



FutureMetrics™ LLC

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Advanced Biomass Upgrading Solutions for Decarbonizing Hard to Abate Sectors

➤ **Producing High Carbon Content Feedstocks**

As an input to SAF production and iron ore refining

➤ **Producing Coal Substitution Solid Fuel**

For heat and power generation

***Overview of “Black” Pellets and the Process Characteristics
of Torrefied and Steam Treated Pellet Fuels***

Cost analysis normalized for energy output

Financial analysis, including sensitivity to changes in critical inputs

Conclusions on suitability and economic competitiveness

Produced by

FutureMetrics



Acknowledgments and Disclaimers

This report would not be possible without the cooperation of the black pellet technology providers reviewed herein.

Airex, Andritz, Arbaflame, E3Carbon, TSI, Valmet, and Yilkins provided FutureMetrics with information and updates that enabled us to conduct our analysis and develop the opinions included in this report. The selection of participants for the more detailed analysis is based on their proven market presence and willingness to share data on their technology. We also include interesting technology case studies of E3Carbon, FICAP, and Rainbow Pellet.

Any reference to CAPEX for the respective installations is a high-level estimate by FutureMetrics, based on input from the participants and centered within the range of potential values. The reference capital expenditure (CAPEX) for a white pellet plant is calculated based on the real CAPEX costs of other projects of comparable size, with adjustments made for inflation. CAPEX for an individual project can vary significantly depending on specific scenarios. The stated CAPEX does not constitute offers from the technology providers. Each individual project needs to be calculated on its own merit. Throughout the report, the currency is US dollars unless otherwise specified.

The analysis in this report is by FutureMetrics and is based on normalized assumptions as outlined in the “General Assumptions for all Provider Sections” section.

FutureMetrics does not endorse any particular technology provider or project developer. Many other black pellet technology providers are not covered in this report. Their absence does not imply that those technologies or providers are inferior.

The opinions in this report are those of FutureMetrics.

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**Note that all text referring to figures and tables are hyperlinks
that when clicked take the reader to their locations in the document.**



Table of Contents

Acknowledgments and Disclaimers.....	2
List of Figures and Tables	8
Glossary	12
Prolog	14
<i>Sustainable Aviation Fuel</i>	<i>14</i>
<i>Power Generation</i>	<i>15</i>
Executive summary.....	19
General Assumptions for all Provider Sections	21
General Discussion of Torrefaction	23
<i>What is Torrefaction?.....</i>	<i>23</i>
<i>Torrefaction Commonalities.....</i>	<i>24</i>
<i>The SAF Markets.....</i>	<i>25</i>
<i>Converting Woody Biomass to SAF</i>	<i>26</i>
<i>Dashboard – Torrefied Pellets to SAF.....</i>	<i>29</i>
<i>Black Pellets are a Pathway to Support the Expected Demand for SAF</i>	<i>31</i>
<i>Why torrefaction?</i>	<i>34</i>
<i>Challenges with Torrefaction</i>	<i>39</i>
<i>Mitigation Strategies for Self-heating of Torrefied Pellets.....</i>	<i>40</i>
<i>General Economic Drivers</i>	<i>41</i>
<i>A Look at Torrefaction After Pelletization (TAP).....</i>	<i>41</i>
General Discussion of Steam Explosion.....	42
<i>What is Steam Explosion?</i>	<i>42</i>
<i>Why SE?.....</i>	<i>46</i>
Comparison of SE and Torrefaction.....	47
A Look at Proven Technology Providers	51
<i>Airex Energy – CarbonFX</i>	<i>51</i>
Product and Service Description.....	51
Process Description.....	51



FutureMetrics™ LLC

8 Airport Road
Bethel, ME 04217, USA

Economics of the Airex Energy-CarbonFX process	56
CAPEX.....	57
OPEX.....	58
Sensitivity of IRR to variables.....	61
Sensitivity Tables.....	62
Comments and Conclusions.....	63
<i>Andritz</i>	65
Products and services description	65
<i>Andritz Torrefaction</i>	66
Process Description.....	67
<i>Economics of the Andritz Torrefaction Process</i>	71
CAPEX.....	71
OPEX.....	72
Sensitivity of IRR to Variables	76
Sensitivity Tables.....	77
Comments and Conclusions.....	78
<i>Andritz Steam Explosion</i>	78
Distinctive Features	81
<i>Economics of the Andritz SE Process</i>	84
CAPEX.....	84
OPEX.....	85
IRR Sensitivity to Variables.....	89
Sensitivity Tables.....	90
Comments and Conclusions.....	91
<i>Arbafame</i>	93
Arbafame Product and Service Description	93
Arbafame Process Description.....	94
Economics of the Arbafame Process.....	95
CAPEX.....	95
OPEX.....	95
IRR Sensitivity to Variables.....	99
Sensitivity Tables.....	100
Comments and Conclusions.....	101
<i>TSI</i>	103
Product and Service Description.....	103
Process Description.....	104
Economics of the TSI Process.....	108
CAPEX.....	108
OPEX.....	110
Sensitivity of IRR to Variables	114
Sensitivity Tables.....	115
Comments and Conclusions.....	116
<i>Valmet</i>	118



