



Defiant Drax in move to bring on third unit

Ros Snowdon City Editor

DRAX, the UK's biggest power station, said it still intends to bring on a third unit running predominately on biomass by the end of this month despite the surprise scrapping of a climate change tax exemption in the recent Budget.

The North Yorkshire power generator, which is sponsoring the Innovation of the year category at the Yorkshire Post Excellence in Business awards, said innovation is at the heart of what it does and it will not be deterred by the Government's U-turn.

Drax is planning to meet with Government departments to discuss the implications of ending the Climate Change Levy after its share price tumbled after the Budget on July 8.

Drax shares plunged to a record low after the Government said clean power will not be exempt from climate change tax.

The shock news wiped 28 per cent off the North Yorkshire firm and will come as a heavy blow at a time when Drax, once the UK's worst polluter, is switching to a much greener future burning biomass. It has already converted two of its six units to burn biomass.

Drax said the change would cost it £30m this year and £60m in 2016.

Dorothy Thompson, Drax's group chief executive, said: "We are surprised and disappointed at this retrospective change to a support regime which has been in place since 2001 specifically to encourage green energy and support renewable investment decisions."

RenewableUK's director of policy, Gordon Edge, said: "Yet again the Government is moving the goalposts, pushing some marginal projects from profit into loss. It's another example of this Government's unfair, illogical and obsessive attacks on renewables."

This isn't the first time Drax has been hit by inconsistent Government policies over climate change and constantly changing promises over rebates.



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Despite the Government's shock decision, chief executive of Drax Power, Andy Koss said: "We are in the process of bringing on the third unit to run on biomass predominantly, probably by the end of July.

"The first two are running fully on biomass, but we can't fully convert the third unit until we have European Commission clearance. That will complete the transformation of three out of six units. We are pushing the Government for a fourth."

Drax believes that a conversion to biomass solves three key issues - decarbonisation, security of supply and affordability. Biomass is one of the cheapest renewables around.

"Look at what we've done at Drax," said Mr Koss. "Innovation is at the heart of what we do. We are driving innovation and industry in Yorkshire.

"This is the biggest decarbonisation project in Europe and we were the biggest carbon dioxide producer in the UK."

He added that the biggest problem Drax has had to overcome is that no-one believes it could convert such big coal units to biomass.

"They thought that we either couldn't do it or it wouldn't be viable," he said. "We've not only achieved the conversion and done it safely, we've also got output back to where we were on coal. That's all down to innovation. I'm very proud of what the engineers here have achieved."

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