



**MINUTES OF THE TWENTIETH MEETING OF THE
DRAX POWER STATION CONSULTATIVE COMMITTEE
HELD AT DRAX POWER STATION ON WEDNESDAY, 9 APRIL 2008**

Present

Drax Power Limited ("Drax")

Peter Emery, Production Director (*Chairman*)
Oliver Baybut, Environment Coordinator
Rachael Hudson, External Affairs Officer
Deborah Keedy, Commercial Manager
Jason Shipstone, Materials Handling Manager
Melanie Wedgbury, Head of External Affairs

North Yorkshire County Council ("NYCC")

Councillor John Fort (*Vice Chairman*)
Councillor Margaret Hulme
Councillor Gillian Ivey
Councillor David Lloyd-Williams
Councillor Brian Marshall
Councillor Chris Pearson
Councillor Peter Sowray
Rachel Pillar, Acting Development Control Team Leader

Selby District Council ("SDC")

Councillor Ian Chilvers
Councillor Kathleen McSherry
Councillor Jude Thurlow
Simon Parkinson, Principal Environmental Health Officer

Hemingbrough Parish Council

Councillor Jan Strelczenie

Long Drax Parish Council

Eric Ketley, Clerk to the Parish Council

Newland Parish Council

Councillor Stephen Greenwood

Environment Agency

John Peak, Process Industry Regulation
Ian Foster, Pollution Inspector Department Team Leader

Forestry Commission

Crispin Thorn

English, Welsh and Scottish Railways ("EWS")

Amanda Webster

Apologies for Absence

Drax Power Limited

Dorothy Thompson, Chief Executive

North Yorkshire County Council

Councillor Jim Snowball

Vicky Perkin, Minerals and Waste Planning Manager

Selby District Council

Councillor John McCartney

Councillor Chris Metcalfe

Diana Adamson

Carlton Parish Council

Mrs J Lemm, Clerk to the Parish Council

Drax Parish Council

Councillor Ian Fenton

Wressle Parish Council

Councillor Geoff Sweeting

Selby Internal Drainage Board

Nigel Everard

Welcome and Introductions

1. Peter Emery welcomed members to the meeting. It was announced that, effective from the start of the meeting, Councillor John Fort would assume the Vice-Chairmanship of the Committee. The Committee should like to record its thanks to Cllr Sowray for the period he served as Vice Chairman of the Committee.

Minutes of the Meeting held on 18 April 2007

2. The minutes were accepted as an accurate record of the meeting held on 18 April 2007.

Constitution and Terms of Reference

3. Following consultation between Drax (Melanie Wedgbury) and NYCC (Rachel Pillar) three amendments to the Constitution and Terms of Reference of the Committee were proposed.
4. The Committee agreed to extend the Parish Council membership to cover all those Parish Councils with whom Drax maintains regular contact. The following Parish Councils will now included in paragraph 3 (b) of the Constitution and Terms of Reference: Airmyn, Barlby with Osgodby, Brayton, Bubwith, Gowdall and Rawcliffe.
5. It was questioned whether DEFRA was the appropriate replacement for the Ministry of Agriculture, Fisheries and Food ("MAFF"). Rachel Pillar lent some background to MAFF's original inclusion, that being interests in agricultural land issues and restoration of land, and explained that these interests are now the remit of Natural England. It was agreed that Natural England ("NE") would be the appropriate body for Committee membership. Crispin Thorn mentioned that as NE has responsibility for delivering the

Energy Crop Scheme (“ECS”), it may be appropriate to consider inviting the Head of the ECS to attend as NE’s representative. It was agreed that this would be investigated.

ACTION: DRAX

6. Since the Constitution and Terms of Reference were first drafted, Drax has increased the number of rail hauliers to site, from one to three. The appropriate representation on the Committee was discussed and it was agreed that the two largest rail hauliers, namely, EWS and Freightliner, which together account for at least 80% rail haulage to site should be members of the Committee. It was agreed that Freightliner would be informed and a representative sought.

ACTION: DRAX

7. Extending the membership to road hauliers was discussed, but given the large number of operatives choosing a representative business would be problematic. Cllr Lloyd-Williams suggested that enquiries be made to determine if a road haulage association existed with a Yorkshire branch. It was agreed that this would be the best way forward.

