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

Tolling agreement for 250MW (500MWh) of BESS

Drax is pleased to announce that it has signed a tolling agreement with West Burton C Limited, a company owned by Fidra Energy ("Fidra", an independent Battery Energy Storage Systems "BESS" developer)[1], for 250MW (500MWh) of new BESS capacity.

Highlights

- Tolling agreement for 250MW 2-hour duration BESS at West Burton, England
  - No upfront capital cost - construction, maintenance and availability risk sits with Fidra
  - 10-year tolling agreement with annual payments indexed to UK CPI
  - Contract provides Drax with full operational control and dispatch rights
  - Protected grid connection, targeting a Commercial Operation Date (COD) in 2028
- Expected returns significantly ahead of Drax's Weighted Average Cost of Capital[2]
- Strong strategic fit
  - Aligned with Drax FlexGen strategy, adding short duration and fast response capability
  - Complements Drax investments in physical ownership of BESS and asset optimisation
- Closely aligned with UK energy objectives of energy security and decarbonisation

Drax Group Chief Executive Officer, Will Gardiner, said: "Flexible Generation technologies like battery storage will support a secure, affordable and clean energy system for British homes and businesses. Our first BESS tolling agreement is an important step in our ambition for a gigawatt scale pipeline of battery storage opportunities, alongside our recent acquisitions of Flexitricity and three battery storage developments.

"We are working to create opportunities for growth and value creation in our FlexGen portfolio that are aligned to the UK's energy needs, and are underpinned by strong cash generation, disciplined capital allocation and attractive returns for shareholders."

Under the agreement Fidra will retain responsibility for construction, maintenance and availability of the asset during the contract period. In return Drax will pay a fixed annual tolling fee over the agreed term of 10 years from the COD, in return for full operational control and dispatch rights, retaining all revenues (excluding Capacity Market revenues).

Drax sees the agreement as a capital light opportunity to provide additional BESS capacity for the Group's FlexGen portfolio, alongside physical ownership of BESS assets[3].

The agreement is subject to Fidra taking a final investment decision on the project by Q3 2026 and commercial operations by H2 2029.

Strategic fit - aligned with UK energy needs and Drax FlexGen business
Drax is developing a GW scale pipeline of BESS opportunities comprised of (1) physical assets and (2) the capabilities to optimise third-party assets with the provision of route to market, floor and tolling structures.

In October 2025, Drax signed an agreement with Apatura Limited to acquire three BESS projects, which when fully commissioned will provide capacity totalling 260MW[3]. In January 2026 Drax announced the acquisition of Flexitricity, providing an optimisation platform for the development of the Group's FlexGen business, including BESS[4].

Notes:

(1) Battery Energy Storage | Flexible Battery Electricity | Fidra Energy
(2) The cash flow that Drax expects to generate over the life of the contract when compared to the present value of the annual toll payments, is expected to deliver a return significantly above Drax's WACC.
(3) Acquisition of 260MW 2-hour BESS portfolio - 07:00:11 30 Oct 2025 - DRX News article | London Stock Exchange
(4) Acquisition of Asset Optimisation Platform - 07:00:06 21 Jan 2026 - DRX News article | London Stock Exchange

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Forward-looking statements

This announcement may contain certain statements, expectations, statistics, projections and other information that are, or may be, forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans, beliefs, and objectives for the management of future operations of Drax Group plc ("Drax") and its subsidiaries ("the Group"), are not warranted or guaranteed. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Although Drax believes that the statements, expectations, statistics and projections and other information reflected in such statements are reasonable, they reflect Drax's current view and no assurance can be given that they will prove to be correct. Such events and statements involve risks and uncertainties. Actual results and outcomes may differ materially from those expressed or implied by those forward-looking statements.

There are a number of factors, many of which are beyond the control of the Group, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These include, but are not limited to, factors such as: projects achieving the required milestones, including delivery of required equipment, access to the requisite resources and completion of connections to enable operation within expected timeframes, future revenues being lower than expected; increasing competitive pressures in the industry; uncertainty as to future investment and support achieved in enabling the realisation of strategic aims and objectives; and/or general economic conditions or conditions affecting the relevant industry, both domestically and internationally, being less favourable than expected, including the impact of prevailing economic and political uncertainty; the impact of conflicts around the world; the impact of cyber-attacks on IT and systems infrastructure (whether operated directly by Drax or through third parties); the impact of strikes; the impact of adverse weather conditions or events such as wildfires; and changes to the regulatory and compliance environment within which the Group operates. We do not intend to publicly update or revise these projections or other forward-looking statements to reflect events or circumstances after the date hereof, and we do not assume any responsibility for doing so.

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