



CASE STUDY 3

APPLING COUNTY PELLETS, LLC



When a person thinks of the term “biofuel”, ethanol and biodiesel are often the first such fuels to come to mind. This certainly comes as no surprise as these two liquid transportation fuels have received quite a bit of media attention in the wake of the President’s 2006 and 2007 State of the Union addresses. Each was mentioned as a way of alleviating the nation’s dependence on foreign oil. What might come as a surprise, however, is the wood pellet. Pellet stoves have been around for some time, but rarely does one think of wood pellets as a major biofuel. Nevertheless, the national and international markets for wood pellets continue to grow, notably the international market, and some US companies are beginning to tap into these markets.

Fram Renewable Fuels, LLC is one such US company. The name, Fram, means “forward” in Norwegian, and forward is exactly how the company views itself. Established in October 2005 with backing from a Norwegian shipping magnate, the company is lead by a trained forester and a veteran of US forest industry. Fram is dedicated to helping its customers

meet their renewable fuels obligations by producing products that lead to both electricity generation and the reduction of fossil fuel emissions. The company started producing



Appling County Pellets Plant

pellets at its first fully owned and operated subsidiary, Appling County Pellets, LLC in November 2007 and has plans for several additional pellet mills in the near future.

Appling County Pellets, LLC is located in Appling County, Georgia, within 90 miles of Georgia’s Atlantic ports of Brunswick and Savannah. The mill receives, sorts, grinds,

dries, compresses, and bags waste biomass into pelletized fuel. Its capacity is 280,000 short tons/year of raw material intake (i.e. saw dust, bark, whole tree chips, and logging debris) and 145,000 short tons/year of final product.



Pellets made from furniture residues

Two types of pellets are produced at the mill, premium and industrial. Premium pellets are made from clean hardwood and pine. Pellets must have an ash content of one percent or less to be classified as “premium”. Industrial or “standard” pellets are made primarily with hardwood and pine but also contain a small percentage of bark and other harvesting residues. Ash content for industrial pellets can be as high as three percent.

Start-up capital for Fram’s pellet mill has come largely from private investment but also includes \$19.5 million in loan guarantees provided through the USDA’s 2002 Farm Bill program for agricultural producers and small businesses to install renewable energy projects and to make energy efficient improvements. The loan agreement stipulates that Appling County Pellets will have to produce 130,000 metric tons of wood pellets to be sold in domestic as well as international markets. All in all, the facility cost about \$25 million to build.

According to Harold Arnold, vice president of Fram Renewable Fuels, “major markets will

be in Europe, where the pellets can be used to generate electricity, eliminating much of the fossil fuel emissions that contribute to global warming.” Appling County, Georgia was chosen, “because of the rich forestry resources, great community support and easy access to our markets through the Brunswick and Savannah ports.” The Kyoto Protocol is what drives the bulk market in Europe. European countries offer subsidies and tax breaks among other incentives for the use of renewable fuels. Markets include Sweden, Denmark, Netherlands, Germany, UK, Italy, Spain, and Japan. Fram currently has contracts with a Swedish utility and Danish distributor. They expect more contracts to come.

Fram hopes to tap into domestic markets as well someday, as this would reduce a lot of the costs incurred from having to transport the pellets overseas. Currently, however, very few such markets exist, especially in the South. Pellets are not widely used in the US, and without an agreement like the Kyoto Protocol, there is very little incentive to move towards the use of a biofuel like wood pellets. For now, though, Fram is making a go of it. Time will tell what the future brings for Fram and other such mills.