

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP

Bioenergy Insight

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Drax subsidiary to acquire Pacific BioEnergy pellet contracts



Drax's subsidiary Pinnacle Renewable Energy will acquire Pacific BioEnergy Corporation's pellet sales contract book.

In doing so, 2.8 million tonnes (Mt) of orders will be added for sustainable biomass supply to counterparties in Japan and Europe.

These contracts are for delivery between 2022 and the mid-2030s, of which 0.3 Mt is for delivery next year. The total incremental revenues over the contract period are around CAD\$675 million (€465 million).



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The deal complements Drax's existing supply contracts to Asian counterparties and European generators, increasing its long-term third-party sales book by 15% to around 23 Mt, with total revenues over US\$4.5 billion (€3.9 billion).

"This deal supports Drax's ambition to double our sales of sustainable biomass by 2030 to markets in Asia and Europe where demand for biomass is increasing as countries transition away from coal," said Drax's CEO, Will Gardiner. "It also demonstrates Drax's commitment to the growth of sustainable biomass in Japan specifically, where we expect to establish a new office in 2022."

Drax recently announced its plans to double biomass sales to third parties to at least 4 Mt per annum by 2030, developing its market presence in Asia and Europe, facilitated by new business development teams in Tokyo and London next year.

"We look forward to working with our partners in Japan and other markets across Asia and Europe as part of our aim to be a global leader in sustainable biomass, making an even greater contribution to the world's efforts to reach net zero," commented Gardiner.

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