

27 March 2025

**Drax Group plc**  
("Drax"; "The Group"; Symbol: DRX)

### **Joint Venture and 20-year agreement for sale of ash to low-carbon cement industry**

Drax Power Limited has agreed a 20-year joint venture (JV) agreement with Power Minerals Limited (PML) which will allow for the development of a state-of-the-art facility to process pulverised fuel ash (PFA) into a Supplementary Cementitious Material (SCM), which can be sold to the construction industry and used in the production of cement with a lower carbon footprint.

The new facility will be located adjacent to the Drax Power Station site, on land leased from Drax Power Limited. Under the agreement PML will construct, own and operate the new facility, whilst Drax will sell PFA to the JV as well as provide power and water to the facility, in addition to sharing the profits of the JV's sales of SCM. There is no capital investment required by Drax.

The new facility is expected to begin operations by the end of 2026, with an expected annual production of 400,000 tonnes once operating at full capacity.

Drax believes the project could generate incremental Adj. EBITDA of c.£5 million pa for Drax post 2027 through to 2046.

**Lee Dawes, Drax's Chief Operations Officer**, said: "This is a landmark deal not only for Drax, but for the UK construction industry. Cement production is one of the most carbon intensive processes in the world and through this partnership, we will be able to help the construction industry cut its carbon emissions in the years ahead.

"Drax Power Station is integral to the country's energy security and now through this new agreement it can play a further role in reducing carbon emissions in UK construction as well.

"The opportunity to sell large volumes of PFA from Drax Power Station as part of a long-term JV is another way in which we can realise incremental value from the site whilst helping to reduce carbon emissions. It is an exciting time for Drax as we continue to develop options for long-term investment in the site, including [BECCS](#) and a data centre."

#### Background details

PFA is a byproduct of power generation at Drax Power Station and over its operating life the station has built up a reserve of PFA which can be used to meet the requirements of the new facility over the 20-year JV period.

The production of cement contributes around 8% of global CO<sub>2</sub> emissions annually. Over the duration of the project, PML estimates the utilisation of PFA from Drax can reduce emissions of CO<sub>2</sub> by a minimum of 6 million tonnes, compared to utilising conventional cements.

Drax Power Station is the UK's largest source of 24/7 renewable power, supporting UK energy security with flexible and reliable renewable power generation and a wide range of system support services. Drax believes that the size, flexibility and location of the asset make it an integral long-term part of the UK energy system. The station has 2.6GW of current biomass generation capacity, in addition to 1.3GW of additional grid connection. As outlined at the Group's full year results in February 2025, Drax is continuing to assess opportunities for value creation and growth from the site including BECCS and a 1.2GW data centre.

#### **Notes:**

- (1) Adj. EBITDA is Earnings before interest, tax, depreciation, amortisation, other gains and losses and impairment of non-current assets, excluding the impact of exceptional items and certain remeasurements, earnings from associates and earnings attributable to non-controlling interests.

#### **Enquiries:**

Drax Investor Relations:

Mark Strafford

[mark.strafford@drax.com](mailto:mark.strafford@drax.com)

+44 (0) 7730 763 949

Chris Simpson

[Chris.Simpson@drax.com](mailto:Chris.Simpson@drax.com)

+44 (0) 7923 257 815

#### **Media:**

Drax External Communications:

Aidan Kerr

Aidan.kerr@drax.com

+44 (0) 7849 090 368

Website: [www.drax.com](http://www.drax.com)

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