The pallet industry has a great financial and environmental story to tell which is not being told. In this era of rising and unstable energy costs, insecure energy supply, jobs going overseas and growing concern over greenhouse gas emissions, everyone in the pallet industry should be asking, “Why isn’t wood fuel finding more traction in the market place?”

Wood fuel prices per delivered British Thermal Unit (BTU) are often less than 50 percent of fossil fuel cost and these prices have been remarkably stable over the last 20 years. In addition, wood fuel is locally available, creates jobs associated with harvesting, transporting and maintenance, and is considered “greenhouse gas neutral” by the international environmental community.

Dry wood residue (10 percent moisture content) valued at $35/ton will produce 1 million BTU for about $3.27. Green wood residue valued at $25 a ton will produce 1 million BTU for about $3.24. In areas of the country where the fossil fuel cost is $9.00/million BTU, the BTU in a ton of green wood are worth over $70/ton and a ton of dry wood is worth over $97/ton. Clearly any company which has wood residue can generate significant energy savings by burning this residue for heat in the winter.

If your business generates wood residue and you are not burning wood for BTU production, think about what is stopping you. Chances are your concerns fall into four areas: labor requirements, safety concerns, regulatory fears and/or insurance barriers.

There is no question that heat production from wood increases labor requirements over fossil fuel, but the overall savings can still be dramatic. Ask any company that is burning wood about the cost effectiveness of energy savings and you are sure to hear, “I honestly do not know why more people are not using wood residue as fuel.”

A major misconception is that burning wood in a wood-based facility presents serious safety issues. As with any piece of capital equipment brought into a plant, sound business practices make it essential to do your homework.
when selecting a combustion system. There are federal regulations monitoring safety and emissions control. Wood energy users must be diligent to ensure they are purchasing a system from a company that knows wood energy has a proven record in the marketplace and complies with the necessary Underwriters Laboratories or Environmental Protection Agency standards. When an efficient, low emission furnace burns wood, it not only keeps emissions down but it also recycles the wood’s carbon with greenhouse gas-free burning, therefore contributing to the natural carbon cycle.

Lack of understanding in wood energy’s safety record is sometimes evident by an insurance company’s occasional resistance to insure. As small individual agents or agencies have not been sufficiently exposed to wood burning, often their first reaction can be to resist its use. Again, education on an individual furnace company’s performance history and safety record permits insurance companies to insure the plant. This issue, like all perceptual barriers to using wood for fuel, will be minimized as more companies in wood industries increasingly convert to wood fuel.

The benefits of using wood for BTU production extend beyond the plant lowering their energy costs. Using wood locally for BTU production creates jobs and keeps dollars in the local community. In addition, whole communities are more secure when their local industry becomes more cost competitive and energy self-sufficient.

Current government policy promotes centralized electric generating stations and liquid fuels, and traditional energy project developers are attracted to these larger scaled, centralized plants to cover overhead.

These larger plants are not necessarily good for the pallet industry as fuel suppliers must compete for a limited market. Many smaller, local fuel markets are better for the industry because they minimize trucking costs so more of the profit stays in the pallet industry where it belongs. In addition, multiple smaller markets create competition and do not let any one plant dictate the market price. Finally, these smaller local plants keep profits and jobs in the local community and strengthen local economies.

The wood energy industry, which develops these moderate scale projects, would not exist if companies with wood residue did not see opportunities to use this material for BTU production. In essence, this moderate scale wood BTU production starts with the wood supply and will only become more visible, and gain more traction in the marketplace, with the help of the pallet industry and other industries producing wood residue.

The moderate scale wood energy industries encourage any company with wood residue to re-examine the opportunity to produce their own BTUs with their wood residue and then to look for local opportunities to use this material as fuel. As more connections are made between available wood and demand for BTUs, pallet companies’ bottom line will improve, the regional fuel supply will become stable and secure, their local economy will improve and they can feel good about helping to reduce greenhouse gas emissions.

In short, the invisible market for wood residue will become very visible.

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