

# NEPCon Evaluation of Drax Power Limited Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

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## Completed in accordance with the CB Public Summary Report Template Version 1.3

*For further information on the SBP Framework and to view the full set of documentation see  
[www.sbp-cert.org](http://www.sbp-cert.org)*

### *Document history*

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# 1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	23/Aug/2019
Report authors: :	Ondrej Tarabus
Name of the Company:	Drax Power Ltd, Selby, North Yorkshire, YO8 8PH, United Kingdom
Company contact for SBP:	Kate Rozanska, Sustainability officer, 07522 235 163, Kate.Rozanska@drax.com
Certified Supply Base:	N/A Trader
SBP Certificate Code:	SBP-01-43
Date of certificate issue:	10/Oct/2016
Date of certificate expiry:	09/Oct/2021

This report relates to the Third Surveillance Audit

## 2 Scope of the evaluation and SBP certificate

Drax Power Ltd is an energy producer from UK with both the office and the power plant located in the same place at Selby. Drax Power is procuring wood pellets from USA, Canada, Portugal and Baltic countries. The organization holds FSC and PEFC certificates with transfer system implemented (for this evaluation FSC CoC system was used). The point of purchase varies and can be either FOB or CIF at different ports in the world.

The scope of the evaluation includes all material procured as well as further trade. When the material is purchased it can be re-sell at the same port, delivered directly to the client by vessel or consumed by their own energy plant. The material can potentially be sold to different customers in Europe and therefore the point of sale is very variable. The material is mostly delivered to ports in Europe, but it can be also sold at the same port where the material was purchased.

Description of the scope: Procurement of wood pellets for the generation of electricity and heat, further sales and transportation to Europe.

The scope of the certificate does not include Supply Base Evaluation.

### 3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Trader's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the Biomass Trader's management procedures;
- Review of FSC and PEFC system control points, analysis of the existing FSC and PEFC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations
- GHG data collection analysis;

## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

### 4.2 SBP-endorsed Regional Risk Assessment

N/A Trader

## 5 Description of Company, Supply Base and Forest Management

### 5.1 Description of Company

Drax Power Ltd is an energy producer from UK with both the office and the power plant located in the same place at Selby. Drax Power is procuring wood pellets from USA, Canada, Portugal, Baltic countries, Belorussia or Brazil. The organization holds FSC and PEFC certificates with transfer system implemented. The point of purchase varies and can be either FOB or CIF at different ports in the world.

### 5.2 Description of Company's Supply Base

N/A

### 5.3 Detailed description of Supply Base

N/A

### 5.4 Chain of Custody system

The organization has implemented the FSC and PEFC transfer system for biomass (wood pellets only) in the scope of the certificate. The process covers trade with biomass. The material from different suppliers can be mixed on one ship once it's loaded. However, in such cases individual batches with different claims would remain the same on input and output by using mass balance to distinguish between different materials (in order to follow the GHG, profiling and batch specific characteristics of the material). Furthermore, the organization is storing material in Tyne, Liverpool, Hull and Immingham. Material from these storage facilities is not traded, but used for generation only. In all cases material received is always at least EUTR compliant biomass. In case the material would be uncertified it would not be received, and non-conforming product procedure would be followed.

Each purchased material is recorded in the internal system. These records include the certification status of the material and the sales documents always contain the same type and quantity of material as purchased.

The FSC is mentioned on the sales invoices and SBP claim in the DTS. The sustainability characteristics for each batch are mentioned in an annex to the invoice which always contains the number of the invoice as well.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

The audit was carried out on 16<sup>th</sup> and 17<sup>th</sup> July 2019. One and half day was needed for the onsite audit.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office,	OT,	16/07/2019 09.00-09.30
Interview with the SBP and CoC responsible person; review of procedures and any open NCR(s) if applicable	Office,	OT,	09:30-11.00
Interview with Purchasing department representative (material sourcing and reception, purchasing documents)	Purchasing department	OT,	11:00-13:00
Break			13:00-13:30
Interviews with the responsible staff members for different sections of the SBP and CoC control system (storage, shipping, labelling, sales documents)	Sales department, logistic department	OT,	13:30-14:30
Interview with legal department (compliance with relevant legislation)	Legal department	OT,	14:30 – 15:00
Review of the summary volume figures,	CoC responsible person	OT,	15:00 – 16:00
Internal team meeting		OT,	16:00-16:30
Presentation of the results of the first day of annual audit	Office,	OT,	16:30-17:00

Energy data collection and calculation, management of SBP batches and sustainability characteristics	Office,	OT,	17/07/2019 09:00-11:00
Internal team meeting	Office	OT,	11:00 – 11:30
Closing meeting*	Office,	OT,	11:30 – 12:00

OT – Ondřej Tarabus,

## 6.2 Description of evaluation activities

Auditor was welcomed in Drax Power head office in Selby and audit started with an opening meeting attended by Laura Craggs and Kate Rozanska.

