

DEVELOPING PELLET PRODUCTION IN CENTRAL AND SOUTH AMERICA

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Zoom



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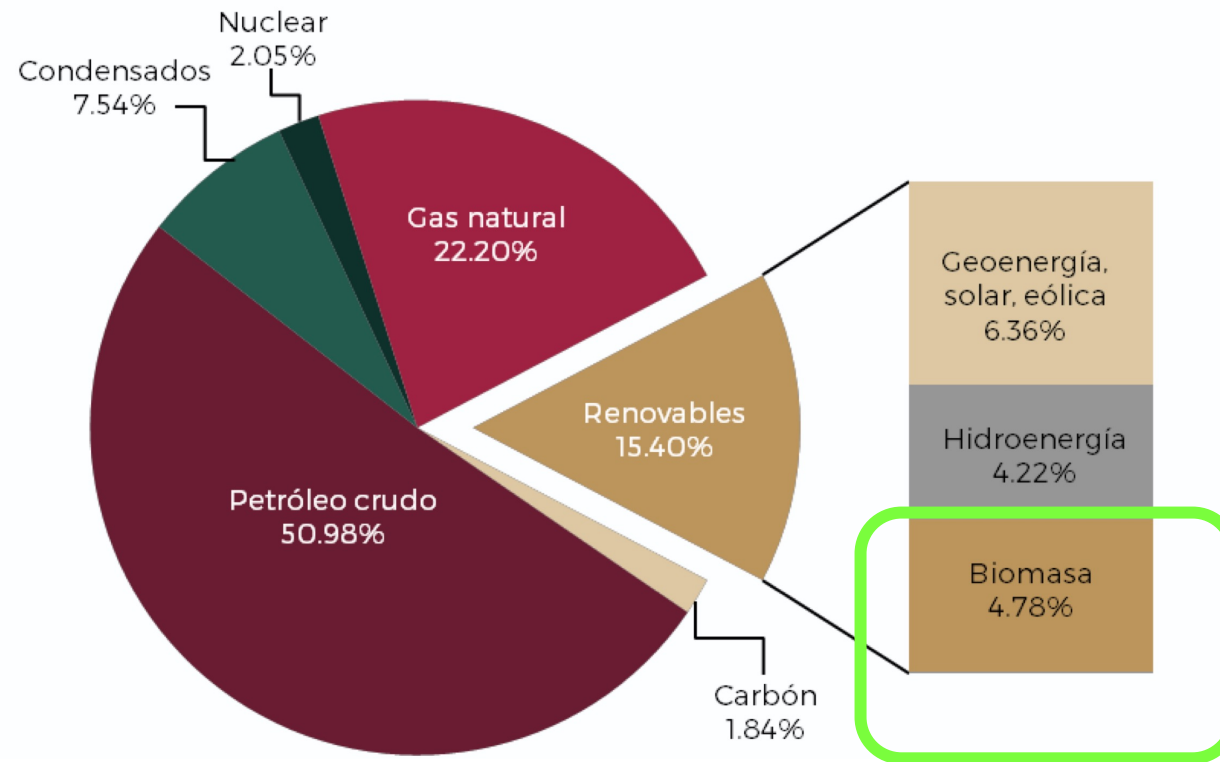
CONFIRMED SPEAKERS

BIOENERGY
2023



Primary energy production

FIGURA 3.1 ESTRUCTURA DE LA PRODUCCIÓN DE ENERGÍA PRIMARIA, 2022
(Petajoules)

