

Drax Plc lobbying of Government is misleading MPs and the public over biomass sustainability claims

Biofuelwatch Media Release – Embargoed until Tuesday 21st May 2013

- Link to FOI documents: <https://www.gov.uk/government/publications/correspondence-with-drax-group-plc> or <http://biofuelwatch.org.uk/docs/DECC%20FoI%20EIR%2013-0340%20Q1%20Documents%20Drax%20etc%209May%202013.pdf> -

New data obtained by Biofuelwatch through a Freedom of Information request to the Department for Energy and Climate Change (DECC) has highlighted how Drax Plc are misleading MPs and the public over biomass sustainability claims. [1] This comes as the Energy and Climate Change Committee are due to take evidence on issues of sustainability and supply for bioenergy on Tuesday 21st May. [2]

The documentation received from DECC shows that Drax requires wood from whole trees [3] and not forestry residues or energy crops to run its power station, and that current supply of this is insufficient for the UK's expected demand. It also shows that, following discussions between DECC and Drax, the company started fundraising for its conversion to biomass three months before new subsidy bandings crucial to Drax's plans were agreed in parliament.

In May 2012 following biomass burning trials at Drax power station, Drax Plc reported to DECC that they require wood from slow-growing, Northern Hemisphere trees, low in bark and that residues like straw, or short-rotation coppicing such as miscanthus were unsuitable because of how different kinds of biomass affect the boilers of converted coal plants. [4] Due to the technology used, this will indeed be the case for all 5 power stations currently converting to burn biomass. [5]

Oliver Munnion, campaigner for Biofuelwatch said: "Drax have quite clearly been telling DECC one thing, and the public another. The information we've received confirms our assertions that Drax will be burning huge volumes of whole trees mostly from the felling of highly-biodiverse forests in the Southern US, and not miscanthus or other misleading claims of locally-sourced or residue non-woody biomass."

Drax told DECC that North America will be the main source of the biomass it requires in the short term, but that current available supply of this to Europe is only half what UK generation will require by 2015 [6]. Large investments into massive new pellet plants and associated infrastructure will need to take place, confirming that UK biopower is causing far higher rates of extraction from US forests. Serious environmental concerns have already been raised about the destruction of highly biodiverse forests in the Southern US which are being exacerbated by Drax's growing demand for wood pellets [7].

The information obtained also shows that the then Energy Minister John Hayes colluded with Drax over subsidies for biomass, raising concerns over the degree of influence that Drax Plc as a lobbying power has over government policy. [8]

Sophie Bastable, campaigner for Biofuelwatch said: "Clearly the issue of government support for biomass through subsidies was all a done deal way before it was agreed in parliament. Drax were confident enough of government support in July 2012 to look for funding for the infrastructure necessary for their conversion and to issue confidence notes to investors on the ROC banding review outcome. This government's energy policy is guided by the lobbying power of big business, and certainly not public opinion, science or a genuine desire to make energy generation more sustainable."

While Drax Plc claim that their conversion to biomass is driven by a desire for sustainable energy, Business Secretary Vince Cable recently revealed the true incentive for the conversion, aided by a £100 million loan from the Green Investment Bank, by announcing that "It [Drax] would have closed down because it has to meet European rules on coal use and it wouldn't have been able to survive". [9] This highlights the fact that coal to biomass conversions are about keeping old, polluting power stations open and financially viable.

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Notes to Editors:

[1] Drax claim that forestry in North America, where their pellets come from, is sustainable and that forest cover in these areas is increasing. However, there is a large volume of evidence of ongoing destruction of biodiverse and carbon rich forests, including oldgrowth forests in the two regions they're sourcing from – British Columbia and the Southern US. <http://www.timescolonist.com/maps-show-impact-of-overcutting-old-growth-forests-conservation-groups-say-1.177503>

Drax recently released a PR video called "Biomass, the fourth energy source" where they lead the viewer to believe that the majority of their fuel supply will come from locally-produced crops <http://www.draxgroup.plc.uk/biomass/fourthsource/biopromo/>

[2] The Energy and Climate Change Committee will take evidence on Bioenergy on Tuesday 21 May 2013, at 10am in the Thatcher Room, Portcullis House. <http://www.parliament.uk/business/committees/committees-a-z/commons-select/energy-and-climate-change-committee/news/bioenergy/>

[3] Drax refer to wood from slow-growing trees and not strictly whole trees. However, if bark content in pellets is kept to a minimum, power stations will be dependent on whole trees as saw-mill residues cannot possibly provide enough fuel. These issues are highlighted by the Biomass Energy Centre http://www.biomassenergycentre.org.uk/portal/page?_pageid=77,19137&_dad=portal&_schema=PORTAL

[4] According to one document, sent to the government in May 2012 and called "Summary Information about Boiler Corrosion, Slagging and Fouling" the only type of biomass that can be burned in coal power stations in any significant quantities is wood from slow-growing trees with a low bark content.

