

Doha, Qatar - December 5th, 2012

To:

Peter Terium - CEO of the Executive Board of RWE
Rolf Schmitz - Deputy CEO of the Executive Board of RWE
Joachim Loechte - RWE Head of CSR
Leonard Birnbaum – RWE Executive Board member
Alwin Fitting – RWE Executive Board member
Bernhard Guenther – RWE Executive Board member
Arjan Bok - CEO of Essent
Erwin van Laethem - CEO of Essent
Rolf Pohling

Ref: Letter of concern from forest groups regarding RWE's biomass investments, false claims and greenwashing around wood-based bioenergy

Dear Sirs,

The Global Forest Coalition is deeply concerned about the impacts and threats of RWE's growing biomass investments on forests. In the short term, your biomass investments will contribute to and accelerate the destruction of forests in the southern US and British Columbia, the two regions from which your company sources most of its pellets. In the longer term, the indirect and quite possibly the direct impacts of RWE's rapidly increasing demand for wood will be felt by forest-dependent communities and others affected by industrial tree plantation expansion across the world.

According to your own company's information, you are working to increase the amount of wood pellets you burn in Europe from 3 million to 6 million tonnes a year – with each tonne of pellets requiring two tonnes of fresh wood. We understand that around one-fifth of wood pellets produced globally are now burned in RWE power stations. Furthermore, RWE has built the world's biggest pellet plant at Waycross and is importing additional pellets from British Columbia.

We also note with deep concern that RWE's role in the emerging European biomass market is not confined to that of a key investor but extends to lobbying actively for subsidies for large-scale biomass electricity, to be provided by EU member states, contributing to the development of global wood pellet trading through the Initiative Wood Pellet Buyers; and through the same initiative, pushing ahead with the development of 'sustainability standards' which will do nothing to protect forests, climate and communities from the direct or indirect impacts of large-scale wood-based bioenergy.

RWE has been investing in new-build biomass power stations and Combined Heat and Power (CHP) plants in the UK, Germany, Italy and the Netherlands, yet by far the most wood pellets are being and will be burnt in coal-fired power stations. This includes the conversion of Tilbury B, in the UK (which would otherwise have to be closed) which, at full capacity, would now be the world's biggest biomass power station. It also includes large-scale co-firing in the Netherlands – including in the large new Eemshaven coal power station, which is under construction despite years of protests from around 30 different organisations.

Direct impacts on forests in the southern US and British Columbia

The devastating impacts of industrial logging and forest destruction to make way for industrial tree plantations across the southern US and British Columbia have been well documented by many

organisations and reports. Dogwood Alliance¹ and Greenpeace Canada² have published evidence showing that demand for industrial biomass is already significantly increasing pressures on forests in both regions.

Your website misleadingly claims that RWE's Waycross pellet plant "*will have no negative impact on the amount of forest land in Georgia, which has remained constant at approximately 24 million acres since the mid 1930s.*" This claim relies on the false classification of industrial tree plantations as forests. As the US Government's own Southern Forests Futures Report³ confirms, the expansion of industrial pine plantations across the southern US has gone hand in hand with the destruction of highly biodiverse pine and oak-pine forests. Describing logging in that region as 'sustainable' ignores the historical and ongoing destruction of what little remains of southern US forests, which are still home to 130 species of trees, 595 species of birds, 246 species of mammals, 197 species of reptiles and 170 of amphibians, many of them endemic⁴ to that region.

Claims about large quantities of 'suitable' wood being infested by Mountain Pine Bark beetle in British Columbia are similarly misleading. Firstly, there is clear evidence that so-called 'salvage logging' of beetle-infested forests has disastrous impacts on biodiversity and climate change: in the absence of 'salvage logging', a proportion of trees is likely to survive the beetle infestation, and saplings and seedlings certainly would, allowing affected forests to regenerate and retain or even enhance their genetic diversity – all of which is destroyed by clearcutting.⁵ Salvage logging has been shown to have decimated the moose population in the interior of British Columbia, by up to 70%⁶ - just one indication of the severe impact on biodiversity overall. The climate impacts of salvage logging have also been shown to be extremely negative.⁷ These problems are compounded by the fact that there is no published information to show which companies in British Columbia RWE is buying pellets from; and nothing in your sourcing policy to restrict those companies to trading in beetle-infested wood only. Indeed, an RWE representative attended the Canadian Biomass Sustainability Field Tour and Workshop in October 2012, where Canadian wood pellet producers made it clear that they are relying on exporting pellets produced from clearcutting highly biodiverse forests, classed as 'primary forests', to the EU.⁸

