

Association Eyes 1.2 Million Tonne Pellet Production by End-2014

Bernama

10 March, 2014

By Harizah Hanim Mohamed and Nor Hayati Endan

KUALA LUMPUR, March 10 (Bernama) -- The Pellet Association of Malaysia (PAM), an agency that promotes local pellet producers to the international market, targets pellet production to hit 1.2 million tonnes by end-2014 with monthly production at 100,000 tonnes.

Pellets are an alternative solid fuel produced from empty fruit bunches, mesocarp fibres, palm kernel shells, palm fronds and trunks.

National Innovation Agency Malaysia Strategic Innovation Vice President Timothy Ong Wye Ern said the target is based on increasing demand from Asia especially South Korea, Japan and China.

"Countries like South Korea, Japan and China are currently in need of alternative sources to replace coal as a burning fuel for industries and we see pellets as a suitable substitute in line with their national green policy to reduce deforestation," he told Bernama.

In South Korea, the government's policies have created strong demand for bio-pellets and utility companies are actively seeking supplies for co-firing in their power plants.

The Korean government targets a 10 per cent renewable energy share in the country's overall energy mix by 2022, from just two per cent in 2012.

Meanwhile, Japanese power companies are evaluating new power plant options and investigating sources of quality biomass that will be required.

Currently 10 local companies are registered under the association, and some have already secured contracts with Korean and Chinese companies.

"The value of the contracts is between RM25 million to RM100 million. We estimate the total opportunity value to reach RM4.5 billion by 2020, creating more than 10,000 jobs for small and medium enterprises in logistics, handling and manufacturing.

"We have also seen interest from several European companies, but we are focusing on the Asian market primarily due to the logistical cost of transporting pellets," he said.

PAM was established by the National Innovation Agency Malaysia in June 2013 to create common industry practices and standards amongst pellet industry players.

-- BERNAMA

Copyright © 2014 BERNAMA

Source: <http://www.bernama.com/bernama/v7/newsindex.php?id=1020661>