FutureMetrics™ LLC

8 Airport Road
Bethel, ME 04217, USA

Product and service description	118
Process Description	121
Economics of the Valmet Continuous SE Process	123
CAPEX	124
OPEX	125
Sensitivity of IRR to Variables	129
Sensitivity Tables	130
Comments and Conclusions	131
<i>Yilkins</i>	132
Product and Service Description	132
Process Description	132
Economics of the Yilkins Torrefaction Process	135
CAPEX	135
OPEX	137
Sensitivity of IRR to Variables	140
Sensitivity Tables	141
Comments and Conclusions	142
Case Study – FICAP – Steam Exploded Pellets at Industrial Scale	144
<i>Technology</i>	144
<i>Comments and Conclusions</i>	146
Case Study - E3 Carbon – Focused on TAP	147
<i>Technology</i>	147
<i>Comments and Conclusions</i>	149
Case Study – Rainbow Pellet EFB Project – A Proven Supplier of White Pellets Explores the Production of Black Pellets	151
A Pathway to Support the Expected Demand for Sustainable Aviation Fuel (SAF)	152
<i>The SAF Markets</i>	152
<i>Converting Woody Biomass to SAF</i>	153
<i>Dashboard – Torrefied Pellets to SAF</i>	156
<i>Black Pellets are a Pathway to Support the Expected Demand for SAF</i>	158
Biogenic Carbon for Steel making	160
<i>Background</i>	160
<i>Some Basics on Carbon Sensitivity of Steel Making</i>	160
<i>Carbon and Basic Oxidizing Furnace</i>	163
<i>Carbon use in Electric Arc Furnaces</i>	164
<i>Strategy to Introduce Biocarbon to Steel Making</i>	165



FutureMetrics™ LLC

8 Airport Road
Bethel, ME 04217, USA

Logistics.....	165
Technical and Economic Opportunities and Challenges.....	166
<i>Economic Challenge – A Price on Carbon is Needed.....</i>	<i>166</i>
<i>Comments and Conclusions.....</i>	<i>171</i>
Upgrading Undervalued Feedstocks.....	173
Chemical Oxygen Demand of Leachate from Outdoor Storage of Black Pellets.....	178
<i>Glossary.....</i>	<i>178</i>
<i>1 Introduction.....</i>	<i>179</i>
1.1 New Research and Analysis	180
1.2 Output.....	180
<i>2 The Challenge and the Scope of this Report.....</i>	<i>181</i>
2.1 Scope of the Report	181
2.2 Definitions.....	181
<i>3 Characteristics of the different thermal treatments</i>	<i>182</i>
3.1 Steam-Exploded Pellets (SE)	182
3.2 Torrefied Pellets (TBP)	182
3.3 Torrefaction After Pelletization (TAP).....	183
3.4 Hot Water Treated Pellets	183
3.5 Drivers for COD	184
3.6 COD produced by our samples	184
3.7 Pellet leachates, pellets, and coarse filters after 24h of agitated leaching	187
<i>4 Composition of COD in Pellet Runoff.....</i>	<i>188</i>
<i>5 COD Release Behavior</i>	<i>191</i>
5.1 Laboratory Leaching Tests	191
5.2 Release Mechanisms.....	192
5.3 Release tests on SE, TBP, and TAP material	195
5.3.6 Mobilization	201
<i>6 Site Conditions Affecting Runoff.....</i>	<i>205</i>
6.1 Influence of Environmental Conditions	205
6.2 Pile Design.....	205
6.3 Pile Management Practices.....	206
<i>7 Runoff Model.....</i>	<i>207</i>
7.1 Water Balance.....	207
7.2 COD Load Calculation.....	207
7.3 Graphical presentation COD and runoff profiles of our hypothetical example.....	213
<i>8 Regulatory Requirements and Directions.....</i>	<i>218</i>
8.1 regional requirements	218
8.2 Special Considerations and Directions.....	218
<i>9 Treatment Technologies.....</i>	<i>219</i>