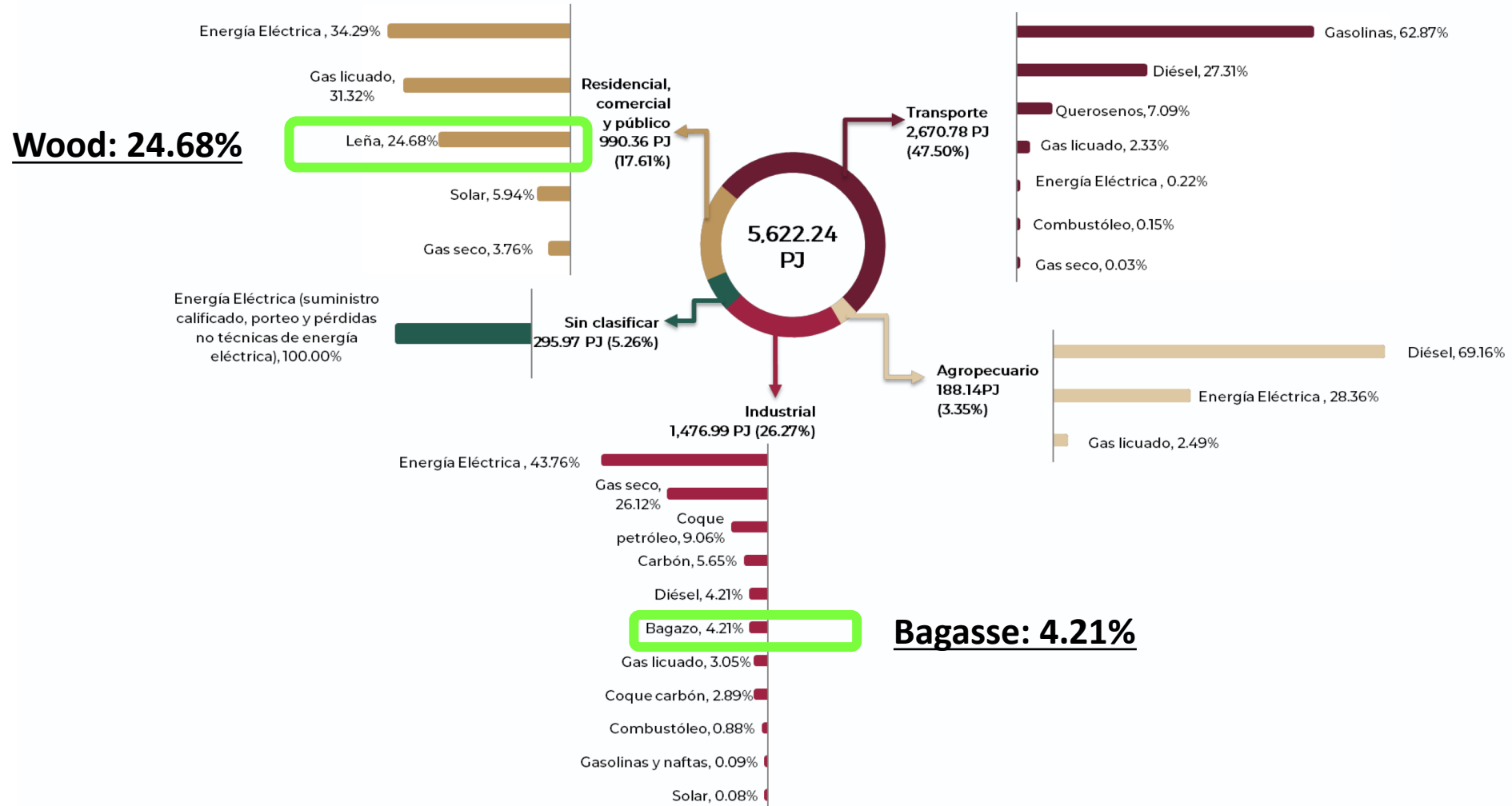


Biomass: 4.78%

Mexico: Overview

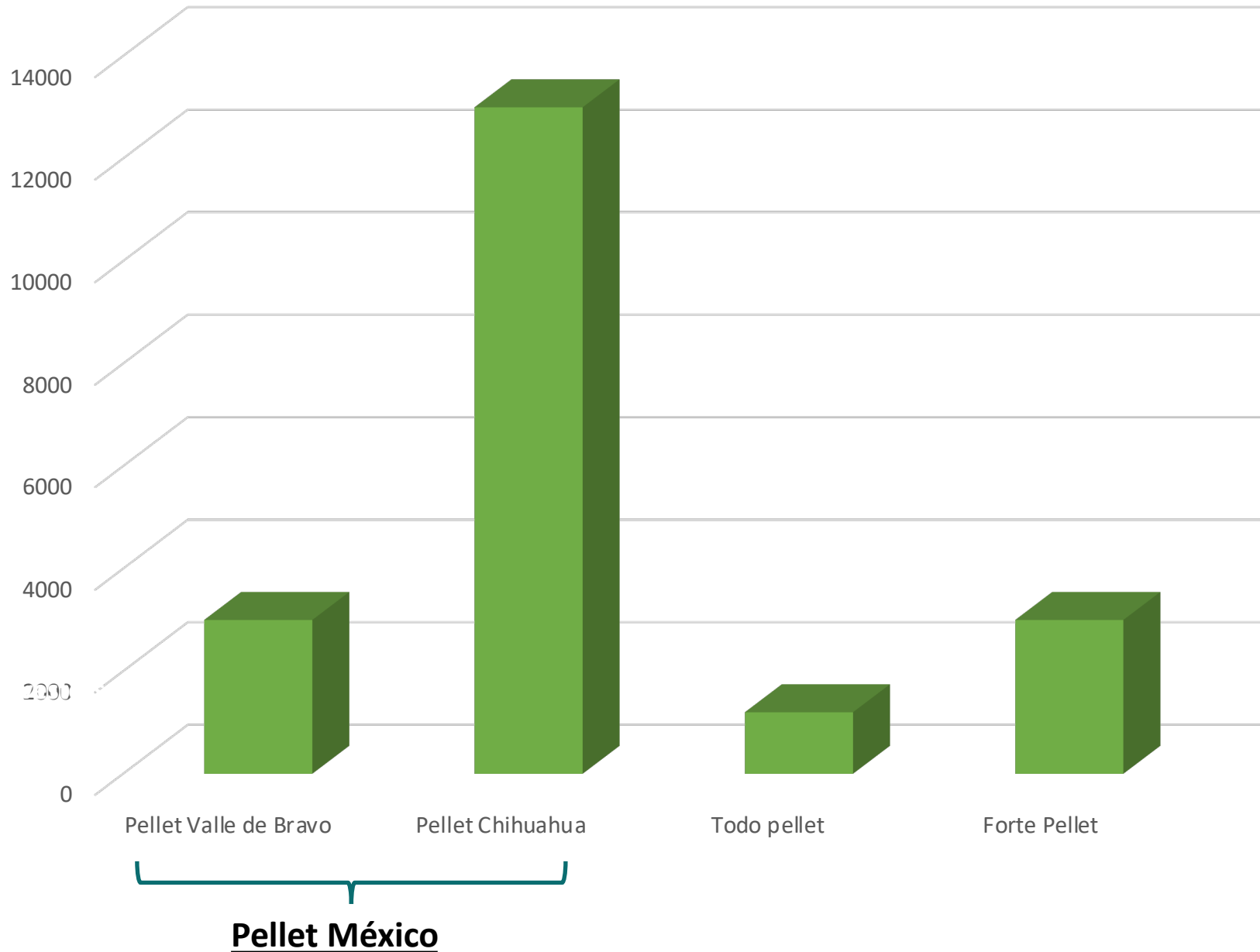
Final energy consumption by sector

FIGURA 3.8 CONSUMO FINAL ENERGÉTICO POR SECTOR Y ENERGÉTICO



Mexico: Overview

Pellet production (installed capacity tons/yr)

