



## LEADER 2014-2020 NRN CASE STUDY

### Biomass Supply Chain Upgrade

#### Summary

McCauley Wood Fuels is a biomass wood fuel business based in Co. Leitrim. The growing demand for woodchip biomass could not be sustained by McCauley Wood Fuels' processing capacity prior to availing of funding. LEADER funding supported the purchase of a new mobile biomass wood chipper for this business. This has helped improve the business by providing for larger capacity, and more reliable and efficient wood chipping, as well as giving it greater flexibility. Capacity now exists to chip in accordance to periodic peak demands and this has also opened the option to process smaller lots on-site for local forestry growers.

#### Context

Based just outside Mohill in County Leitrim, McCauley Wood Fuels was formally established in 2017. The business grew out of a landscaping business set up on the McCauley family farm during the 1990s. McCauley Wood Fuels has been growing slowly and steadily since its emergence. Its development pattern has been driven by the nature of the forestry and biomass industry, which is a relatively new and slow growing industry in Ireland. This project has helped to accelerate McCauley Wood Fuels' growth and to meet increasing demand for biomass woodchip in the North-West of Ireland.

The market for wood chip has developed and grown in Ireland from 2009 and this was driven by the availability grants for the purchase of biomass or woodchip boilers, introduced by the Sustainable Energy Authority of Ireland (SEAI). Initially, there was a slow uptake in domestic wood

**Project name:** Biomass Supply Chain Upgrade

**Date:** December 2017 to May 2018

**Local Action Group:** Leitrim Local Community Development Committee

**Implementing Partner:** Leitrim Development Company

**Type of Beneficiary:** Small Medium Enterprise (SME)

**Priority & Focus Area:** Theme 3: Rural Environment / Sub theme: Renewable Energy

**Project Beneficiary Name/Organisation:** McCauley Wood Fuels Ltd

**Address:** Drumard, Mohill, Co. Leitrim

**Further information:**

<https://www.facebook.com/McCauleyWoodFuels>



Woodchipper in operation. Image Credit: Oakleaf Forestry

chip boilers due to the difficult economic situation, but this has improved in more recent years. A significant increase in customers is expected in 2019, as a Support Scheme Renewable Heat (SSRH) has been introduced. This will support boiler installation in hotels, swimming pools, hospitals, etc. which will allow a number of smaller scale systems to be developed. This project has supported

McCauley Wood Fuels to be in a position to service this market when it comes on stream.

Notably, this type of business development fits into the core priorities of the Leitrim Local Development Strategy to support a dynamic and diversified rural economy in Leitrim. Their Strategy identifies a sustainable economic development opportunity through the development of renewable energy particularly from biomass supply from forestry.

#### Objectives

This project aimed to support McCauley Wood Fuels to invest in a larger capacity and more efficient wood chipping machine to assist:

- Expansion of the biomass production capacity and customer base of the business, enabling further growth
- Development of the regions renewable wood biomass supply chain and to support the development of the forestry/biomass sector in the region
- Contribute to a growth in the use of local renewable biomass fuel sources reducing the need for imported fossil fuels

#### Activities

In 2009, the McCauley family expanded its business activities into wood chipping. This was driven by the increasing amounts of available raw material that were not suited to firewood production. They invested in a small wood chipper which could produce wood chip of appropriate grade which are used within the landscaping business and wider agricultural sector. This small wood chipper was not suited to producing the necessary quality of wood chip for biomass heating boilers. McCauley Wood Fuels invested in a higher spec machine to enable it to serve these demands, but by 2017 this machine could no longer serve the capacity needed to meet growing demand.

A core client type of the company is larger scale users of wood biomass. The business is also connected to clients

who could in future become larger clients, such as Bord na Mona. Bord na Mona is expected to co-fire some of its plants with biomass in the north-west region of Ireland in the coming years, such as Lanesborough, Co. Longford. The existing machine was not adequate to support servicing the needs of potential new larger scale clients, such as these. The existing machine was also well-used, had significant wear and tear which led to the need for regular repairs, which had become overly burdensome and costly.

McCauley Wood Fuels began to scope out wood biomass chippers that would suit their needs. The LEADER grant provided 50% support to purchase a Kesla Oyj chipper and loader from Oakleaf Forestry. The purchase of new wood chipping equipment has enabled increased reliability, flexibility and provides capacity to meet periodic peaks in demand. It enables the production of high quality wood chip which is required for biomass heating boilers.