ACTION: DRAX

8. John Peak questioned whether the same level of flexibility should be afforded to the members referred to in paragraph 3 (b) of the Constitution and Terms of Reference as is given to Managers and Officers of Drax in paragraph 3 (a). There was some discussion over the open-ended nature of this suggestion and it was then agreed that additional members should be considered on a case-by-case basis and agreed by both the Chairman and the Vice Chairman. Note: paragraph 9 of the Constitution and Terms of Reference allows for the Chairman and Vice Chairman to “...*co-opt such persons to membership of the Committee as circumstances may require and to invite other persons to speak at the Committee or attend as observers from time to time.*”

9. It was noted that paragraph 5 had been amended to reflect the new name of the NYCC office, the holder of which shall normally be appointed Vice Chairman of the Committee.

10. It was proposed that the reference in paragraph 11 to issue a press statement following each Committee meeting be deleted as this was believed to be unnecessary given the nature of the proceedings of the meetings. This was agreed. In addition, Cllr Greenwood questioned why the proceedings should be private and confidential, as this would prevent feedback to, for example, the wider parish council membership. After discussion it was agreed that paragraph 11 should be deleted.

11. Ian Foster suggested that paragraph 12 may need to be updated in the light of more recent environmental legislation. Drax agreed to look into this.

ACTION: DRAX

12. All amendments will be made in accordance with the wish of the Committee and a final version of the Constitution and Terms of Reference will be circulated before the next meeting.

ACTION: DRAX

Business Review and Update on Power Station Operations

13. The Chairman gave a presentation covering a review of the Drax business and the power station operation, including commodity price movements that impact on the business, financial and production highlights from 2007, an update on capital investment, an update on the various projects for 2007 and 2008, an update on recruitment and the forward strategy of the business.
14. In short, the business had reported earnings for 2007 which were in line with expectations. There had been a strong operating performance last year, illustrated by high availability of the power plant (86%) for the year. On safety, there were some concerns despite a performance which was better than international benchmarks. However, it was explained in the context that the project work on site has increased significantly, and 2007 was a double outage year – some 3.3 million man hours worked in 2007 compared to 2 million man hours in 2004 (the last double outage year before 2007). Investment in the plant has increased by an order of magnitude in recent times, with an estimated capital investment of £250 million over the next three years aimed at improving plant reliability, safety, environmental performance and plant efficiency. In addition to investment in the plant, there had also been considerable investment in people with a 12% increase in Drax staff numbers over the last two years.
15. Eric Ketley asked if the prices of coal illustrated in the presentation included freight costs. It was explained that they did not; the price of freight is on top of the API2 prices given.
16. Cllr Thurlow asked if the volatility in the foreign exchange rate has an impact on the price paid by Drax for commodities as some are priced in US Dollars and Euros. It was explained that it does have the potential to and that in order to mitigate the risk of exposure to the foreign exchange rate Drax hedges against foreign exchange rate movement at the time of purchasing the commodities.
17. John Peak asked whether the safety statistics reported include contractors. It was explained that they do.
18. John Peak commented that the apprenticeship intake of six per year was less than 1% of the work force and asked if they were all engineering apprentices. It was explained that the apprenticeship scheme is designed to support the maintenance function as the requisite craftsman skills cannot be sought from the market. There are currently 180 craftsmen employed on site and over the next ten years the attrition rate will be around five per year, so the intake of six apprentices each year addresses the skills shortage over the coming years. The business is, in general, recruiting across all disciplines.
19. Cllr McSherry asked why Drax does not take coal from the local Yorkshire mines. It was explained that Drax does take coal from the local mines, in particular Kellingley, Maltby and Hatfield, and from a small family-owned deep mining business near Wakefield (Flack family). Some coal is also taken from Dawmill in the West Midlands.
20. Cllr Marshall asked if imported coal came solely through Hull. It was explained that Drax uses the ports of Immingham, Redcar, Tyne and Hunterston.
21. Cllr McSherry asked if the development of the eco-town (should it go ahead) and so the demand for biomass for the Arbre plant would impact on Drax's biomass co-firing plans. It was suggested that the infrastructure that would be developed to support the Drax biomass operation would most probably help the Arbre plant.

