oil prices is upward as the GDP (gross domestic product) and energy consumption of newly industrialized countries such as China, India and Brazil steadily rises.

People choosing pellets do not need to concern themselves with these events. Wood pellets produced in Atlantic Canada offer price stability and peace of mind in a turbulent world.

## Other Benefits of Heating with Pellets

Wood pellets are also Atlantic Canada's green energy choice. Pellets burn cleanly with extremely low emissions and biofuels are considered to be carbon neutral. The CO<sub>2</sub> released from burning pellets is the same as if the tree died and rotted where it grew. In time, new trees will absorb that CO<sub>2</sub> anew. Therefore, burning pellets does not contribute to global warming.

The only fossil fuel component in pellets is the diesel fuel used to harvest and transport wood to the plant and to deliver the finished pellets. Many people will be surprised to learn that this constitutes only about 3-4% of the energy value of the pellets. The electricity needed to run the pellet plant constitutes roughly an additional 2% of the energy value of the pellets. This electricity comes from renewable sources in many provinces of Canada.

The heat used to dry wet pellet feed-stocks such as sawdust and woodchips can constitute up to 20% of the energy value of the pellets, but this typically is accomplished by the burning of low-grade biomass such as bark or green sawdust so drying does not add to the fossil fuel content in pellets. Dry feed-stocks such as shavings need little additional drying.

There are many environmental impacts to the production and use of petroleum products. There can be upstream environmental impacts such as the recent catastrophic BP well blowout in the Gulf of Mexico as well as the normal flaring of by-products and the refining of oil. Domestic heating oil spills are harmful to drinking water and extremely expensive to clean up.

Conversely, pellets are a very safe product to transport, store and use. If a pellet delivery truck were to tip over on the highway, the greatest environmental danger would come not from the spilled pellets, but rather from the fuel oil used to power the truck. (Pellets are actually very effective for absorbing spilled oil.)

The production and delivery of wood pellets is quite labour intensive. Pellet production has created hundreds of new jobs in Atlantic Canada and that is very good for the economy of our rural communities. Pellet production also strengthens private woodlot, commercial forestry and sawmill enterprises throughout the region.

Choosing pellets to heat our homes and businesses in Atlantic Canada is a win win for us all.



***Go Green - Go Pellets Canada!!***

For additional info contact **Go Pellets Canada** at: **1 866 742-4256** [www.gopelletscanada.ca](http://www.gopelletscanada.ca)

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**Go Pellets Canada** is an initiative of the **Canadian Bioenergy Association**