The reason, as Drax's technical document explains, is that biomass combustion releases different chemicals than coal combustion. Those include alkali salts which over time corrode/destroy the boilers. Keeping alkali salt levels down is thus essential for burning biomass in coal power stations. According to the document, short-rotation coppicing, grasses, agricultural residues, bark and fast-growing trees such as eucalyptus are unsuitable because of the alkali salt levels. Firing tests showed that only wood from slow-growing trees with little bark is suitable.

[5] So far, operators of five power stations have obtained planning permission for conversions. Between them, they would need to burn almost five times as much wood as the UK produces in total every year. This is twice as many wood pellets as were produced worldwide in 2010. The five power stations are Tilbury B (RWE Power),

Ironbridge (E.On), Drax (Drax Plc), Eggborough (Eggborough Power Ltd) and Alcan Lynemouth (recently bought by RWE Npower).

[6] To quote Drax Plc from the documentation received:

"We consider North America as the main supply source for the short term (2013 to 2015) "clean" biomass supply"

"We note that IEA estimate that only 5.5mtpa is available for export to the whole of Europe by 2015"

"We anticipate the UK biomass generation between 2013 and 2015 that relies on "clean biomass" to be a maximum of 10mtpa supplied mainly from North America. Other geographies are expected to provide very little...of this specific UK coal plant demand by 2015 because:

- EU will consume a lot of its indigenous supplies
- Russia may provide BLANKED OUT by 2015 but the lack of infrastructure and the country risk pose significant challenges
- South America has a huge potential supply but predominantly from fast growing Eucalyptus plantations and agricultural residues which are not "clean" biomass. The time taken to grow these supplies for energy and to build the infrastructure required pushes the expected start of supply well past 2015
- Africa has similar long term potential to South America, but is not expected to have a significant supply of "clean" biomass by 2015

[7] The Dogwood Alliance, a nonprofit organization working to protect forests in the Southern US, released a report entitled "The Use of Whole Trees in Wood Pellet Manufacturing," in November 2012 documenting the fact that the top exporters of wood pellets in the region rely heavily on cutting down whole trees to satisfy demand from European power stations. Scot Quaranda, Campaign Director for Dogwood Alliance said "Energy companies in the UK, including Drax, RWE and E.On are converting large, old, dirty and inefficient coal power stations to biomass all in the name of reducing carbon emissions, but the reality is that this shift will accelerate climate change while also driving destructive industrial logging in the world's most biologically diverse temperate forests." Through direct investigation and research, the report documents the use of whole trees from Southern forests by the largest wood pellet manufacturers and exporters in the Southern US. Pellet manufacturers such as Georgia Biomass, a wholly owned subsidiary of RWE, and Enviva, a major supplier of Drax and E.On are highlighted in the report as using or if not open, planning to use, whole trees. The report can be found here <http://www.dogwoodalliance.org/2012/11/new-report-discredits-uk-energy-company-claims-that-pellets-come-from-wood-waste/>

[8] In June and July 2012 Drax and DECC corresponded about the timing of the release of the Renewables Obligation banding review proposals, with Drax pressing DECC to hasten the process as their share price had fallen substantially.

In October 2012 John Hayes told Drax that he was introducing voluntary reporting for ROC eligibility, and in further correspondence, Drax CEO Dorothy Thompson said that the company was going ahead with fund raising (£750m) for the conversion of three of its boilers a full 3 months before parliament approved the new ROCs banding (March 2013). In December 2012 the new Green Investment Bank announced it was loaning up to £100m of public money to Drax, to help fund its biomass conversion.

[9] Quoted in FT article here: <http://www.ft.com/cms/s/0/d46bfe86-b7e9-11e2-bd62-00144feabdc0.html#axzz2T9zy94Nu>