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**Business News** | Tue Jul 28, 2015 8:17am BST  
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## **Drax starts strategic review after UK green policy changes** LONDON | BY [KAROLIN SCHAPS](#)



An employee works inside the control room at Drax power station in Drax, northern England, February 16, 2011.

REUTERS/NIGEL RODDIS

British power producer Drax ([DRX.L](#)), which has converted some of its power plant capacity to run on cleaner biomass, has started a strategic review of its business after the government indicated changes to renewable energy subsidies.

Drax, which owns one of Britain's largest power stations, is expected to take a 30 million pound hit on core earnings this year after the government removed a climate change tax exemption from which Drax had benefited.

Additionally, the British government has thrown into doubt whether it will offer further subsidy handouts to renewable energy projects, including biomass conversion plants, as it is reviewing how much money it can spend. It has already cut subsidies for solar plants and wind farms.



31 July 2015



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"We have always expressed an interest in complete biomass conversion but it only works if it sits within the government's renewable objectives," Dorothy Thompson, chief executive of Drax, told Reuters.

The power producer reported an 18 percent rise in first-half core earnings to 120 million pounds thanks to higher production at its power plant.

It made a 53 million pound profit before tax, compared with an 11 million pound loss a year earlier, allowing it to offer a half-year dividend payment of 5.1 pence per share, up from 4.7 pence last year.

Drax shares were trading up 1.3 percent just after the market open.

(Editing by [David Clarke](#) and [Jason Neely](#))

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Richard P. Vlosky, Ph.D.  
*Director, Louisiana Forest Products Development Center*  
*Crosby Land & Resources Endowed Professor of Forest Sector Business Development*  
Room 227, School of Renewable Natural Resources  
Louisiana State University, Baton Rouge, LA 70803  
Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931  
Web Site: [www.LFPDC.lsu.edu](http://www.LFPDC.lsu.edu)

**Vice-President, Forest Products Society; President-Elect, Forest Products Society;  
President-Elect, WoodEMA i.a.**