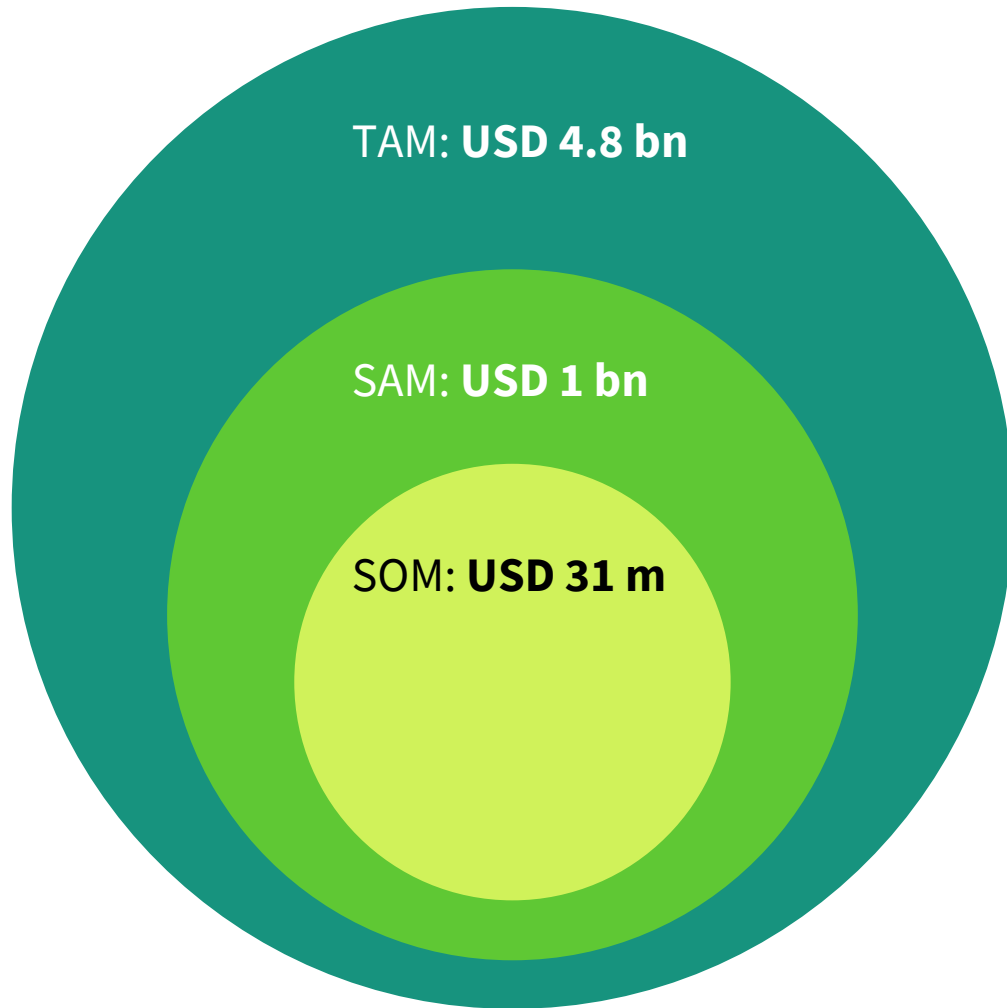


Projects Location



Marketplace

LP Gas and Diesel Replacement



Market Size

- **TAM**
 - Substitution of national consumption of LPG and diesel in the sectors:
 - Industrial
 - Hotelier
 - Domestic
 - **Volume:** 22 million tons of pellets per year
 - **Value:** \$4.8 billion
- **SAM**
 - Substitution of national consumption of LP gas and diesel in:
 - Industrial sector
 - **Volume:** 4 million tons of pellets per year
 - **Value:** \$1 billion
- **SOM**
 - 0.6% of TAM
 - Industrial sector
 - **Volume:** 146,000 tons of pellets per year
 - **Value:** \$31 million

Global Context and Momentum

Global Need | Local Potential | Pellet Mexico: First in the Marketplace



Climate change

- The transition to *net-zero* requires urgent efforts on as many fronts as possible:
 - Supply Chain
 - Production Processes
 - Power Generation
 - Circular Economy
 - Investment
 - Consumption habits
 - Net-Zero Public Policy



1,600 Petajoules

- Mexico's biomass energy potential



Pellet Mexico

- First company in the Mexican market on an industrial scale

Strategy



- **Build the complete value chain**
 - Develop the domestic market

Pellet Mexico

Waste to Energy

Pellet Mexico takes advantage of agricultural, forestry and organic waste to generate renewable energy.



The Problem

Waste and Unsustainability



Organic waste

- The processes of the industries:
 - Forestry
 - Agricultural
 - Food & Beverage
 - Other

They generate waste that could be put to good use: Circular Economy

Dependence on fossil fuels

- The demand for thermal and electrical energy is largely met by:
 - Coal, gas and hydrocarbons
 - Few clean sources to produce thermal energy

**Environmental Damage
High Costs**

Climate change

- High concentrations of gases in the atmosphere
 - Global Warming
 - Environmental degradation

**Ecological destruction
Damage to health
Unsustainability**

The Solution

A renewable energy source **that uses waste to produce energy in a sustainable way.**



Make the most of waste

- Utilizing the organic remnants of industrial processes



Replaces Fossil Fuels

- Making a renewable biofuel from waste



Savings on Energy Costs

- Meeting energy demand with savings vs. fossil fuels



Diversify the Energy Matrix

- Adding one more renewable source, in a country with great potential for biomass energy.

