

# Sustainability and the US Export Pellet Industry

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# Drax Group

Delivering low-carbon solutions across the energy value chain



Source



Generate



Supply



# A journey defined by transformation

Then



Now



## Conversion of Drax Power Station

Largest UK renewable energy supplier

## Formation of Drax Biomass

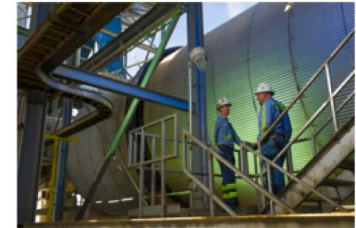
Leading producer of sustainable wood pellets

## Acquisition of Haven Power & Opus Energy

Innovative energy services for UK businesses

## Development of rapid response gas plants

Essential resources for a low-carbon grid



# Drax Biomass facilities



## LaSalle BioEnergy

Urania, LA

450kt pa – 70 Employees



## Morehouse BioEnergy

Bastrop, LA

525kt pa – 71 Employees



## Amite BioEnergy

Gloster, MS

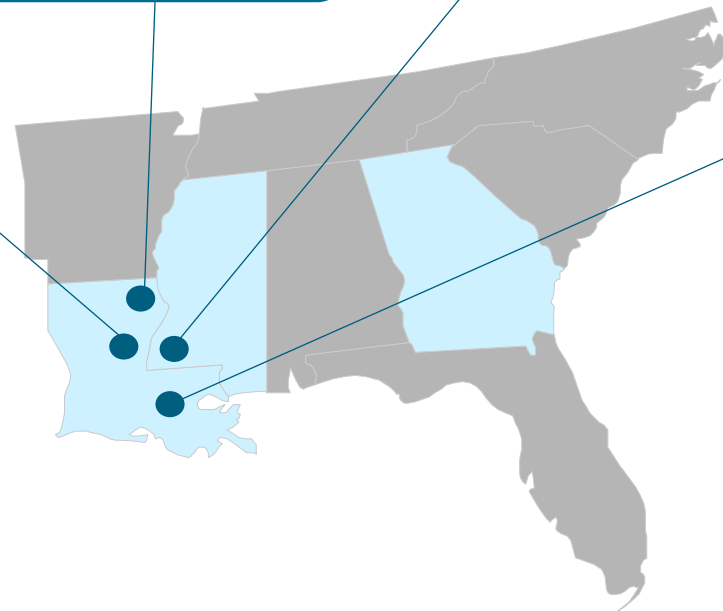
525kt pa – 66 Employees



## Baton Rouge Transit

Port Allen, LA

2Mt pa – 4 employees



## Delivering on our mission



<sup>1</sup>SFI® Fiber Sourcing, SFI® Chain of Custody, SFI® Certified Sourcing Standard, FSC® Chain of Custody, PEFC™ Chain of Custody, SBP Certificate (Amite and Morehouse) FSC-C123692

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# Sustainability unpacked

Four components to an effective program



## 1. Feedstocks

Demonstrate responsible sourcing and utilization

## 2. Forests

Contribute to healthy and productive forest stocks

## 3. Greenhouse Gas Emissions

Demonstrate positive climate impact

## 4. Social License to Operate

Gain and maintain community support

# Feedstock sourcing and utilization



## Our approach

- Utilize only low-grade, surplus fiber
  - ü Thinnings
  - ü Diseased, misshapen tree
  - ü Harvesting residues
  - ü Mill residuals
- Train suppliers on sourcing standards

## Key challenges

- Consider the counterfactual!
- Polarization of “roundwood” in policy debates

## Industry imperatives

- Maintain sourcing standards during market volatility
- Ongoing supplier training and compliance monitoring

# Forest management and health



## Our approach

- Operate only where industry produces positive outcomes
- Promote and demonstrate supplier commitment to sustainable forest management
  - ü Industry certifications
  - ü Audit programs
  - ü Landowner outreach

## Key challenges

- Benefits of managed forests not widely understood
- Forest, market dynamics can obscure industry's role

## Industry imperatives

- Provide compelling evidence of sustainable forest management and supply basin health
- Sustained stakeholder engagement



# Greenhouse gas emissions



## Our approach

- Fully account for supply-chain GHG emissions as an input to biomass lifecycle emissions
  - ü Sourcing
  - ü Manufacturing
  - ü Transportation
- Optimize logistics to minimize transport emissions

## Key challenges

- Analysis complicated by seasonality, inconsistent plant operations, diversity of manufacturing base
- How best to account for forest growth and regrowth

## Industry imperatives

- Pursue further emissions reductions through manufacturing and logistics improvements
- Need transparent, compelling narratives to tell the GHG story