22. Eric Ketley asked if Drax was seeking to buy as much straw as possible for co-firing, and if so presumably many farmers would not be happy with this situation. It was explained that straw is in general a very low value commodity and about half of it, due to its low price, is ploughed back into the ground. If Drax were to buy this surplus straw to co-fire this would encourage and facilitate a business for such straw, which would in fact benefit the farmers.

Update on Barlow Ash Disposal Scheme Operations

23. Jason Shipstone gave an update on the Drax ash business, reporting that the new flat store and rail loading facility was under construction and was expected to be commissioned in the Summer. Some 83% of the ash produced last year was sold to the construction industry. Markets in Scotland and the South were being chased as the transportation by rail opens up opportunities further afield. Tightening environmental regulations were making it tougher to meet onward sales specifications for the ash. However, through a different approach to fuel selection and fuel management Drax was overcoming these challenges. The ash business is value additive to the overall Drax business and there are wider environmental benefits of ash use in the construction industry, for example, avoidance of the need to quarry primary aggregates.
24. As a result of a focus on an increase in ash sales, less ash is currently being deposited on the Barlow Mound. Most of the Mound is turned over to farmland, with the working face broadly static. There has been a noticeable improvement in the standard of land and infrastructure management following the arrival of a new farm tenant. Tree planting is planned for the Summer, the first planting for five years, which is indicative of the slowing rate of growth of the Mound. The Mound is now open again to the public following a period of closure as a precaution following Camp for Climate Action. Time and money has been invested in the public areas and amenities, including the Skylark Centre which is available for local schools to use as part of their National Curriculum studies.
25. Cllr Strelczenie asked what impact burning, say, straw would have on the ash produced. It was explained that all biomass is co-fired and therefore all ash, that is, that from coal and that from biomass, is mixed. As more biomass is burned less ash will be produced.
26. John Peak asked whether the intention was to switch all lorry movements of ash to rail movements. It was explained that from the Summer we would start to see ash transported by rail and a concerted effort to minimise the road transportation of ash.

Environmental Update

27. Oliver Baybut gave an environmental update covering the highlights of 2007, environmental compliance for the last year, and environmental performance in terms of emissions to air. In short, re-certification to ISO 14001 has been achieved for Drax's Environmental Management System. The 'new' Pollution Prevention and Control ("PPC") permits for the Barlow Mound and the power station were issued in 2007. The coal/petcoke trial burn had reached a successful conclusion, and Oliver Baybut thanked those members who had been involved in objectively reviewing the results of the trial. It was noted that the stocking out trial of coal/petcoke blends is still underway.
28. Oliver Baybut reminded members that Drax views compliance with legislation as a minimum requirement. Last year had been a good year with zero breaches and zero incidents and complaints. On emissions to air, both sulphur dioxide ("SO₂") and oxides of nitrogen ("NO_x") emissions were showing a downward trend brought about through both investment and fuel management. Emissions of carbon dioxide ("CO₂") are the main

driver of the business today, hence the significant investment Drax is making in carbon abatement measures, in particular, through biomass co-firing and the upgrade of all high pressure and low pressure turbines.

29. Cllr Lloyd-Williams asked why no mention had been made of gypsum. It was explained that the operation of the flue gas desulphurisation plant was considered to be very much part of the base business at Drax. The plant operates well and investment over recent years has improved the removal efficiency taking it to its current level of 93%, that is, 93% of the SO₂ is removed from the flue gas before it is emitted from the chimney. A long term contract is in place with British Gypsum for the supply of gypsum, the majority of which is removed from site by train.
30. John Peak observed that the usage of renewable oil appeared to go against the trend and had decreased rather than increased over time. It was explained that the oil is very acidic and had been found to corrode the distribution system pipework, hence the reduced usage.
31. Eric Ketley asked what type of renewable oil had been used. It was explained that tall oil had been used as a replacement for heavy fuel oil.