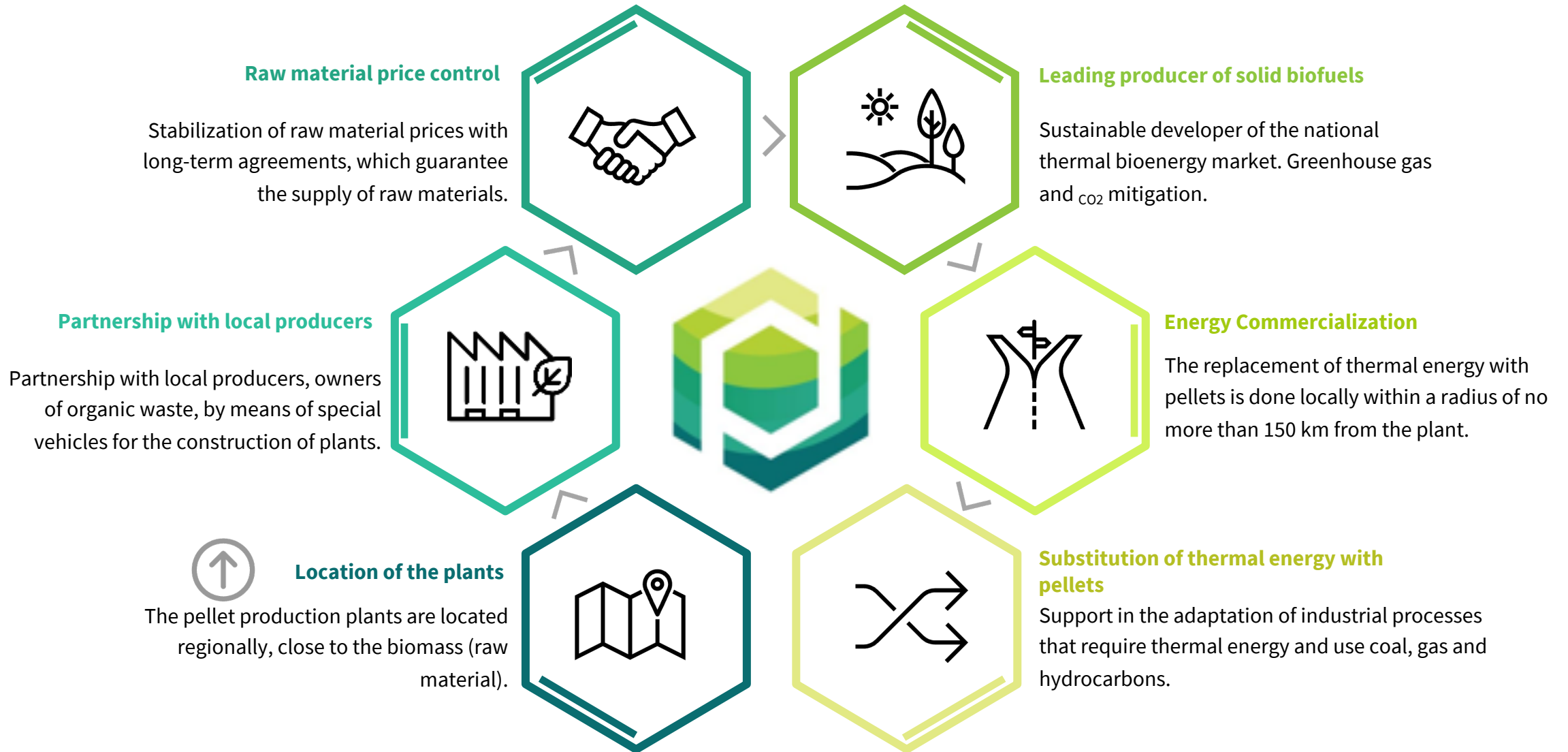


Emissions mitigation

- Reducing the greenhouse gases and CO_2 emitted into the atmosphere.