# Social license to operate



## Our approach

- Focus on local economic development as a core component of DBI Mission
- Aggressively pursue reputation for openness and transparency

## Key challenges

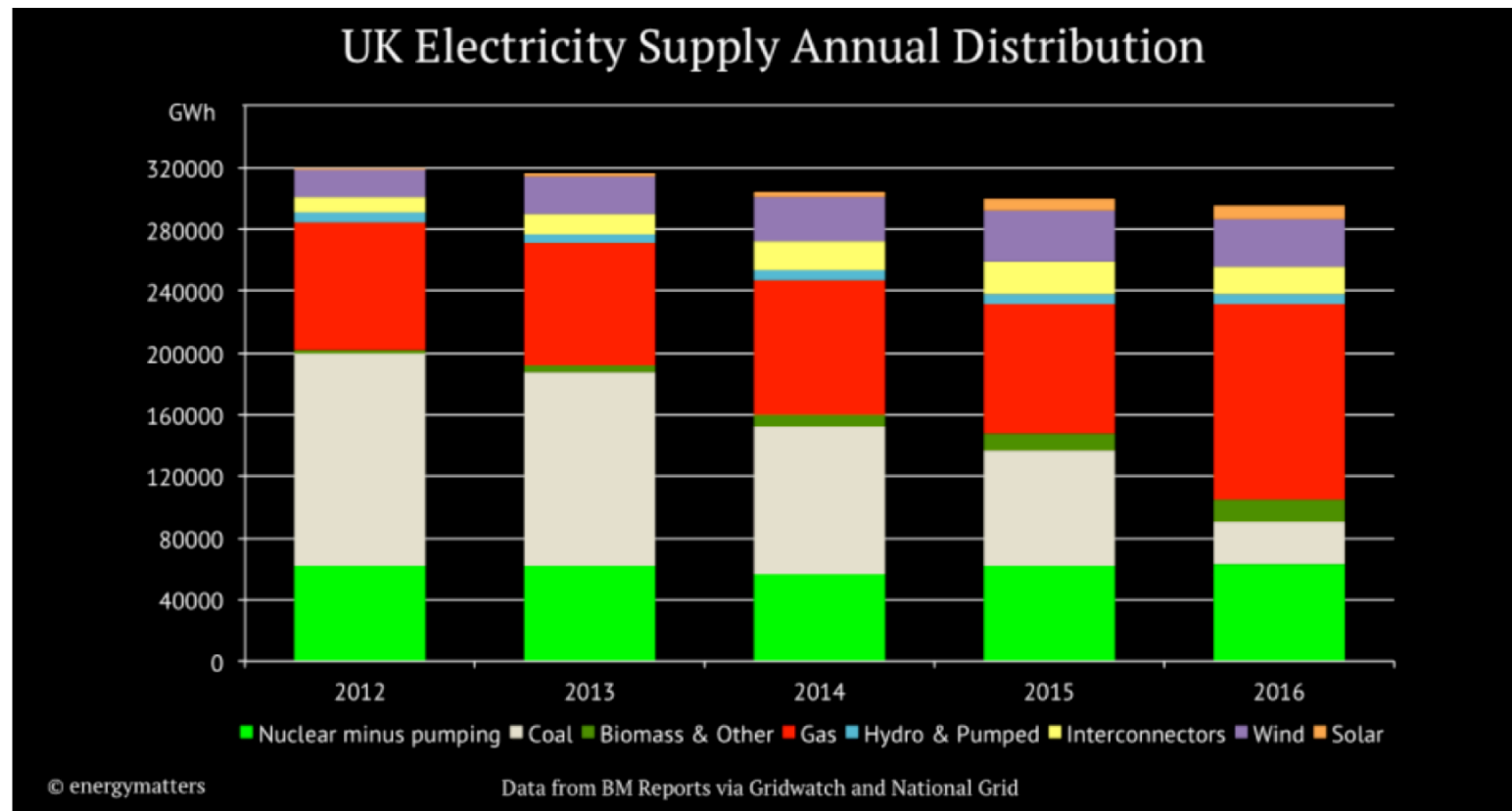
- Pellet industry routinely targeted with false narratives and intentional misrepresentation of science
- Biomass sustainability is complicated – difficult to concisely AND accurately tell our story

## Industry imperatives

- Clearly and effectively communicate industry's role in sustaining forests and supporting rural economies
- Engage environmental community through collaboration

# Concluding thoughts

- Biomass offers tremendous potential as a source of flexible, low-carbon generation
- This potential will only be realized if the industry can demonstrate the sustainability of its operations
- Forests are dynamic – the industry must be nimble enough to adapt to changing conditions



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