FutureMetrics™ LLC

8 Airport Road
Bethel, ME 04217, USA

9.1 Passive Solutions.....	219
9.2 Biological Treatment.....	219
9.3 Physico-Chemical Treatment	220
9.4 Combined Treatment Systems.....	221
10 Treatment Technology Comparison	222
10.1 Efficiency profiles by technology	223
10.2 Technology Suitability by Pellet Type	225
10.3 System-Level Efficiency Comparison.....	225
10.4 Solution options.....	225
11. Economic Assessment.....	226
11.1 CAPEX Estimation.....	226
11.1.1	226
Annual consumption.....	228
11.2 Inflation assumption	229
11. 3 Tech-specific notes	229
12. Recommended Scenario Evaluation Methodology of COD Issues	230
13 Summary and Conclusions.....	232
13.1 Pellets.....	232
13.2 Pile	233
13.3 Treatment methods	233
13.4 CAPEX/OPEX.....	234
13.5 Disclaimer	234
14 Bibliography for COD section.....	234
15 Acknowledgment.....	237
Conclusions and Summary – Black Pellets are Going Mainstream.....	237
Appendix - Self-Heating of Wood Pellets During Storage	239
Introduction.....	239
Propensity to Self-heat	240
Properties that influence the propensity of wood pellets to self-heat	243
Wood pellet moisture content, Storage Humidity and Water Exposure.....	244
Wood Pellet Age	245
Storage Temperature.....	245
Thermal runaway and Spontaneous combustion of Wood Pellets.....	246
Risks resulting from Self-heating.....	246
Specific Recommendations.....	247
Pellet Fuel Handling	247
Storage Protocols.....	248
Counter-measures – Prevention	248
Recommended Additional Physical Safeguards.....	248



Bibliography	250
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List of Figures and Tables

Figure 1: Basic torrefaction process flow.....	25
Figure 2: Mass loss by component and overall energy loss vs. Temperature	33
Figure 3: LHV increase vs Average Weight Loss by Wood species.....	34
Figure 4: LHV of Torrgas in MJ/Nm ³ vs. Temperature	37
Figure 5: Mass Loss and Carbon Retention vs. Temperature	38
Figure 6: Chemical pathways to Furfural and HMF.....	43
Figure 7: High level batch process flow for a 200 kt p.a. model based on Arbaflame	45
Figure 8: High-level continuous SE process flow diagram Valmet.....	46
Figure 9: Mass and Energy Yield vs. HHV for SE and TF	49
Figure 10: Mass/Energy Flow for a 164 t p.a. Airex Plant.....	53
Figure 11: High level Flow schematic of the Airex HT flow.....	55
Figure 12: CAPEX estimates for greenfield 164kt p.a. Airex Torrefaction Plant.....	57
Figure 13: Comparative Cost per GJ Energy for Airex Torrefied pellets	60
Figure 14: Particle size distribution Airex	63
Figure 15: Andritz High-Level Process Flow	67
Figure 16: High-level process flow and M/E balance for 60kt p.a. Torrefaction plant.....	68
Figure 17: CAPEX estimates for greenfield 168kt p.a. Andritz Torrefaction Plant.....	72
Figure 18: Comparative cost per GJ Energy for Andritz torrefied pellets.....	75
Figure 19: Generic Andritz SE process flow	78
Figure 20: Key elements of a vertical reactor assembly	80
Figure 21: Key elements of a horizontal reactor assembly.....	80
Figure 22: Andritz plug screw unit	81
Figure 23: Adjustable gap between housing and plug screw head	82
Figure 24: Plug screw housing and wear plates.....	83
Figure 25: Sectional view of the discharge module with impeller and one nozzle	83
Figure 26: CAPEX for a 174kt p.a. Andritz SE plant.....	84
Figure 27: Comparative Cost per GJ of energy	88
Figure 28: CAPEX estimates for a greenfield Arbaflame 177 kt p.a. SE plant.....	95
Figure 29: Comparative cost per GJ for Arbaflame SE pellets	98
Figure 30: Arbaflame 2022 daily output profile.....	101
Figure 31: Arbaflame 2023 daily output profile.....	102
Figure 32: Arbaflame 2024 daily output profile.....	102
Figure 33: TSI Scope of products for Dryer and for Torrefaction Islands	104
Figure 34: Process Flow schematic TSI.....	106
Figure 35: Mass Flow for low severity Torrefaction	106
Figure 36: CAPEX estimates for greenfield 164kt p.a. TSI Torrefaction Plant	109