Lead auditor introduced the audit team, provided information about audit plan, methodology and aim of the audit. CB's approval related issues and confidentiality issues were covered as well.

After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping requirements. Later on the purchasing and sales offices were audited. During the process the overall responsible person for SBP system and other responsible staff having key responsibilities within the system were interviewed.

The second day of the audit focused mostly on energy data collection and SREGs issued to the customers. Existing trades were evaluated in the DTS as well as in the organizations accounting system.

During the closing meeting auditor explained the results of the audit and further actions were discussed.

Composition of audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus, Lead auditor for SBP, FSC and PEFC, evaluation against all applicable requirements	Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC assessments in Czech Republic, Slovakia, Italy, Germany, Vietnam, Egypt, Spain, Romania, Bosnia and Herzegovina, Austria, etc. and FSC FM audits in Czech Republic and Lithuania. Ondřej Tarabus successfully completed SBP training course and he has practical experience with carbon footprint certification as well as biofuels certification.

## 6.3 Process for consultation with stakeholders

N/A

## 7 Results

### 7.1 Main strengths and weaknesses

Strengths: The internal system is well organized, high quality supplier evaluation prior its acceptance, double evaluation of each delivery in terms of sustainability claims.

Weaknesses: DTS system is checked by the responsible person to confirm the sustainability claims but the volumes or invoice numbers are not doublechecked.

### 7.2 Rigour of Supply Base Evaluation

N/A

### 7.3 Collection and Communication of Data

Drax Power has previous experience with compilation of GHG and therefore all processes were already in place and the previous experience was materialized. The responsible person has a good overview about the energy data of the supplies and the system for recording this data is well managed.

### 7.4 Competency of involved personnel

The main responsible person in the company is the Sustainability Officer – Kate Rozanska supported by other colleagues from the sustainability department. Kate Rozanska is responsible for energy data collection, the Shipping Logistics team for verification of the correctness of claims and inputting data into the system and the Commercial Services team for processing sales documentation. All interviewed personnel provided good understanding of the requirements in relation to SBP certification.

### 7.5 Stakeholder feedback

N/A

### 7.6 Preconditions

N/A

## 8 Review of Company’s Risk Assessments

*Describe how the Certification Body assessed risk for the Indicators. Summarise the CB’s final risk ratings in Table 1, together with the Company’s final risk ratings. Default for each indicator is ‘Low’, click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.*

N/A

**Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.**

Indicator	Risk rating (Low or Specified)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Low	Low
1.1.3	Low	Low	2.4.2	Low	Low
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Low	Low
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Low	Low	2.7.2	Low	Low
2.1.2	Low	Low	2.7.3	Low	Low
2.1.3	Low	Low	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low
2.2.3	Low	Low	2.9.1	Low	Low
2.2.4	Low	Low	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	Low	Low
2.2.6	Low	Low			
2.2.7	Low	Low			
2.2.8	Low	Low			
2.2.9	Low	Low			

2.3.1	Low	Low
2.3.2	Low	Low

**Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.**

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

## 9 Review of Company's mitigation measures

N/A

## 10 Non-conformities and observations

*Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:*

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

## 10.1 Open Non-Conformity Reports (NCRs)

<b>NCR number:</b> 39261 NCR 01/19	<b>NC grading:</b>	<b>Major</b> <input type="checkbox"/>	<b>Minor</b> <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	Standard #4 V1.0 - Chain of Custody - 5.2.6		
<b>Description of Non-conformance:</b>			
<p>There were identified several cases where the number of certificate and SBP claim was received through DTS several months after the material was shipped and the invoice was issued. This might be potentially a problem, in case the material would be sold to other entity as certified (based on contract) but after the claim would be received in the DTS, it would turn out that the material was actually not certified (or controlled only). Additionally, the responsible person does not check the invoice number, invoice date or the tonnage in the DTS to compare it with the actual invoice.</p>			
<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
<b>NCR conformance deadline:</b>	By next audit, but not later than 12 months after report finalisation date		
<b>Client evidence:</b>			
<b>Evaluation of Evidence:</b>			
<b>NCR Status:</b>	<b>Open</b>		
<b>Comments (optional):</b>			

## 10.2 Closed Non-Conformity Reports (NCRs)

<b>NCR number:</b> 22311 NCR 02/18	<b>NC grading:</b>	<b>Major</b> <input type="checkbox"/>	<b>Minor</b> <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	Instruction Document 5B - Energy and GHG Data V-1.1 - 6.1.7 Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.2		
<b>Description of Non-conformance:</b>			
The organization has decided to use default values for transport fuel consumption. This is classified by the auditor as minor non-conformity because the fuel consumption from the oversea transport has a significant effect on the final GHG balance.			
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
<b>NCR conformance deadline:</b>	By next audit, but not later than 12 months after report finalisation date		
<b>Client evidence:</b>	The organization has collected data from the various transport companies about the fuel consumption and these data were compared to the default values to provide evidence, that the data used by the organization are not significantly lower than the default values.		
<b>Evaluation of Evidence:</b>	The auditor has reviewed the actual data from the transport providers and compared it with the default values used by the organization. It was revealed, that the default values for long transport is in line with the actual values but for shorter distances (within Europe) the actual values are higher than the default values.		
<b>NCR Status:</b>	<b>Closed</b>		
<b>Comments (optional):</b>			

