



Pellet production vs distribution, and full customer service (ESCO model)

Project partners



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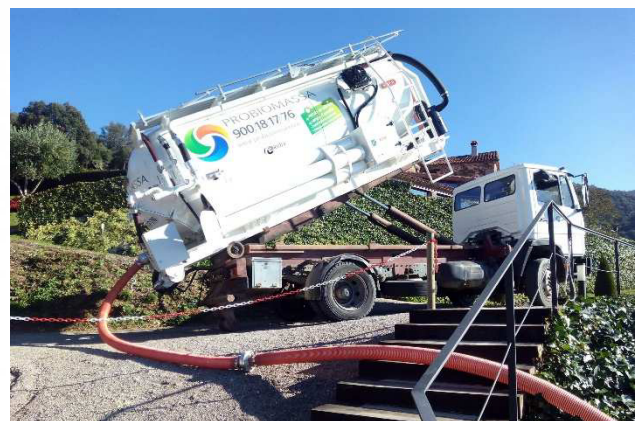
<http://www.probiomassa.com>

Pilot project concept

The goal of this pilot project was to scale up their current pellet distribution business, in both ways of the bioenergy supply chain:

- Upstream: by opening either a pellet/woodchip manufacturing line or diversifying the pellet/woodchip wholesale supplier's portfolio. In either case, wood would be sourced from local forests where arrangements with forest owners have been reached.
- Downstream: by selling boilers and stoves together with pellets and woodchips, or even by selling final energy (heat, electricity) under an ESCO scheme

The pilot project is based in the PROBIOMASSA logistic facilities located in the town of Caldes de Montbui, at about 20km from Barcelona. Pellet clients are distributed among the counties of Bages, Vallès Oriental and Vallès Occidental, and pellets are supplied in bulk (with a pneumatic, adapted truck that can fill the final client tank), in big bags (up to 1000kg) or in small bags (15 kg).



The key aspect to analyse was the viability of a pellet manufacturing plant, and the financing options that could make it possible.

Partners

Probiomassa is part of the Electra Caldense (l'Electra) group, led by a utility company located in the Vallès region, with headquarters in Caldes de Montbui. The company is dedicated to the design, construction and operation of energy infrastructures and has 101 years of history. The utility supplies electricity to 14,000 clients. The business maturation drove to diversify its energy sources and nowadays complements electricity supply with gas and solid biomass supply.

SecureChain Project Partner



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Nowadays Electra Caldense also operates as an Energy Service Company (ESCO); Electra facilitates the upfront investment, the O&M and supplies the fuel to the client that gets all he needs solved without assuming an initial investment and just compromising a recurrent affordable fee.

Probiomassa was founded in 2012 and currently has 3 employees, with a turnover of about € 200,000 and biomass sales of 1200Tn per year.

Activities

The evolution of this project primarily depended on the decision to be adopted with respect to installing an own pellet manufacturing plant vs scaling up the pellet wholesale procurement operations.

Results

The project partners developed an operational costs model that has been key to characterise the minimum level of biomass sales that would be needed to make the pellet manufacturing plant viable; after several months of sales growth monitoring, PROBIOMASSA could conclude that such minimum levels could not be reached in the medium term, and hence the construction of the plant was discarded.

The project then focused on diversifying the pellet wholesale suppliers' portfolio, with emphasis on local (small) manufacturers with limited distribution capacity. As a result, a new pellet distribution hub business model has been initiated by which several pellet brands are commercialised by the PROBIOMASSA sales network. The company has also increased its wood chip sales by optimising and scaling up its distribution vehicle fleet.

And this strategy has proved to be extremely convenient, because it enabled PROBIOMASSA to withstand one large pellet manufacturer bankruptcy that took place right in the middle of this last winter campaign.

In parallel, the project has strengthened the company's sales by securing new industrial customers, such as a woodchip supply contract signed in 2017 with the Termosolar Borges power plant, as well as a strategic partnership alliance with one of the largest Catalan Engineering and Civil Works firm.

The constitution of the Biomass Cluster of Catalonia and its active role awarded to Probiomassa as member of the board since 2016 is considered of great value to enhance the company visibility, networking and regulatory outreach in the coming years.

Probiomassa was the company that received the most business meeting requests at the SecureChain B2B side event held at the Catalan Biomass Fair in February 2017.

Follow-up

The company aims to continue its techno-economic operational optimisation by engaging in medium to large ESCO projects (such as district heating and cooling networks).

More information: www.securechain.eu