



**MINUTES OF THE NINETEENTH MEETING OF THE
DRAX POWER STATION CONSULTATIVE COMMITTEE
HELD AT DRAX POWER STATION ON WEDNESDAY, 18 APRIL 2007**

Present

Drax Power Limited

Dorothy Thompson, Chief Executive (*Chairman*)
Nigel Burdett, Head of Environment
Jo Fleming, Head of Development
Deborah Keedy, Commercial Manager
Jason Shipstone, Materials Handling Manager
Melanie Wedgbury, Head of External Affairs

North Yorkshire County Council

Councillor Peter Sowray (*Vice Chairman*)
Councillor Chris Pearson
Rachel Pillar, Senior Minerals Officer

Selby District Council

Councillor Ian Chilvers
Councillor Kathleen McSherry
Diana Adamson, Senior Environmental Health Officer

Airmyn Parish Council

Councillor Helen Cowling

Drax Parish Council

Councillor Ian Fenton

Gowdall Parish Council

Councillor Peter Lacy

Hemingbrough Parish Council

Councillor Richard Drew

Long Drax Parish Council

Councillor Eric Ketley

Newland Parish Council

Councillor Stephen Greenwood

Snaith & Cowick Town Council

Councillor Greta Laughton

Environment Agency

Ian Foster, Pollution Inspector Department Team Leader

Forestry Commission

Rudie Humphrey

Apologies for Absence

North Yorkshire County Council
Councillor Gillian Ivey
Councillor David Lloyd-Williams
Councillor Chris Metcalfe

Selby District Council
Simon Parkinson, Principal Environmental Health Officer

Yorkshire Forward
John Pilgrim

Welcome and Introductions

1. Dorothy Thompson welcomed members to the meeting.

Minutes of the Meeting held on 8 May 2006

2. The minutes were accepted as an accurate record of the meeting held on 8 May 2006.

Constitution and Terms of Reference

3. The Constitution and Terms of Reference of the Committee were last amended in April 2000. Prior to circulation with the meeting agenda two amends had been made to the document, namely: updating the name of the company to Drax Power Limited; and updating paragraph 5 to state that the Chairman of the Committee shall be the Chief Executive of Drax Power Limited (both amends were underlined on the document).
4. The Chairman drew attention to the need to review the membership of the committee and update the constitution accordingly. It was also suggested that the need to make a press statement on or after the day of the meeting (paragraph 11) may not always be appropriate and should be removed. It was proposed, and agreed by members, that Drax and NYCC would review the Constitution and Terms of Reference, and circulate to members before the next meeting.

ACTION: DRAX / NYCC

5. Cllr Pearson pointed out that wording in Paragraph 5 should be corrected to read: "...or his/her appointed representative...". Cllr Laughton pointed out that it is Snaith and Cowick Town Council, not Parish Council. Cllr Sowray asked that the wording referring to the appointed Vice Chairman be amended to state that it "...shall normally be the executive member with responsibility for planning...".

Business Review and Update on Power Station Operations

6. The Chairman gave members an update on the business and operations of the power station. During 2006 a combination of very good plant performance and strengthening commodity markets had led to a strong set of financial results. Safety performance had improved significantly placing the Company in the top quartile for the industry. Improvements in operating performance placed Drax as industry leader amongst the coal-fired sector with the highest availability. This was achieved through much focus on reducing outage rates, in particular, forced outage rates.

7. The year had seen a lot of effort directed towards the Government's Energy Review, which had enabled a renewed emphasis on the long term role of coal-fired generation. One of the outcomes of the Review was the Coal Forum, which had been convened by the Energy Minister; Drax is playing an active role in the Forum. The regulatory treatment of co-firing renewable biomass materials with coal was a central plank of Drax's lobby during the Review and positive results have been achieved, enabling the Company to formalise its target to produce 10% of its output from renewables by the end of 2009.
8. In March, the Company had announced a capital expenditure programme of £260m over the three years 2007 to 2009. Shareholders are supportive of the programme and the added value it will bring to the business. Two key projects account for up to £167m of the spend. The first, a £100m turbine upgrade, will bring an overall efficiency improvement of 5%, taking the plant towards 40% efficient. The second will invest up to £67m on the biomass handling, processing and co-firing capability at the power station.
9. Cllr Drew suggested that referring to the amount of CO₂ emitted per unit of electricity would be preferable to giving the absolute number in tonnes of CO₂ emitted. It was explained that Drax being the most efficient coal-fired power station in the sector is something that is constantly reinforced. The Chairman confirmed that the Company is working hard to redress the negative image that it has in this respect.
10. The petcoke trial, which began in June 2005 and which was originally planned for 18 months, has been extended for a further six months to June 2007. The results of the trial have been positive and have shown no adverse impact on the environment. On the strength of the results an application for commercial burn of a blend of coal and petcoke has now been made.
11. The Chairman explained that market analysis of forward prices for power, coal and carbon reveals that the margin between the price of power and the costs of coal and carbon is narrowing which translates to the business being less profitable in 2007 than in 2006. This is an important illustration of why the Company needs to have the option to burn a range of fuels, such as petcoke and biomass, which allow economic decisions to be taken in the light of movements in the commodity markets in which the business operates. The option to burn petcoke provides insurance against adverse commodity price movements and helps to build Drax into a sustainable business.
12. Cllr Pearson asked what the extension to the petcoke trial would enable. It was explained that it would allow the trial of a wider range of petcoke materials.
13. Looking ahead, the business will focus on delivering on its promises, executing investment programmes, maintaining excellence in safety and continuing its drive to improve plant operating performance.