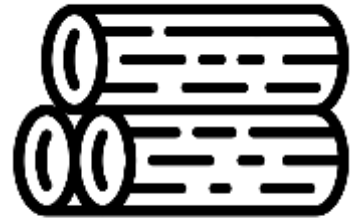
Business Strategy

Business Model



Business Strategy

Marketing chain



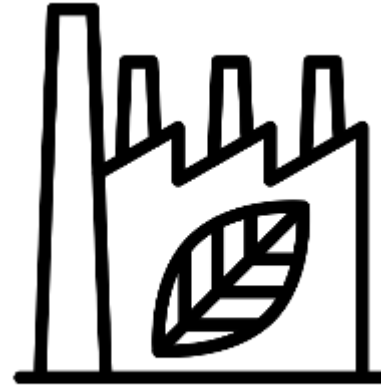
Waste generating
company
Pellet Mexico Partner



Other waste
generators



Sale of raw material
to Pellet Mexico



Sale of pellets to
the final customer

Pellet Mexico Strategy

▪ Sales (B2B)

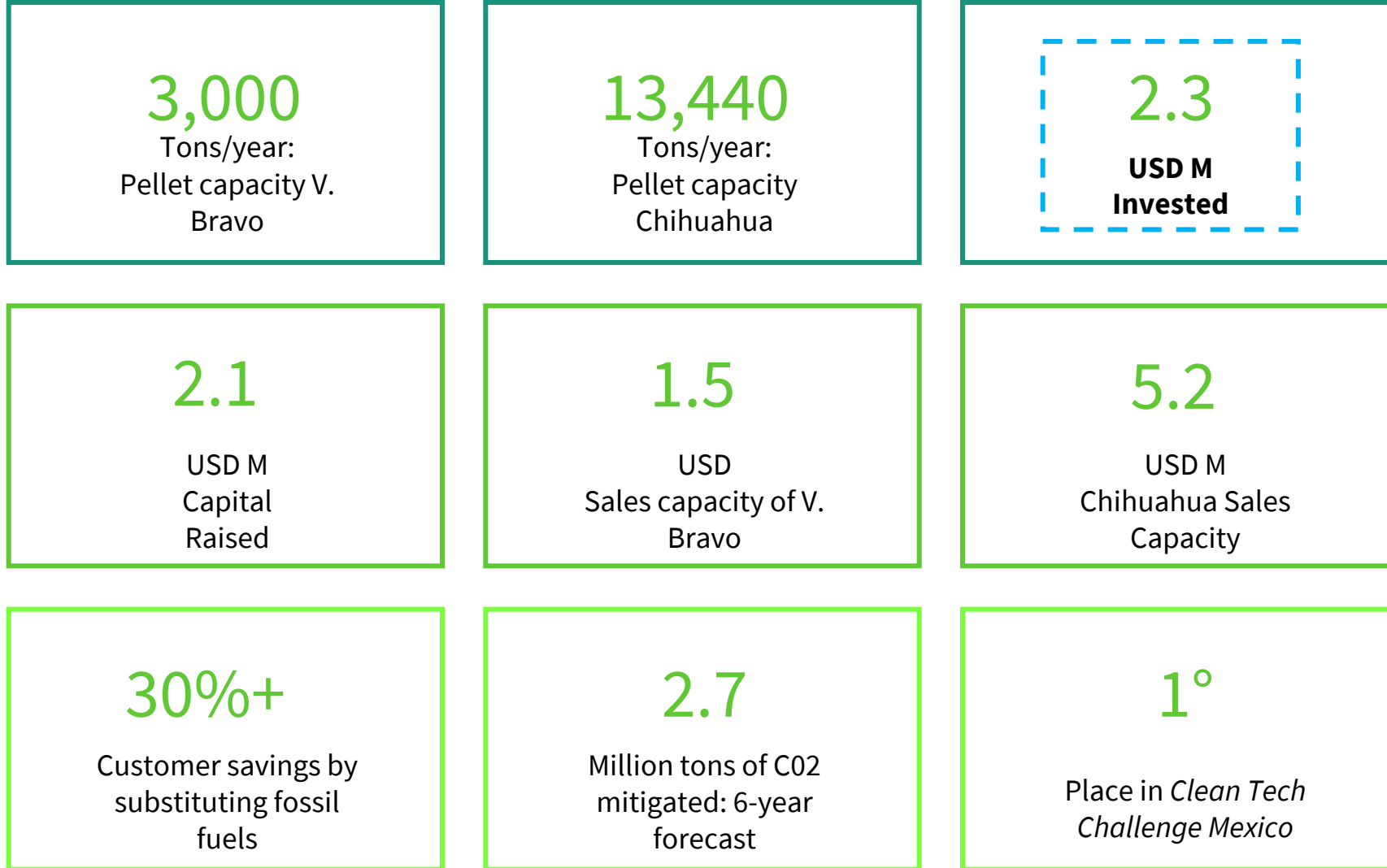
- Long-term, fixed-price pellet purchase agreements
- An adaptation is made to the customer's existing processes, replacing the existing burners with new pellet burners.