Co-firing Project Update

32. Deborah Keedy gave an update on the co-firing project. Drax is aggressively pursuing its target of producing 10% of the station's output from co-firing biomass. On completion, this will be the largest co-firing operation in the UK. Meeting this target will require some 1.5 million tonnes of biomass. The recent volatility witnessed in the agricultural markets has meant that in sourcing the biomass Drax will be looking to both domestic and international markets, and will be looking for a range of materials, including energy crops such as miscanthus and short rotation coppice, and non-energy crops, such as sunflower husks and peanut husks.
33. Deborah Keedy thanked those members who had actively participated in the consultation which preceded SDC granting planning approval for the co-firing project. The final design will be going back to SDC for its formal sign off. As part of the approval it had been agreed that a review would be triggered should biomass movements by road reach 700,000 tonnes per year. However, it was stressed that the project had been based around movements by rail. This in itself would involve investment in infrastructure at the ports and Drax was working with the ports on this. The access to the Drax site via the Materials Handling Gate is to be modified which would change the right of way giving priority to movement in and out of Drax – this is in line with the pattern of usage of the road.
34. John Peak commented that road movements of 700,000 tonnes of biomass was substantially higher than what had been achieved to date and asked if trials had been conducted. It was explained that the emphasis was on rail movements and the need for new loading and handling logistics at the ports was recognised.
35. John Peak asked what the extent of direct injection on site would be. It was explained that it was planned to have two direct injection systems on each unit giving a total of 12; these systems would be phased in.
36. Crispin Thorn commented that it would be helpful to get a feel for the spread of materials that would be used and their origin. In particular, due to a concern over regulations in place on imports due to health issues. It was explained that Drax had knowledge of the

regulations and that by bringing in material in pelletised form, rather than raw form, these regulations did not pose a problem.

37. Cllr Pearson asked how much 'primary' biomass material and how much 'by-product' biomass material would make up the portfolio of biomass co-fired at Drax. It was explained that the best strategy was to procure a variety of materials, which would include, wood by-products, that is, from saw mills, agricultural by-products, such as sunflower husks and peanut husks, primary materials, such as straw and energy crops, such as miscanthus and short rotation coppice. It was explained that it is important that Drax procures biomass at the right price, from the right place and in a sustainable manner. It was further stated that the behaviour of the agricultural markets, which saw significant increases in the price of wheat (for example), has meant that the pursuance of a diverse sourcing strategy is the most sensible position to adopt.
38. Cllr Pearson asked if the moisture content of biomass was problematic. It was explained that it was and therefore the specification for the delivered material included a moisture content tolerance.
39. Cllr Sowray asked if the wheat prices would drive farmers away from planting short rotation coppice. It was explained that the expectation was that the development of the energy crop market, that is, short rotation coppice etc, would slow down as a result of the healthy returns farmers could make from more traditional crops.
40. Cllr Greenwood expressed his thanks to Drax for listening to the concerns held by the parish of Newlands regarding the proposed increase in movements by road as a result of the co-firing project.
41. Cllr Pearson asked if the furnace bottom ash ("FBA") was still being sold. It was confirmed that all the FBA is sold to the construction industry.
42. Cllr McSherry raised the issue of the 'noise' in the early hours of 25 January and asked for an explanation. It was explained that the noise had been created when a safety valve had lifted as a precaution to release excess steam due to a problem that had been encountered on one of the units. Usually the valves open, release steam and then close within a very short time frame, unfortunately on this occasion the valve had not closed and despite much effort to mechanically close the valve it remained open for some 20 minutes. Again unfortunately, unlike the main safety valves, the valve that opened was not fitted with a silencer hence the noise.
43. John Peak asked if the safety valves are tested. It was explained that they are tested and that these tests would take place during the day and notice is given.
44. Simon Parkinson asked if there were any complaints as a result of the noise. Drax has taken a number of telephone calls, all were good natured and were not complaints. Drax had spoken to the local press to explain the cause of the disturbance and expressed its regret – which was published.

Any Other Business

45. Cllr Pearson asked if Drax had suffered any damage from the earthquake in the early hours of 27 February. None had been suffered, although there had been some damage sustained as a result of the high winds.
46. Cllr Pearson commented that according to the figures shown earlier, Drax achieved an average price of £45/MWh for its electricity in 2007. If end customers are paying

£150/MWh this suggests that someone is making a lot of money out of supplying electricity. It was explained that the price of electricity is very variable – it is a traded commodity – and between leaving power stations and reaching end customers there is a lot of infrastructure which requires maintenance. Members were reminded that Drax operates solely in the generation market and has no business interests further downstream.

Date of Next Meeting

47. The date of the next meeting was agreed as Wednesday, 22 April 2009.