FutureMetrics™ LLC

8 Airport Road
Bethel, ME 04217, USA

Figure 37: Comparative Cost per GJ Energy for TSI Pellets.....	113
Figure 38: Various degrees of torrefaction with the TSI CAT	116
Figure 39: Component architecture of the Valmet DNAe Distributed Control System.....	120
Figure 40: Valmet High Level Process Flow	121
Figure 41: Process Flow diagram and ME balance for the Valmet SE process	122
Figure 42: CAPEX for a 177kt p.a. Valmet SE plant	124
Figure 43: Process flow schematics Yilkins	134
Figure 44: SK45 Skid mounted torrefaction unit	135
Figure 45: CAPEX estimates for greenfield 171 kt p.a. Yilkins Torrefaction Plant	136
Figure 46: Comparative cost per GJ Energy for Yilkins torrefied pellets	139
Figure 47: Alternative Process Flows FICAP	145
Figure 48: Patented Louvered Drum reactor.....	148
Figure 49 - SAF Output vs Pellet Carbon Content	155
Figure 50 - Torrefied Pellets to SAF Dashboard	157
Figure 51 Stylized Schematic of the Mass and Energy Flows - Torrefied Pellets to SAF.....	159
Figure 52: Blast Furnace (BF) schematic	162
Figure 53: Basic Oxygen Furnace (BOF)	163
Figure 54: Basic Oxygen Furnace	164
Figure 55: EU ETS Carbon Pricing to Present	168
Figure 56: Carbon Taxes by Country - 2024	169
Figure 57: ArcelorMittal Ghent, Belgium Torero Project.....	171
Figure 58: Global CO ₂ Emissions from Iron and Steel Production	172
Figure 59: Undervalued feedstocks, Mineral content and HHV	173
Figure 60: Flow diagram excerpt from US Patent application 2018/0334629A1	176
Figure 61: COD Ranges and Averages from tested SE, TBP and TAP Pellets	185
Figure 62: Pictures of Leachates, Pellets and Filters.....	187
Figure 63: Measured COD in Leachate vs. Time	196
Figure 64: Post Replacement COD in Leachate vs. Time Intervals.....	197
Figure 65: Release Rate of COD vs. Time Interval.....	198
Figure 66: log(10) Release Rate of COD vs. Time Interval.....	199
Figure 67: Cumulative Release of COD per kg of Pellets.....	200
Figure 68: Mobilization of COD in four One Hour Intervals.....	203
Figure 69: Mobilization Coefficient.....	203
Figure 70: Monthly COD Release in kg by Pellet Category	213
Figure 71: COD released per kg wetted Pellets and Runoff Concentration.....	214
Figure 72: Pile Tonnage and Runoff Volume (Pile and Gross) by Month	214
Figure 73: Simulation - Annual Total COD in kg for our Example	215
Figure 74: Simulation - Contribution to Total COD.....	216
Figure 75: Simulation - September Precipitation Impact on Total Annual COD	217
Figure 76: Simulation - Total Annual COD with full Mix exposure and w./o. SE Pellets.....	217
Figure 77: Efficiency Profile of Treatment Technologies	223
Figure 78: Suitability Profile for Treatment Technologies	225



Figure 79: Cost Efficiency Profile of Treatment Technologies	225
Figure 80: Studstrup power station in Denmark.....	239
Figure 81: Self-heating and thermal runaway	243
Figure 82: Texas Pellets Silo Collapse	249

Table 1: Composition of torr gas vs temperature with LHV wet and dry	36
Table 2: Measures and Effects of Self-Heating- and Dust Prevention	40
Table 3: Water uptake of different pellet types after 24h immersion	42
Table 4: Yield of Hemicellulose Hydrolysis for Hardwood and Softwood	44
Table 5: High level process comparison SE vs TF	47
Table 6: Mechanisms and Effects of SE vs TF.....	48
Table 7: Properties of retained solids	48
Table 8: Labor rate estimates for Airex 164 kt p.a. Torrefaction Plant	58
Table 9: Labor and Skill Requirements for an Airex 164kt p.a. Torrefaction Plant.....	58
Table 10: Operating Cost for an Airex 164 t p.a. Torrefaction Plant w/ feedstock	59
Table 11:EBITDA Comparison for the same energy output Airex Torrefaction.....	60
Table 12: Baseline inputs for Sensitivity Analysis Airex	61
Table 13: Sensitivity Tables for Airex	62
Table 14: Labor rate for 168kt p.a Andritz Torrefaction Plant.....	73
Table 15: Labor and Skill requirements for Andritz 168 kt p.a. Torrefaction Plant	73
Table 16: Operating Cost for Andritz 168kt p.a. Torrefaction Plant w./feedstock.....	74
Table 17: EBITDA Comparison for the same Energy output Andritz Torrefaction.....	76
Table 18: Baseline Inputs for Sensibility Analysis of Andritz Torrefaction	76
Table 19: Sensitivity tables for Andritz Torrefaction	77
Table 20: Labor rate for a 174kt p.a. Andritz SE plant	85
Table 21: Labor and Skill requirements for a 174kt p.a. Andritz SE Plant	85
Table 22: Operating cost for 174kt p.a. Andritz SE plant.....	87
Table 23: EBITDA comparison for the same energy output Andritz SE	89
Table 24: Baseline for sensitivity analysis Andritz SE.....	89
Table 25: Sensitivity tables for Andritz SE, including furfural	90
Table 26: Labor rate estimates for a 177 kt p.a. Arbaflame SE plant	95
Table 27: Labor and skill requirements for a 177kt p.a. Arbaflame SE Plant	96
Table 28: Operating Cost for a 177 kt p.a. SE Arbaflame SE plant w./feedstock.....	97
Table 29: EBITDA Comparison for the same energy output Arbaflame	99
Table 30: Baseline inputs for sensitivity analysis Arbaflame	99
Table 31: Sensitivity table for Arbaflame SE pellets	100
Table 32: Mass Flows in TSI Reactor 164kt p.a	107
Table 33: TSI Torreactor® Heat Load 164 kt p.a.....	107
Table 34: Labor rate estimates for a TSI 164kt p.a. plant	110
Table 35: Labor and Skill Requirements for TSI 164kt p.a. Torrefaction Plant	110