Part of the business ethos of McCauley Wood Fuels is building a supply chain that is linked to locally owned forestry. It is building a business by the farmer, for the farmer. Its preferred supplier of raw materials is through members of the Western Forestry Cooperative. It was established in 1985 by the dairy co-operatives in western counties in response to a need for support services for landowners considering forestry. This also helps the business to reduce transport costs by concentrating within its local region.



Woodchipper in action. Image credit Oakleaf Forestry

#### Results

This project has allowed McCauley Wood Fuels to expand its client base in the North West region, including a local swimming pool, and a number of local pig and chicken farms. It has also expanded its core base of larger clients. Almost the equivalent value of the new wood chipper has been spent in the local economy in order to source raw material. For example, since January 2018 McCauley Wood Fuels has spent €105,000 on raw materials with its core supplier the Western Forestry Cooperative. Further to this, the business works with three to four local truck drivers who transport raw material to McCauley Wood Fuels for processing and two hauliers that transport material outwards.

The existence of McCauley Wood Fuels in the region also stimulates a market for wood biomass and a move away from carbon-based fuel. The company is aware of a local hotel that is considering installation of a wood fueled biomass boiler. Without the availability of a local supply of woodchip biomass, it would not be considering this move. McCauley Wood Fuels also expects other local businesses will follow suit. Therefore, the availability of a local biomass supply chain is vital to this type of development, aiding the move away from fossil fuels. Extraordinarily, the new biomass wood chipping machine has a processing ability to displace 75,000 litres of oil per week.



The new equipment has helped to increase the profile of McCauley Wood Fuels in the forestry and biomass sector in Ireland. It is a small industry where people know each other and reputation is vitally important. McCauley Wood Fuels has developed slowly and from a very small scale. The new machine has helped to contribute to the positive reputation and growing professionalization of the business within the forestry and biomass sector.



#### Lessons

##### *Growth and Development*

The gradual development of McCauley Wood Fuels allowed its founders to learn about its target market, how it worked, what influenced it and the expected growth patterns. It helped the company establish its supply chain and to grow its client base. It has learned how to balance expected customer demands, stock levels, while also looking towards new client demands, industry changes and expansion.

**“Funding available through the LEADER programme has been a huge support to McCauley Wood Fuels. Biomass and forestry is a developing industry in Ireland. LEADER support has facilitated the business to avail of new opportunities in this emerging, growing market. It has helped accelerate the development of McCauley Wood Fuels enabling the business to develop its supply chain, and to achieve greater scale and processing capacity”**

**Kenny McCauley, McCauley Wood Fuels**

#### **Realistic Timeframe**

The applicant felt the LEADER application process ran well and they had expected some delays along the way. However, the timeframe that the LEADER application process, final approval and payment took was longer than expected. Locally, some unforeseen delays were also experienced, such as changes in key personnel in the Local Authority which had a knock on effect in delaying key decisions. The applicant notes that having a realistic timeframe is important, but also to have patience and stick in with the process - as it has been a huge support to the business. The long timeframe did have disadvantages however. For example, the new equipment was not available to McCauley Wood Fuels until the end of the heating season, outside the time of peak production. Ideally, they would have had the new machine six months earlier. In the interim, the company had to sub-contract another machine.



#### **LEADER support to help rural businesses to secure new markets**

McCauley Wood Fuels noted the vital importance of LEADER to support new and developing businesses in newly industries in the rural economy. LEADER can assist businesses in this type of industry to become established. Especially, in new industries where market demand can be unpredictable investment can be difficult to source. LEADER support has helped to accelerate the growth of McCauley Wood Fuels and helped it to continue to take steps forward in the industry.



#### **Funding**

<b>Total project budget (i)+(ii)+(iii) =</b>	<b>€149,668.46</b>
+ (i) Rural Development Programme support (a)+(b)	€74,834.23
+ (a) EAFRD (EU) contribution	€46,995.90
+ (b) National / Regional contribution	€27,838.33
+ (ii) Private / Own funds	€74,834.23
+ (iii) Other funding sources	n/a

#### **Contact details**

<b>Project beneficiary name</b>	<b>McCauley Wood Fuels Ltd</b>
<b>Contact person</b>	Kenny McCauley
<b>Email</b>	mccauleywoodfuels@gmail.com
<b>Telephone</b>	071 9631659
<b>Address of beneficiary or implementing body</b>	Drumard, Mohill, Co. Leitrim