Update on Barlow Ash Disposal Scheme Operations

14. Jason Shipstone gave an update on the Barlow ash disposal scheme operations. All ash sold now has to be produced to a new European standard. The introduction of the standard has necessitated the introduction of new quality controls, on-line monitoring and analysis, which has involved some considerable investment in both equipment and personnel. It also entails good management in fuel selection.
15. Ash landfill to Barlow last year was the lowest it has been for many years, with approaching 80% of the ash produced sold to the construction industry; it is anticipated that this trend will continue. Ash is not a particularly valuable commodity and as a result

the associated transport costs limit the market opportunity for the product. The development of an ash rail loading facility at the power station will increase the radius to which ash can be profitably sold by two to three times.

16. The Wrekin project to back-fill salt mines at Northwich, Cheshire represents the single biggest ash contract. The project is due to finish in June of this year. It is the intention to continue to look for sales rather than landfill the ash to Barlow. Onward sale of ash is not only an excellent recycling opportunity, but is also avoids the use of primary aggregates, the quarrying of which is a highly energy intensive process.
17. The increase in sales of ash has led to an increase in the demand for ash during the summer months, a time of lower levels of production, which has required ash to be reclaimed from Barlow; it is anticipated that this will continue.
18. Barlow now has its own Pollution, Prevention and Control (PPC) licence, which tightly regulates the operations of the Barlow scheme.
19. A new farm tenant started on Barlow on 1 April; a sheep farmer who is keen to work on the maintenance and development of the land.
20. Some £30-40k was spent on the Skylark Centre last year. Schools are once again making use of the facility and it will continue to be marketed to local schools.

Environmental Update

21. Nigel Burdett gave an environmental update covering compliance, performance and PPC permitting. On environmental compliance, the year saw a very good performance. Although a small number of complaints were logged, two were difficult to determine – one concerned the colour of the stack, which varies according to the position from which it is viewed and the second related to noise, which couldn't be linked solely to Drax – another related to dust found on cars, which investigation revealed was actually pollen not dust. Of concern were the two complaints relating to lorry movements deviating from the approved route. This is an area that Drax takes very seriously. A disciplinary procedure exists and the Company takes a very strong line with hauliers that disregard the accepted procedure. In the case in question, the driver was disciplined.
22. Much work has been dedicated to ensuring compliance with the existing authorisation (IPC) and legislation limiting emissions of CO₂, SO₂, NO_x, and preparation for the new permitting regime (PPC).
23. As a major emitter of CO₂, much work is focused on reducing emissions and so the cost of compliance through the EU Emissions Trading Scheme. The principal route for controlling emissions of CO₂ is through co-firing biomass. Last year the amount of biomass burnt decreased, compared to 2005, due to a change in legislation. However, new legislation implemented on 1 April has reversed some of that change and will facilitate a substantial increase in biomass burn over the next few years.
24. Limits controlling emissions of SO₂ continue through PPC and LCPD (Large Combustion Plant Directive) legislation that comes into effect on 1 January 2008. The limit for Drax is 32kt and much progress has been made since 2003 towards this lower limit. There is a high degree of confidence that the power station will be compliant with the new legislation.
25. An important point to note is that the concentrations of SO₂ during 2006 on a unit by unit basis revealed that no differentiation could be made between the performance level of

the unit burning a blend of coal and petcoke and the non-petcoke units. This demonstrated that burning petcoke should not hold negative implications for future compliance.