FutureMetrics™ LLC

8 Airport Road
Bethel, ME 04217, USA

Table 36: Operating Cost for TSI 164 kt p.a. Torrefaction Plant w./feedstock	112
Table 37: EBITDA Comparison for the same energy output TSI	114
Table 38: Baseline Inputs for Sensitivity Analysis TSI	114
Table 39: Sensitivity tables TSI.....	115
Table 40: Labor Cost for the Valmet 177 kt p.a. SE plant	125
Table 41: Labor and Skill requirements for a 177kt p.a. Valmet Se plant	125
Table 42: OPEX for a 177ktb p.a. Valmet SE plant	126
Table 43: Comparative cost per GJ for Valmet SE plant	127
Table 44: EBITDA Comparison for the same energy output Valmet SE.....	127
Table 45: Baseline inputs for Sensitivity Analysis Valmet.....	129
Table 46: Sensitivity tables Valmet SE	130
Table 47: Labor rate estimates for Yilkins 171 kt p.a. Torrefaction Plant.....	137
Table 48: Labor and Skill Requirements for Yilkins 171kt p.a. Torrefaction Plant.....	137
Table 49: Operating Cost for Yilkins 171kt p.a. Torrefaction Plant w./feedstock	138
Table 50: EBITDA Comparison for the same Energy output Yilkins	139
Table 51: Baseline inputs for Sensitivity Analysis Yilkins	140
Table 52: Sensitivity Tables for Yilkins 171 kt p.a.	141
Table 53: Range of Product yields and Efficacies.....	142
Table 54: Carbon Balance for BF process with 30% and 100% Biomass PCI.....	161
Table 55: Heat Balance for 1 tonne of hot metal in a Blast Furnace	162
Table 56: Cost of High Carbon Output based on TAP and the Sale of Excess Torrefaction Gas.....	167
Table 57: Ash and Ionic contaminant reduction	174
Table 58: Runoff Properties and Release Behavior	184
Table 59: SUVA ₂₅₄ vs. Biodegradability.....	190
Table 60: SUVA ₂₅₄ from SE, TBP, and TAP samples	191
Table 61: COD Measurements as shown in Figure 3	197
Table 62: Post Replacement Measurements as shown in Figure 4	198
Table 63: Release Rate per L of Leachate vs. Time Interval.....	199
Table 64: Cumulative Release of COD vs. Time	201
Table 65: COD Release in mg/L Leachate per Interval.....	202
Table 66: Mobilization Coefficient per Interval	202
Table 67: COD Behavior and Runoff Risk by Pellet Type	204
Table 68: General Control Entries.....	209
Table 69: Input Table for COD and Runoff Calculation.....	209
Table 70: Pile Area, Runoff Profile, and exposed Pellet Masses by Month.....	210
Table 71: COD released and COD Concentration in Runoff.....	210
Table 72: Treatment Technology Comparison.....	223
Table 73: CAPEX Fractions for an SBR System	226
Table 74: Comparative Cost (2020) for different Basin Designs.....	227
Table 75: CAPEX/OPEX Estimates for a Treatment System for our Example	228
Equation 1: Heating value calculation	41



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Equation 2: Cumulative COD mass at step n	192
Equation 3: COD Release vs. time, fast Release and Higuchi Domain	193
Equation 4: Total COD Mass released from all Release Terms	194
Equation 5: Mass Fraction COD released at Interval i	195

