



What's wrong with the newly announced subsidies for burning wood for electricity?' MP Briefing - March 2025

The government has announced [plans](#) to grant a further four years of subsidies to the UK's single largest carbon emitter and the world's biggest tree burner, Drax, once existing subsidies expire in 2027. The subsidies will also apply to Lynemouth Power, the UK's second largest biomass plant. If agreed by Parliament, these subsidies will enable Drax and Lynemouth to continue degrading forests, harming wildlife, polluting communities and contributing to the climate crisis for years to come, at enormous expense to bill payers.

We are asking the government to reconsider this decision to extend wood-burning subsidies due to the high cost to bill payers and because of the climate, environmental and public health impacts.

Why MPs should oppose the subsidy extension for Drax and Lynemouth

Drax is not required for clean power

- The government's recent [Clean Power Action Plan 2030](#) shows how we can reach clean power by 2030 without Drax as it demonstrates that a minimum of 2 GW biomass power capacity is required, but that we already have over 3.6 GW existing biomass (including biogas) capacity without Drax and Lynemouth Power, nearly all of it from domestic biomass feedstock.

The new subsidies are not 'value for money' for bill payers

- The proposed new subsidies only apply to generators with a minimum electric capacity of 100 MW, so medium-size biomass and biogas power plants will lose subsidies once existing awards expire, and will likely have to close down. This will apply to 38 plants by the first of April 2031.
- Drax would burn around half as much wood as in 2023, but at a higher 'strike price'.
- In contrast to the savings which bill payers would receive if wood-burning subsidies end as planned in 2027, billpayers could now pay up to £628 million or even more per year for Drax, not including Lynemouth's subsidies. This also means that there will be less money available in the green energy budget for genuine climate solutions like home insulation or wind and solar power.

Burning wood in power station is not 'carbon neutral'

- [Drax](#) is the UK's single largest carbon emitter, emitting over 11 million tonnes of CO2 from burning wood in 2023.
- Burning wood for electricity releases significant CO2 that isn't offset for decades until trees eventually regrow, if ever. [Hundreds of scientists warned](#): 'this burning of wood will increase warming for decades to centuries... even when the wood replaces coal, oil or natural gas.'
- The Climate Change Committee [has found](#) that the "sustained use of large-scale biomass generation is not compatible with the path to Net Zero".

No requirement for Drax to capture carbon

- The new subsidies come with no obligation to develop Bioenergy with Carbon Capture and Storage (BECCS), going against The Climate Change Committee's [advice](#) that there should be no large-scale unabated biomass generation once existing subsidies expire. The Government is now saying that [BECCS may not happen](#).



Drax's tree burning is not 'sustainable'

Although the Government proposes further sustainability requirements, their effectiveness is in doubt:

- Drax is the biggest wood-burning company in the world burning almost 6 million tonnes of wood pellets in 2023, much of it from clear-felled biodiverse forests in the Southern US, Canada and Europe.
- In 2024, BBC Panorama and research by NGOs in Canada and the UK showed Drax was continuing to burn wood from primary forests in British Columbia in Canada. Ofgem investigated and Drax paid a voluntary £25m fine. However, in February the BBC reported further misreporting by Drax.
- Investigations have found that Drax violated environmental regulations 11,378 times in the US between 2014 and 2024 and breached environmental laws 189 times at its Canadian pellet mills. These violations are outside the remit of the new requirements.
- The proportion of biomass that must be classified as sustainable is to rise from 70% to 100%. However, all of Drax's wood pellet production from primary and old-growth forests in Canada is already deemed to meet those criteria because it is certified by the Sustainable Biomass Programme, a voluntary certification scheme drawn up by industry.
- No primary/old growth forest is to be used in pellets. However, it is clear from Ofgem's investigation that Drax mislabelled wood from such forests in British Columbia. The Government has announced plans for an independent sustainability adviser but has not proposed any new processes to address Drax's mislabelling of wood sourcing.
- Also, the majority of the wood pellets Drax burns are from the Southern USA where wood is routinely sourced from clearcuts of mature, biodiverse hardwood forests. The sustainability criteria would do nothing to protect these forests as they are not classed as primary or old-growth forests.
- A new fossil-fuel related supply chain emission threshold is proposed but it's more than Drax's current supply chain emissions and ignores a 2018 decision for a much stricter limit on GHGs for solid biomass CfD's, which Drax would not have been able to meet.

Bioenergy is harming communities

- Communities in the Southeastern USA are harmed by air pollution emitted by wood pellet mills that supply Drax and other UK power stations. These plants are 50% more likely to be sited in "environmental justice" communities (i.e. predominantly non-white communities living below the poverty line) and they release PM2.5 air pollution (fine dust), nitrogen oxides, and volatile organic compounds associated with a wide range of health issues. In 2022, Drax was accused of driving 'environmental racism' after settling air pollution violations at its pellet mills in Louisiana.
- Burning wood in UK power stations releases harmful PM 2.5 particulates. According to the World Health Organisation, there is no safe level of these particulates for human health.

Lack of Transparency

- Central to Ofgem's investigation into Drax is KPMG's regulatory reporting review, as mentioned in Drax's 2023 Annual Report. Requests for this document to be made public have so far been declined. Nor has the modelling used by the National Energy System Operator (NESO) about the impact of removing subsidies for Drax and Lynemouth in 2027 been made public.

What can MPs do?

- Please write to Ed Miliband to say you cannot support these proposed new subsidies.
- Please also request publication of the KPMG report on Drax and the NESO modelling informing the Secretary of State for Energy Security and Net Zero's subsidy announcement.