▪ Raw Material

- Pellet Mexico partners with waste generators through special vehicles.
 - Incentives are aligned and the supply of material to produce is guaranteed.

Traction

Relevant Milestones and Metrics



Strategic Plan

200,000 tons/year after a development period of 10 years

2021

Pellet Valle de Bravo

3,000 tons/year pine pellets



2023

Pellet Chihuahua

13,440 tons/year pine pellets



2024

Pellet Jalisco

13,440 tons/year pine pellets



2025

Pellet Colima

13,440 tons/year pine pellets



2026

Pellet Sinaloa

30,000 tons/year mango seed pellets



2027

Pellet Coahuila

30,000 tons/year Solid biofuel avocado pit



2028

Pellet Chiapas

30,000 tons/año palm raquis pellets

2029



2032

Additional 15,000 tons/year per year



Strategic Plan

Growth

1 Phase 1. Development
Investment: **\$3.4 million**



June 2021



April 2023



June 2024



January 2025



💡 Product Fit

💡 Go to Market

💡 15,000 tons/year production in 2024

💡 Closing of long-term supply contracts

💡 Commercial and financial consolidation

Strategic Plan

Scalability internal & regional consumption markets

2 Phase 2. Scalability Investment: **\$10 million**



- 💡 Opening of regional markets
- 💡 Expanding supply and assurance capacity on the matter
- 💡 Scale up production 15,000 tons/year after 2029
- 💡 200,000 tons/year in 10 years for the internal consumption market
- 💡 Replicating the model in Latin America

Strategic Plan

Export european market

3

Phase 3. Scalability
Investment: **\$50 million**



- 💡 Access to the international export market
- 💡 Expanding supply and assurance capacity through forestry management and energy crops
- 💡 Export volume 60,000 – 100,000 tons/year
- 💡 European long term offtake agreements
- 💡 Expansion to other markets (Japan & South Korea)

Team

Professional management team

Management Team



Oscar Espinosa Mijares
Founder and CEO



Luis Rodríguez Benayas
Founder and Chief Technology Officer



Alejandro Cruz
Administrative Director



Guillermo Marcial Valdez
Technical Coordinator



Samuel Gonzalez
Plant Manager

Board Members Selected

- **Francisco Barnés de Castro**
 - Former President of the Energy Regulatory Commission
- **Ernesto Marcos**
 - ex-CFO of PEMEX
- **Carlos Mendoza**
 - President of AMEXCAP, CEO of Discovery Americas I, II
- **Alexander Oechler**
 - Managing Director, Investment Banking, CITI
- **Andrés Alija**
 - CEO, EXI Operadora Quantum
- **Hector Castro**
 - VP Corporate Affairs, SAAVI Energy

Acknowledgements

Achievements | Collaborations | Awards



FOUNDER
INSTITUTE



Acknowledgements

One of the **1000 Efficient Solutions** to Take Care of the Environment



SOLARIMPULSE
FOUNDATION

[Click to read Pellet Mexico's profile on SOLARIMPULSE](#)

- An audit was made to Pellet Mexico focused on:
 - Business Model
 - Energy solution

Solar Impulse Foundation

▪ **Pellet Mexico's business model was named one of the 1000 efficient solutions to protect the environment.**

▪ **Key Features:**

- Environmental way to reuse forestry, agricultural and food production waste.
- Safe and risk-free combustion process
- Highly effective and low-cost industrial adaptation

▪ **Profitability**

- 40% savings, average vs. traditional fossil fuels
- 25% savings, average vs. LP Gas

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Oscar Espinosa Mijares
Founder & CEO