Glossary

$\$/th$	$\$ \text{ of CAPEX per ton*hour}$
$\$/ty$	$\$ \text{ of CAPEX/t of annual capacity}$
5-HMF	5-Hydroxymethylfurfural
a.r	as received
ACFM	Actual Cubic Feet per Minute
BAC	Biologically Activated Carbon
BOD	Biological Oxygen Demand
BTU	British Thermal Unit
CAPEX	Capital expense
CCR Losses	Convection, Conduction and Radiative Losses
COD	Chemical Oxygen Demand
c_p	Heat capacity (kJ/kg*°K)
CV	Calorific value
ΔH	Enthalpy change
DNAe	Digital Networked Automation (Valmet)
EGSB	Expanded Granular Sludge Bed (anearobic)
EPC	Engineering, Procurement, Construction
EPS	Engineering, Procurement, Supervision
GHG	Green House Gasses (primarily CO ₂ and CH ₄)
GJ	Gigajoule
GOP	Gross Operating Profit = Revenue – Cost (OPEX). In this model, it includes feedstock cost, OPEX, Loan Amortization, and Transportation. No SG&A or taxes. No Tariffs.
h	hour
h_e	Enthalpy (kJ/kg)
HGI	Hardgrove Grindability Index
HHV	Higher heating Value
Kinuura	Pellet port in Japan near Nagoya
kW	Kilowatt
LHV	Lower Heating value
MBBR	Moving Bed Biofilm Reactor (aerobic)



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<i>MC% d.b.</i>	<i>Moisture content, dry base in % of dry matter</i>
<i>MC% w.b.</i>	<i>Moisture content, wet base in % of total matter</i>
<i>ME</i>	<i>Mass/Energy (Balance)</i>
<i>MJ</i>	<i>Megajoule</i>
<i>MPI</i>	<i>Moisture Penetration Index</i>
<i>MTTF</i>	<i>Mean Time To Failure</i>
<i>MTTR</i>	<i>Mean Time To Repair (or Maintain)</i>
<i>MW</i>	<i>Megawatt</i>
<i>MWh</i>	<i>Megawatt hours</i>
<i>o.d.</i>	<i>oven dry, 0% moisture content</i>
<i>°K</i>	<i>Degree Kelvin</i>
<i>OPEX</i>	<i>Operations expense</i>
<i>p.a.</i>	<i>per annum (per year)</i>
<i>PAC</i>	<i>Powdered Activated Carbon</i>
<i>PAT</i>	<i>Pelletization After Torrefaction</i>
<i>PCI</i>	<i>Pulverized Coal Injection</i>
<i>RAFT</i>	<i>Relative Air Flow Temperature</i>
<i>SAF</i>	<i>Sustainable Aviation Fuel</i>
<i>SCADA</i>	<i>Supervisory, Control And Data Acquisition</i>
<i>SE, STBP</i>	<i>Steam Explosion</i>
<i>SG&A</i>	<i>Sales, General & Administration</i>
<i>SPC</i>	<i>Statistical Process Control</i>
<i>STBP</i>	<i>Steam Treated Black Pellets</i>
<i>STBP</i>	<i>Steam Treated Black Pellets</i>
<i>t, tonne(s)</i>	<i>metric ton</i>
<i>TAP</i>	<i>Torrefaction After Pelletization</i>
<i>WIP</i>	<i>Work In Process (inventory)</i>
<i>WWTP</i>	<i>WasteWater Treatment plant</i>



Prolog

To meet their committed GHG emission targets, many countries have implemented policies that either phase out coal in power generation or impose penalties on CO₂ emissions to make switching from coal to renewable, bioresource-derived solid fuels more cost-effective.

The most common renewable energy sources, wind and solar PV, have a major limitation: they only generate power when the wind blows or the sun shines. In contrast, traditional power plants can be turned on or off based on demand.

Another opportunity to reduce carbon emissions lies in metallurgical technologies. In these, wind- or solar-generated hydrogen or electrical energy are fundamentally feasible as energy sources and reductants, but they are not yet economically viable. Converting biomass to high-carbon biochar appears to be a practical solution, as it would allow the use of already installed assets. This technology is still developing, as considerations for the use of upgraded biomass for power generation need to be factored in.

Sustainable Aviation Fuel

SAF is an energy dense hydrocarbon. Energy density is critical for aviation fuel. Aircraft that travel moderate distances or more will not be battery-electric driven. The energy density per kilogram of modern Li-ion batteries is about 0.25 kWh/kg. SAF is about 12.0 kWh/kg (nearly 50 times more energy per unit of weight). While battery efficiency per kg will likely improve in coming years, it is highly unlikely that we will see a 50x improvement! Furthermore, as SAF is consumed during flight, the aircraft gets lighter, resulting in lower fuel consumption per distance traveled. Batteries retain 100% of their weight from takeoff to landing¹.

