

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

Second 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*

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:	14/Aug/2018
Report authors: :	Ondrej Tarabus
Name of the Company:	Drax Power Ltd, Selby, North Yorkshire, YO8 8PH, United Kingdom
Company contact for SBP:	Laura Craggs
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 Second 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 or delivered directly to the client by vessel. 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 only 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 19th and 20th July 2018. One and half day was needed for the onsite audit.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office,	OT, AW	19/07/2018 09.00-09.30
Interview with the SBP and CoC responsible person; review of procedures and any open NCR(s) if applicable	Office,	OT, AW	09:30-11.00
Interview with Purchasing department representative (material sourcing and reception, purchasing documents)	Purchasing department	OT, AW	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, AW	13:30-14:30
Interview with legal department (compliance with relevant legislation)	Legal department	OT, AW	14:30 – 15:00
Review of the summary volume figures,	CoC responsible person	OT, AW	15:00 – 16:00
Internal team meeting		OT, AW	16:00-16:30
Presentation of the results of the first day of annual audit	Office,	OT, AW	16:30-17:00

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

OT – Ondřej Tarabus, AW – Annie Weddle

6.2 Description of evaluation activities

Auditor team was welcomed in Drax Power head office in Selby and audit started with an opening meeting attended by Laura Craggs, Stuart Harker and Simon Jeffreys.

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
Ondřej Tarabus, Lead auditor for SBP 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.
Annie Weddle Trainee auditor for SBP Lead auditor for FSC	Ann has technical expertise within FSC and PEFC certification systems and timber legality due diligence auditing. Ann has over eight years' experience of working with the timber industry, mostly in the UK, Ireland and Vietnam but more recently with companies across continental Europe. Ann holds a Master's degree in Ecology and Environmental Management and is working towards one in Forestry. She joined NEPCo in 2010 and has passed the SBP Auditor exam.

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.

Weaknesses: DTS system not always designed according the organization needs, changes in the personnel responsible for SBP within the sustainability department requires some time to fully replace the old staff.

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 Biomass Sustainability Compliance Manager – Laura Craggs 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. Unfortunately, Kate was not able to join the audit and Kevin Tam was partly covering her as he is involved in some of these tasks. All interviewed personnel provided good understanding of the requirements in relation to SBP certification however, due to some personal changes in the sustainable department (and limited availability) it took more than usual to get the evidence of the compliance.

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)	
	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

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.

NCR number: 22310 NCR 01/18	NC grading:	Major ☒	Minor ☐
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.4		
Description of Non-conformance:			
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: 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. 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. 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.			
Corrective action request:	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.		
NCR conformance deadline:	3 months from the closing date of this report		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

NCR number: 22311 NCR 02/18	NC grading:	Major ☐	Minor ☒
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.2		
Description of Non-conformance:			
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.			
Corrective action request:	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.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

NCR number: 22312 NCR 03/18	NC grading:	Major ☐	Minor ☒
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.3		
Description of Non-conformance:			
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 nobody else who could help with some elements of the energy data which should be provided to the customer (issuance of SREG, verification of supplier's SDIs etc.)			
Corrective action request:	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.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		

Comments (optional):

Observation

OBS number: 22313 OBS 01/18	Standard & Requirement:	Instruction Document 5B - Energy and GHG Data V-1.1 – 3.3.1
Description of findings leading to observation:	The data were recorded in the SREG as required by the SBP procedure. The latest template was used. Some minor deficiencies were identified during the evaluation of the SREGs issued to the customer (E.g. supplier name is mentioned instead of transport company).	
Observation:	The organization should pay more attention to the content of the SREG to avoid any mistakes.	

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Pilar Gorría
Date of decision:	27/Aug/2018
Other comments:	<i>Click or tap here to enter text.</i>