From: Alik Angaladian(alik@mapleleafstrategies.com)

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Subject: 164757 incoming - New European Union Laws Threaten Sustainable Woody Biomass

from British Columbia

Sent: 04/03/2024 16:04:53

Attachments: Drax Letter - EU regulatory impact on Canadian Forestry - BC.pdf

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Dear Minister,

On behalf of Drax leadership, please see the attached correspondence for your consideration. Drax would like to request a meeting to discuss the European Union legislation, specifically, the EU "Renewable Energy Directive (REDIII)" and the EU Regulation on "Deforestation-free supply chains" (EUDR) to ensure BC remains a leader in Canadian and global forestry.

Best,



Alik Angaladian | Principal

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April 3, 2024

The Honourable Bruce Ralston
Minister of Forests and
Minister Responsible for the Consular Corps
Room 138 Parliament Buildings
Victoria, BC
V8V 1X4

Sent via E-mail: FLNR.Minister@gov.bc.ca

RE: New European Union Laws Threaten Sustainable Woody Biomass from British Columbia

Minister Ralston:

I am writing to request a meeting to discuss recent European Union (EU) legislation that concerns the sustainability of forest products from British Columbia (BC). Specifically, the EU "Renewable Energy Directive (REDIII)" and the EU Regulation on "Deforestation-free supply chains" (EUDR).

Together, these two laws will likely result in a ban on sourcing and placing on the EU market of any material from old-growth and primary forest areas. The broad definitions and categorization of old-growth and primary forest areas are not aligned with that of BCs local and regional laws and criteria around harvesting practices. If implemented without appropriate clarifications, these EU laws could restrict sourcing for sustainable bioenergy and products from the wider wood and timber sector.

It is critical that appropriate clarifications are provided so that Canada's approach to forestry and management of old growth is recognized as part of the implementation of these two laws across the EU.

Sustainably sourced woody biomass is a crucial renewable source of power in replacing fossil fuels. Combined with Drax's carbon capture technology to deploy Bioenergy with Carbon Capture and Storage (BECCS), is at the heart of our purpose to enable a zero carbon, lower cost energy future.

Drax is the world's leading producer and generator of sustainable woody biomass energy. Our Canadian supply chain consists of 8 wood pellet plants and 2 port facilities in BC and 2 wood pellet plants in Alberta, producing and exporting a combined total of 2.5 million metric tons of wood pellets per year.

Drax has invested over \$800 million into the Canadian forestry sector, supporting more than 10,000 jobs and contributing \$1.1B to the nation's GDP annually. We operate a global supply chain, using sustainably sourced biomass from Canadian and US forests to provide renewable fuel to the UK, Japan, and across the EU supporting decarbonization around the world.

Sustainability is at the core of Drax's business, and our world-leading <u>Responsible Sourcing Policy</u> is aligned with regulatory frameworks set by Canadian and UK governments (among others). We use sawmilling and harvesting residuals to make pellets, providing a market for lower-value woody material. This supports healthy forest management, wildfire management, and disease prevention in the western forests of Canada.



The abovementioned EU laws stand to significantly impact our supply chain due to the age and class of BC's forests in the western provinces, and disregard Canada's and First Nations' knowledge and expertise, in managing its natural resources.

Appropriate clarifications must be provided to the EU laws to ensure that sustainable and legal sourcing in Canada, and in BC, is considered compliant as the laws are being implemented across the EU to ensure that BC forest products can still be exported to the EU market.

This is particularly important as other countries, including the United Kingdom and Japan, are following EU regulatory developments with great attention and may decide to replicate these provisions, which may further prevent our ability to source from and fuel the BC economy. Similar provision would further result in a significant loss of investment in BC, a major blow to our collective fight against climate change, and a detriment to forest health.

I would appreciate meeting with your office to discuss these issues further and determine how we can work together to ensure that BC remains a leader in Canadian and global forestry.

Best,

Ross McKenzie

Group Director of Corporate Affairs

Cc:

The Honourable Josie Osborne, Minister of Energy, Mines and Low Carbon Innovation The Honourable George Heyman, Minister of Environment and Climate Change Strategy The Honourable Andrew Mercier, Minister of State for Sustainable Forestry Innovation The Honourable Brenda Bailey, Minister of Jobs, Economic Development and Innovation The Honourable Jagrup Brar, Minister of State for Trade Doug Routley, Parliamentary Secretary for Value-Added Manufacturing Roly Russell, Parliamentary Secretary for Rural Development