By most accounts, SAF demand will grow from the current ~2-3 million metric tonnes per year to ~40 million tonnes per year in 2035 and, if net zero is to be reached for air travel by 2050, more than 300 million tonnes per year². The basis of the expected growth is government policies, carbon emissions regulations, airline net-zero commitments, and an evolution in consumer sensitivity to CO₂ pollution. A key characteristic supporting the growth of the use of SAF is that it is a “drop-in” replacement for fossil fuel derived aviation fuel.

The current supply of SAF is less than 1% of the global aviation fuel demand. Even if actual future demand is significantly less than the forecasts, there is a massive opportunity for growth.

¹ For example, a 3,000-mile flight would require about 30 tonnes of regular aviation fuel or SAF. Batteries with the same energy would weigh about 1,500 tonnes. That is about 5 times the maximum takeoff weight of a Boeing 787 and leaves no room for passengers or cargo.

² [S&P Global](#), [IATA](#)



Currently most SAF comes from used animal fats, used cooking oil, and waste with high lipids content that are converted via the HEFA process³. But those feedstocks are limited and cannot come close to satisfying the expected long-term demand.

The future supply of SAF will depend on biomass including the residues from the forest products industry⁴.

The optimal pathway for conversion of biomass to SAF is via the Fischer-Tropsch process. The higher the carbon content of the feedstock, the more efficient the conversion of feedstock to SAF is.

This report discusses the only pathway to high carbon content biomass: torrefaction. It includes a section on SAF.

Power Generation

Since conventional coal plants often have many years of economically useful life, power generators can offer a carbon-beneficial solution to the intermittency and variability of wind and solar energy by replacing coal with a solid fuel made from refined and upgraded renewable biomass. Biomass derived from forest residues (such as branches and parts of the harvest that are unsuitable for lumber or pulp), as well as sawmill residuals and specific agricultural residues, including empty fruit bunches (EFBs) that are by-product of the palm oil sector, are sources of feedstock for producing pellet fuel.

Research continues into EFBs and other bioresources, such as straw, grasses, bagasse, corn stover, and agricultural waste streams. While the inherent heating value would be sufficient, the mineral content of these biomass sources, especially alkali metals and chlorides, poses some challenges because of a lower ash melting point and potential increases in fouling, and corrosion of heat exchangers.

Since woody biomass is the simplest to use as a coal substitute, we will focus on it. An exception might be EFBs, which have attracted significant interest. Removing some alkali metals and chlorides could create a valuable opportunity to turn waste into a resource. The lower cost of the feedstock might balance the extra processing costs.

We base our analysis on the assumption that biomass is sourced strictly in line with sustainability criteria or is a byproduct of agricultural production. The key condition for sustainability is that the harvest/removal rate is lower than the regrowth rate. Under these conditions, ligno-cellulosic biomass is carbon-neutral when used as fuel or as a reductant for iron ore refining.

Using wood chips directly is generally impractical. Wood chips have a low volumetric energy density, which results in high transportation costs. They also act as a substrate for fungal growth and can biodegrade quickly, potentially causing self-heating when stored in piles. However, the primary issue is that wood chips

³ See [HERE](#) for a discussion of SAF production using the HEFA process.

⁴ For a discussion of how the forest products industry can provide a perpetual supply of sustainably sourced biomass, see this webinar by Dr. Strauss sponsored by the Advanced Woody Biomass Alliance on YouTube [HERE](#).



cannot be used in pulverized coal (PC) power boilers because coal grinders are not suitable for milling the chips. The solution is to use dried, densified, and finely milled wood fiber, usually in pellet form.

“White” pellets, which are dried, milled, and compressed wood fibers, have a significantly higher volumetric energy density than wood chips. The particles they consist of are small enough to allow co-firing with coal without costly modifications to the fuel delivery system, up to approximately 10-15%. They can also be used as a 100% substitute, but this requires modifications to the burners, fuel preparation, and conveyance systems, potentially leading to a derating of the power plant. White pellets can only be used in a pulverized coal injection burner if their particle size is already small. They cannot be ground finer than the particle size established by the hammer mills at the pellet production factory.

The biggest economic challenge of using white pellets is the need for dry storage, since the pellets fall apart and swell when exposed to water, making them unusable. If a power generator wants to use them, it must invest heavily in dry storage facilities. This is especially difficult for power plants with a lower capacity factor.

Fortunately, thermal treatment options that produce so-called “black” pellets provide water resistance, boost volumetric energy density even more, enhance durability during transport and handling, and influence the grindability of the product.

For some utility-scale pulverized coal (PC) power plants, black pellets might be the most cost-effective way to replace coal with a solid fuel that provides the benefits of carbon neutrality and works well with their fuel handling and combustion systems.