26. Emissions of oxides of nitrogen (NO_x) are controlled by a combination of fuel procurement, combustion control and low NO_x technology, Boosted Over Fire Air (BOFA). BOFA modifies the combustion characteristics delivering a 20-30% reduction in emissions of NO_x. Units 1, 4 and 6 have been retrofitted already, units 2 and 3 will be completed this year and unit 5 next year.
27. During the year, emissions of particulates have been low and there is a high degree of confidence in future compliance.
28. Results from the petcoke trial demonstrate that burning a blend of coal and petcoke reduces emissions of particulates. A graphical illustration was used to show that the effect of stopping coal/petcoke blend burn (on the trial unit) was to increase emissions of particulates.
29. Ambient particulate levels were well within the compliance limits during the year. Importantly, there is no discernable difference between the four monitoring stations positioned equally at points of the compass, which leads to the conclusion that the power station does not have an observable impact on the ambient particulate concentrations; if there was an effect, wind direction would lead to a discernable difference in concentrations monitored at the different locations.
30. Concerns were voiced during the consultation phase of the petcoke trial application about concentrations of nickel and vanadium. Monitoring has shown that for both species the petcoke trial has had no effect on the concentration levels. In both cases the levels detected have been very much lower than the World Health Organisation (WHO) limits.
31. The application for authorisation under the new PPC permitting regime was made in March 2006 and it is anticipated that the permit will be granted in the summer. The scope of the new regime is greater than its predecessor and demands a review and re-write of internal systems such as the Environmental Management System.

Development Opportunities at Drax

32. A key priority for the Company is to develop a long term sustainable business, but, it is important that the current benefits of Drax, such as its operational flexibility, are maintained whilst improving environmental performance. As a large player in the region, it should be remembered that any reductions made in emissions of CO₂ from the power station will contribute towards the region's own targets.
33. A number of development and diversification opportunities exist. The planning application for ash rail handling facility, which will open up access to markets further afield and lead to fewer HGVs on the local roads, was submitted to Selby District Council in February 2007 and determination is expected late April.
34. The renewable target for the power station of 10% of its output by the end of 2009 will demand approximately 1-1.5 million tonnes of biomass each year. Development of an energy crop supply chain is a key factor in the success of this venture and will require the development of new biomass handling, storage and direction injection facilities. It is also proposed to construct a rapemeal biomass processing facility.

35. It is anticipated that a planning application will be submitted in May/June. Selby District Council has already indicated that it is not an Environmental Impact Assessment development. Work with ecologists is underway to ensure that there is no material impact on the ecology as a result of the development and similarly local archaeology will be preserved (e.g. Drax Abbey). A transport consultant has been appointed to consider the implications of road transportation in a comprehensive study. Consultation has already started with statutory consultees and local communities, and exhibitions will be held locally in mid to late May. The target construction date is the fourth quarter of 2007.
36. Other opportunities exist through emerging markets in the biofuels sector which present a synergy with the company's co-firing strategy. Scoping of a biofuels project on site is underway in terms of environmental impact and economics.
37. Cllr McSherry asked if there were any Government incentives for farmers to encourage them to grow energy crops. Rudie Humphrey mentioned that an Energy Crop Scheme was due to be announced by Natural England this summer for miscanthus and SRC willow.
38. Cllr Ketley made reference to the Arbre project and expressed concern that willow and miscanthus growers may be let down. It was explained that the Arbre project was a development project for a dedicated biomass plant, whereas Drax is a going concern and firmly entrenched within the market. *[Post meeting note: Drax contracted with the original producer group for the Arbre project to take all the willow grown for that project and further contracts with the group have been entered into. It is also worth noting that Drax has entered into, typically, ten year contracts with local farmers to provide them with a level of certainty.]*
39. Cllr Pearson asked if milled palm nut and olive cake were still being burned and if there was any impact on the boilers. It was explained that milled palm nut was no longer used as its consistency was not ideal to the process. Olive cake, however, was still used and there had been no observable effect on the boilers, no change in milling, combustion or slagging characteristics.
40. Rudie Humphrey enquired about the carbon neutrality of olive cake given that it is imported. In answer reference was made to the DTI study that had concluded that transport made only a very small impact on the carbon footprint of biomass materials and that they were, therefore, deemed entirely carbon neutral.
41. Rudie Humphrey asked if it was the intention to meet energy crop requirements from the UK. It was stated that it is the preference to do so.
42. Cllr Greenwood enquired about the status of British Gypsum's application to move greater volumes by road. It was explained that British Gypsum had applied and been turned down twice and were now considering movement by rail.
43. Cllr Greenwood asked if the scope of the road transport study would include the state of repair of local roads. It was confirmed that the study would be comprehensive.
44. Cllr Lacy asked if the noise pollution resulting from the additional rail transportation would be taken into account when considering the different modes of transport. This was of particular concern as empty wagons are much noisier than full wagons. In answer it was explained that a range of solutions to the logistics of delivery and removal of materials to and from site would be considered. There are a number of considerations, for example, biomass by rail will displace coal by rail, ash by rail will displace ash by road etc. Cllr Sowray commented that the move to rail movement was a welcome one.

Any Other Business

45. There was no other business.

Date of Next Meeting

46. It was agreed that a date for the next meeting would be established through correspondence. *[Post meeting note: the date has been set for 9 April 2008.]*