



IEA Bioenergy
Technology Collaboration Programme

BiomassAuctions - an on-line platform for trading biomass

Case Story

IEA Bioenergy: Task 37: 02 2025

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Overview and background

BiomassAuctions is a provider of an online platform out of Denmark for trading of biomass directly between biomass suppliers and buyers. The online platform in English language can be found under this link: <https://biomassauctions.com/en/>

Most biomass traded via this platform is wood chips and straw for heat and power production, but the platform contains also various biomasses for biogas production. The objective is to make biomass available, directly match demand and supply and avoid additional cost to the benefit of both supplier and buyer.

The platform contains two main sections. One - BiomassAuctions Tender, which aims at buyers of biomass where they can make their bid. The other section, named Marketplace, is the site at which companies can market biomass and expose it for bids.

The targets and conditions of the platform can be summarized as follows:

- Direct trade between plants and manufacturers, no intermediaries
- Payment directly from buyer to supplier. Documentation for competitive prices.
- Better ability to plan consumption and delivery deadlines.
- Buyer can set a max price to protect against unacceptable bids and vice versa the seller can on the marketplace
- Payment of fees for using BiomassAuctions is only made after closing contract.
- Full anonymity with dynamic bid identification.

ADVANTAGES AND CHALLENGES

The aim of the platform is to create direct trade between provider and buyer of biomass in order to maximise profits for both parties.

However, there are strong stakeholders in the markets for biomass, who are not necessarily interested in making pricing and prices transparent. This makes biomass suppliers reluctant to offer their biomass on the platform, as they prefer to trade bilaterally and without documentation publicly available.

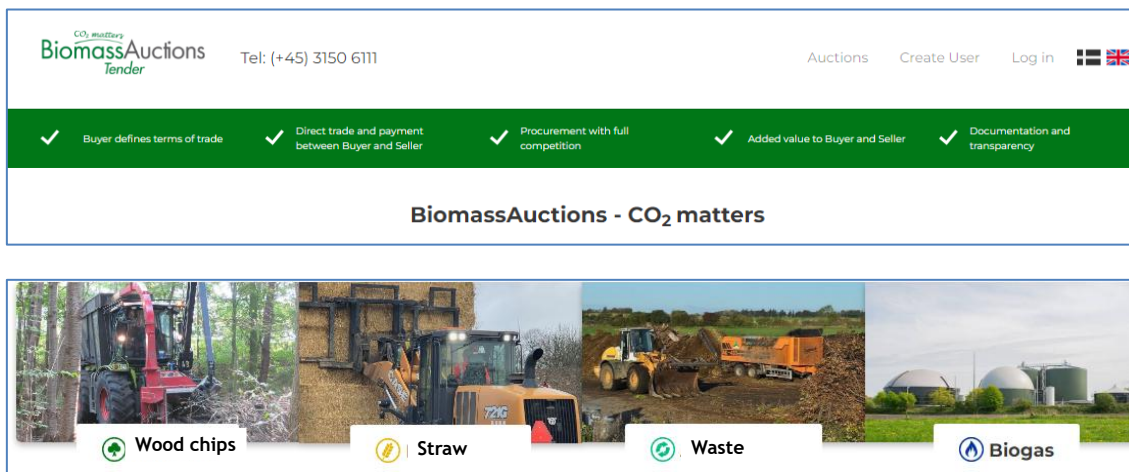


Figure 1: View of the website

Furthermore, buyers have a natural interest in knowing current or actual price levels, so several users tend to exploit the platform as “bird-watchers” when an auction is going on, so they can utilise the price insight as the starting point for bilateral trade with a biomass supplier, and thus negotiate a lower price. Recently prices were due to the war in Ukraine and a bad harvest (straw) in 2023 highly volatile. The operator of BiomassAuctions is convinced that transparency as it comes from the platform can help to minimise the doubt of buyers and sellers what the current pricing is and so reduce the risk of mispricing. BiomassAuctions facilitates direct trade approximately 100.000 tonnes of biomass on a year-round basis, until recently fifty-fifty share of wood chips and straw.

BiomassAuctions has recently turned increased attention to wastes for biogas production. The market for wastes suited for biogas production is characterised by a number of dealers, who are by definition not interested at all if increasing shares of wastes were to be marketed via the platform. On the other hand biogas plants would definitely be interested in buying from the platform if possible. Therefore BiomassAuctions has a lot of work ahead in convincing waste producers to market their waste via the platform. One option is to convince farmers to market their agricultural residues like straw, catch crops, sugar beet leaves, surplus grass etc. via the platform.

Finally it is the ambition for BiomassAuctions to enlarge its service internationally as well, Marketplace is prepared for an English version.

CONCLUSIONS:

BiomassAuctions is slowly but surely developing its services in Denmark, with the intention to go international. However, strong stakeholders in the market have limited incentive to support the initiative, as they prefer pricing to be untransparent, and thus prefer not to market via the platform and trade bilaterally instead. Buyers, on the other hand, like to know price levels, but still they seem to prefer to trade bilaterally. So, in spite of considerable success there are still challenges to overcome for BiomassAuctions.

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Further Information
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