There are two fundamentally different industrial methods to enhance ligno-cellulosic fibers, making them water-resistant, grindable, and increasing their energy density.

- Torrefaction, which is a thermal treatment in an oxygen-depleted ambient
- High-pressure steam treatment, followed by rapid explosive decompression (often called “steam explosion” pellets, referred to in this report as SE). Other names for the same technology are:
 - STBP Steam Treated Black Pellets
 - Vapeur Craquage Steam Cracking
 - SE Steam Expanded

In the cases of thermochemical conversion and steam treatment, some of the woody biomass, mainly hemicellulose, breaks down and releases volatile reaction compounds. At the severity used to produce power generation pellets, torrefaction results in a loss of mass and energy, typically 25-30% in mass and 12-15% in energy. The lost energy in torrefaction is reclaimed from the torrefaction gases through combustion and used to dry the green feedstock.



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SE usually causes a 10-14% mass loss and a 5-8% energy loss, conserving more of the biomass's original energy content. The nature of SE's mass and energy loss is different from torrefaction; more condensable and marketable compounds are generated, such as furfural, 5-HMF, and acetic acid.

For both technologies, we model a severity limited to achieving water resistance and improved grindability.

This assumption does not apply to biomass upgrades for metallurgical purposes, SAF, soil improvement, or gasification. For these purposes, a higher severity level should be selected, which can produce up to 70-80+% fixed carbon.

This report will summarize and discuss the offerings of some industry-leading companies in these sectors. We will compare technical and economic parameters under comparable conditions. In all cases, the black pellet products are considered suitable as a direct coal replacement, requiring no dry storage and only modest modifications to the burner and pulverizer systems. We cover the COD (chemical oxygen demand) of runoff from pellets stored in the open in a special section of this report. This is an issue that cannot be ignored.

We expanded the report to discuss several options for using more severe levels of torrefaction/pyrolysis to obtain biomass-derived reductants for metallurgical purposes, including a cost estimate.

Both torrefaction and SE can produce upgraded pellets for power generation. As shown in the main body of this report, this FutureMetrics analysis finds that torrefaction's ability to create a product with higher carbon content than SE has unique value.

Highly torrefied or pyrolyzed biomass can replace part of the fossil carbon used as a reductant in the CO₂-intensive steelmaking process or serve as biochar in soil improvement or for SAF production for which high fixed carbon from torrefied/carbonized pellets is an advantage. The report also indicates that SE may offer a somewhat lower cost than torrefaction for producing a coal substitute for power generation. This is because SE involves co-generating marketable biochemicals, such as furfural or 5-HMF, which provide a decent net profit contribution. The byproducts of torrefaction are mostly used as fuel for drying the feedstock and at higher severities, energy for export.

We will discuss the continuous steam treatment process, like those offered by Valmet and Andritz, and compare that to the batch process, such as the one provided by Arbaflame.

We analyzed torrefaction solutions provided by Airex, Andritz, TSI, and Yilkins, including their offered services.

We offer comments on safety, process robustness, equipment capability, project management and operational and economic perspectives, thereby assisting in strategic decision-making.



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We only examined technologies that densify the product before pelletization to reduce transportation costs and potential throughput constraints of pulverizers. However, that limitation should not be the only consideration used to produce high-carbon-content reductants for the metallurgical industry.

Even for upgrading existing white pellet plants to black pellets, TAP (torrefaction after pelletization) may offer an alternative path and should not be disregarded. TAP also offers higher hydrophobicity of the product compared to PAT.

We examined the technologies from a high-level techno-economic perspective, including safety factors, operational considerations such as maintenance and equipment uptime, and the companies' likely ability to provide spare parts and services as needed worldwide and quickly.

Inputs from users of the analyzed technologies and providers were included when quantified data was available.

The comparisons are made with the same cost assumptions for feedstock, labor, external energy cost, and financing, but for different moisture contents (MC) of the end-products (based on the technology provider's input).

This report can help narrow the search, save time and money, select the most reliable technology, and reduce the risk of unexpected results.

Before approving and pursuing a black pellet plant project, it should be modeled with project-specific actual inputs and risk analyzed to make the best decision and set accurate expectations.

FutureMetrics is well-qualified to assist in specific project due diligence.

We provide guidance on the factors and process steps to consider when setting objective specifications for a project, finding a cost-effective solution, and managing the project to reduce change orders, prevent dead ends, and complete the project on time and within budget.

From an operational perspective, we suggest ways to maximize asset utilization by lengthening MTTF (Mean Time To Failure) and shortening MTTR (Mean Time To Repair). We emphasize the importance of having sufficient resources to operate safely and maintain good housekeeping.