<b>NCR number:</b> 22312 NCR 03/18	<b>NC grading:</b>	<b>Major</b> <input type="checkbox"/>	<b>Minor</b> <input checked="" type="checkbox"/>
<b>Standard &amp; Requirement:</b>	Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.3		
<b>Description of Non-conformance:</b>			
The organization has a procedure in place which describes who is responsible for collection of the data and how these data will be collected. It was revealed during the audit that when the responsible person is not in the office there is no clear indication of who covers the following responsibilities: some elements of the energy data which should be provided to the customer (issuance of SREG, verification of supplier's SDIs etc.)			
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
<b>NCR conformance deadline:</b>	By next audit, but not later than 12 months after report finalisation date		
<b>Client evidence:</b>	The organization has provided updated procedure with defined responsibilities and well defined personnel who would cover individual responsibilities in case of in situation that one of the responsible person would be no in the office.		
<b>Evaluation of Evidence:</b>	The auditor reviewed the updated procedure and interviewed the responsible personnel, based on this the non-conformity is considered to be closed.		
<b>NCR Status:</b>	<b>Closed</b>		
<b>Comments (optional):</b>			

<b>NCR number:</b> 22310 NCR 01/18	<b>NC grading:</b>	<b>Major</b> <input checked="" type="checkbox"/>	<b>Minor</b> <input type="checkbox"/>
<b>Standard &amp; Requirement:</b>	Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.4		
<b>Description of Non-conformance:</b>			
<p>The organization has specified in their SBP procedure which data will be provided for the customer and how these will be provided. During the evaluation of the data provided to the customers it was revealed that there is not a consistent system implemented for provision of the energy data for transport via SREG. The auditor has sampled four deliveries and in three cases some deficiencies were identified:</p> <ol style="list-style-type: none"> <li>1) Purchase of pellets from Estonia at the gate of the biomass plant. The energy data for transport contained the sea transport but no information about the transport to the port by truck or the storage of the material in the port. Such energy was not included in the SREG.</li> <li>2) Material purchased from US pellet producer who has 3 SDIs in the scope of their SBP certificate and all these SDIs are in UK ports. However, the biomass was purchased by Drax in US port and shipped to the customer outside UK.</li> <li>3) Biomass purchased in the US with US port SDI and sold to a client in EU. No SREG was issued at all in the case.</li> </ol>			

<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>NCR conformance deadline:</b>	3 months from the closing date of this report
<b>Client evidence:</b>	The organization has updated their system and submitted the documentation to provide evidences of this implementation such as email communication with the suppliers, updated SREG and description of the steps taken after the on-site annual audit. Additionally, internal system was updated and print screen from that updated was provided by the organization.
<b>Evaluation of Evidence:</b>	The auditor reviewed the documents (updated SREGs, emails, procedure) and has requested additional documentation (printscreen from the updated internal system) and reviewed the whole set of documentation. Some additional clarification emails were exchanged before the final decision to close the major non-conformity was taken.
<b>NCR Status:</b>	<b>Closed</b>
<b>Comments (optional):</b>	

### 10.3 Observations

<b>OBS number: 39262</b>	<b>Standard &amp; Requirement:</b>	Standard #4 V1.0 - Chain of Custody - 5.2.7
<b>Description of findings leading to observation:</b>	It was identified in one particular case, the contract was signed for SBP compliant material but the received claim was SBP controlled instead. This was accepted by the responsible person. During the interview, it was mentioned that the claim in the contract is long term goal and does not need to be followed in all cases. Considering the fact, that contract is a legal document, it is recommended to align it with the real claim received with the delivery.	
<b>Observation:</b>	The organization should assure that the contract is containing the claim(s) which are received from the supplier.	
<b>OBS number: 39263</b>	<b>Standard &amp; Requirement:</b>	Standard #4 V1.0 - Chain of Custody - 5.1.2
<b>Description of findings leading to observation:</b>	In one particular case (transaction AA04158) the physical invoice was issued for about 60.000t but in the DTS, 90.230t was received as SBP compliant. When looking into this case more in detail, it was discovered that the organization keeps print screens of each transactions and could provide evidence that only 60.000t was received in DTS back when the	

	transaction was actually carried out in DTS. The auditor contacted SBP and DTS with request for evaluation of the situation. The response received was that it was a system bug and the organization could not be involved in the change of the transaction in any way.
<b>Observation:</b>	The organization should focus during the internal audits on the transactions where the DTS values are not in line with the values from internal system.

## 11 Certification decision

<b>Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:</b>	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Pilar Gorriá
<b>Date of decision:</b>	23/Aug/2019
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>