

# PELLETS: Global demand for biomass continues to surge

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forest and logging industries alone and that Drax could contribute more than a quarter-billion dollars to Alabama's economy, adding more than \$100 million to the state's GDP. Further, with the right support from governments, Drax stands ready to invest billions in deploying bioenergy with carbon capture and storage (BECCS) at scale to cut carbon emissions and generate renewable power for millions of homes and businesses. We are excited about the positive impact this will have on climate, nature and our communities in Alabama.

**Q.** What has been your experience in Alabama?

Exceptional ... from a people perspective we're providing good-paying jobs for rural communities and they are extremely hard working and dedicated to growing our business. From a business perspective, the state is very accommodating for manufacturing and increasing job opportunities for its residents.

**Q.** How many people does Drax employ in Alabama?

Drax currently employs more than 130 employees across our two Alabama plants in Aliceville and Demopolis. However, a recent study done by Oxford Economics shows that Drax's operations (including indirect and induced employment) could support more than 2,000 jobs in Alabama alone.

**Q.** What are the advantages of locating in Alabama?

Drax's success will always be underpinned by the people we employ and the partnerships we make. So, the advantages for us are the timber/fiber resources, our partnerships with local sawmills and businesses and the communities in which we're providing jobs. Our pellet mills in Alabama support the wider supply chain of truckers, railway workers, port workers and other logistics professionals living in the state.

**Q.** How important is your relationship with the local community and private timber owners?

It is of utmost importance. We are committed to having a positive impact in our communities, including supporting jobs, education, economic development, environmental stewardship and stepping in during moments of crisis.

Our partnerships are equally important to us. We recently announced a partnership with the Federation of Southern Cooperatives (FSC) to aid African American small-scale farmers, landowners and cooperatives in the U.S. South with greater access to the biomass market, further encouraging sustainable forestry management. This partnership will also



Photo By Pinnacle Renewable Energy

**At full capacity** the plant at Demopolis, which is Drax's second production facility in Alabama, will produce 360,000 metric tonnes of sustainable biomass pellets a year.

support initiatives on forestry education, internships and enabling equal access to a fiber market that has historically been limited to large corporations.

**Q.** Can you describe your operation in Europe?

Drax is the second-largest sustainable biomass producer globally, providing a sustainable, low-carbon fuel source that can be safely and efficiently delivered through our global supply chain. We are the United Kingdom's largest source of renewable power by output, delivering up to 20 percent of its renewable power at peak times in 2022. We are also progressing options for BECCS, as we have an ambition to be a carbon-negative company by 2030, delivering 12 million tons of negative emissions globally by that same year.

**Q.** How long has Drax been in business?

Work began on Drax Power Station in 1967 but it didn't begin generating electricity until 1974. Through the years, Drax has grown and decarbonized, all the while supporting energy security in the UK. Converting Drax Power Station to use sustainable biomass was a radical move that transformed the business into Europe's largest decarbonization project and was a critical step in our journey to become carbon negative using BECCS.

**Q.** How does Drax rank among pellet manufacturers?

Drax's ambition to be the largest pellet manufacturer in the world is highly publicized. However, the key to our business is the culture and core values that we're building. We're a safety focused organization that wants the best employees to succeed personally and professionally. As we continue to grow, we're dedicated to doing it the right way and instill those values in

the employees we hire.

Additionally, sustainability is at the heart of everything we do and we are committed to ensuring the biomass we source delivers positive outcomes for the climate, for nature and for the communities in which we operate. Central to this philosophy is ensuring that we are not only complying with but also driving standards within the industry.

Drax adheres to all required legislation, regulations and standards. We measure and report on supply chain, as well as supply chain-associated emissions. We also provide extensive information to voluntary certification schemes such as the Sustainable Biomass Program (SBP), Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI), which provide third-party oversight of our operations. We also publish comprehensive data in our annual report and have created an independent audit board to support further oversight, which is all available publicly on our website.

**Q.** Does Drax plan to expand its footprint further in the U.S.?

There is a great opportunity for further expansion within the U.S. We have seen growing global demand for high-quality carbon removals, particularly in the U.S., and we aim to be a world leader in BECCS, delivering up to 4 million tons of carbon dioxide removals (CDRs) from BECCS in locations outside the UK by 2023.

We have a well-established supply chain in the U.S. and it is home to some of the world's greatest fiber baskets and a thriving sustainable forest industry, with two of the world's six densest woody biomass hotspots. BECCS in the U.S. would further bolster the sustainable forest products

sector, with the potential to improve forest management, reducing risks from wildfires/pests while also improving wildlife habitat. It would also create a U.S. end-to-end value chain, creating the skilled workforce that the U.S. government wants to see and delivering substantial economic, environmental and social benefits.

**Q.** Has Drax initiated any studies regarding its economic impacts locally and statewide?

We recently issued the findings of an economic impact report by Chmura, looking at the economic impact of our biomass operations across the Southeastern United States. The report shows that Drax could contribute more than \$260 million to Alabama's economy in 2023. Drax is providing career opportunities in areas that have been economically challenged and where jobs haven't been widely available. In Alabama, 72 percent of all wages paid to Drax employees were people living in rural counties. This includes Pickens County, considered to be 100 percent rural, where Drax's Aliceville plant is located. Alabama is a player on the global energy stage. The state plays a critical role in our ability to meet the growing global demand for wood pellets because it provides Europe and Asia with reliable, renewable electricity to help displace coal from their energy systems.

As demand for biomass continued to surge, last December we announced a \$50 million expansion at our Aliceville wood pellet plant, right here in Alabama.

**Q.** What are the benefits of sustainable and renewable energy utilizing wood?

Biomass is increasingly being recognized by governments and scientists around the world as having the potential to play a critical role in tackling climate concerns, supporting communities and contributing to energy security. The United Nations' Intergovernmental Panel on Climate Change (IPCC) — the world's leading science-based climate authority, backed by thousands of scientists — restated in their latest report the critical role that biomass will play in meeting global climate targets.

Sustainably sourced biomass plays a critical role in protecting and enhancing our environment, displacing fossil fuels directly in the production of electricity and supporting markets for wood products that replace other carbon-intensive materials such as cement. Add to this its ability to deliver negative emissions with BECCS and you can see how biomass is one of our most valuable tools for reaching net zero emissions.

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