False claims about climate impacts

Scientists have confirmed that the carbon impact of power stations burning wood from trees cut down for this purpose (as is the case in all larger biomass power stations) is worse than that of coal

¹ Recent Dogwood Alliance publications related to the demand for wood for bioenergy from the southern US and its impacts on forests can be downloaded at www.dogwoodalliance.org/2012/11/new-report-discredits-uk-energy-company-claims-that-pellets-come-from-wood-waste/, www.dogwoodalliance.org/2012/10/european-utilities-launch-green-energy-bomb-aimed-at-southern-forests/ and www.dogwoodalliance.org/2012/10/tour-of-destruction-following-the-trail-of-the-newest-threat-to-southern-forests/.

² Fuelling a Biomass, Greenpeace Canada, November 2011: <http://www.scribd.com/doc/71163321/Biomess>

³ www.srs.fs.usda.gov/futures/reports/draft/summary_report.pdf

⁴ www.seesouthernforests.org/discover-southern-forests/benefits/biodiversity

⁵ S.H. Black et al, "Insects and Roadless Forests: A scientific review of causes, consequences and management alternatives," Technical Report, National Center for Conservation Science & Policy, 2010.

⁶ Larry Pynn, "B.C. moose ravaged by salvage logging of beetle-killed pine forests." Vancouver Sun News Article, 22 and July 2012

⁷ Ben Parfitt, "Managing BC's Forests for a Cooler Planet: Carbon Storage, Sustainable Jobs and Conservation," Technical Report, Climate Justice Project, January 2010

⁸ <http://library.constantcontact.com/download/get/file/1102670662980-86/2012-10-07+Quebec+Sustainability+Trip.pdf>

power stations for at least several decades, if not longer.⁹ Instead of admitting this established fact, RWE continues to make misleading claims about biomass, such as that burned at Tilbury B, claiming that it is 'low carbon' and results in 'greenhouse gas' savings.

Furthermore, although the climate impacts of large-scale wood-based bioenergy will be no less serious than those of burning coal during the crucial period during which climate scientists warn that emissions must be reduced drastically, we note that RWE's largest biomass investments will not even replace coal. Tilbury B would legally have to close down as a coal power station by the end of 2013 anyway, because it breaches EU sulphur dioxide standards. At Eemshaven, promises of up to 50% biomass co-firing have been used to help obtain permission to build a 1.6 MW new power station expected to mainly run on coal, despite burning significant quantities of wood, too.

Clearly, RWE's biomass investments will do nothing to improve RWE's record as the EU's single biggest CO₂ emitter.

RWE's role in developing misleading 'sustainability' standards

There are many reasons why biomass sustainability standards, which ignore the impact of demand, cannot work. Amongst them are the facts that they cannot address quantity-related impacts which include indirect impacts and displacements, which can be even more serious than direct impacts; that no credible verification and auditing systems exist; and that all existing wood or forestry certification schemes falsely treat industrial tree plantations as forests and by doing so legitimise and accelerate the destruction of forests to make way for plantations.

All of these problems have been illustrated at length elsewhere.¹⁰ However, RWE's own sustainability label – the Green Gold Label – takes greenwashing to another level. On your website, you claim that you are working towards 100% of your pellets being "independently assured under accredited schemes", meaning primarily the Green Gold Label (GGL). The GGL was set up by Essent, now an RWE subsidiary, and the only two Executive Members represent RWE. Although GGL has acquired separate company status, the composition of the Executive Board shows that far from being independent, it is effectively an in-house service. RWE have pushed this model of quite meaningless (self-)certification (carried out through partnerships between energy companies and consultancies such as CUC, the sole accreditor for the GGL) within the Initiative Wood Pellet Buyers too, which is forging ahead with its own sustainability standards as part of their wider remit to develop a growing global wood pellet market for energy.¹¹

Future sourcing

Industry analyses agree that in the medium term, additional wood pellet supplies from different regions will be needed to feed the biomass power station capacity that is being created by RWE and other big energy companies in Europe. Brazil, Central and West Africa are widely seen as key future suppliers. These are regions with high existing rates of deforestation and/or forest degradation that are already affected by the expansion of industrial tree plantations, leading to human rights

⁹ For a list of scientific studies about carbon debt, see www.biofuelwatch.org.uk/resources-on-biomass/

¹⁰ See in particular: Sustainable Biomass: A Modern Myth, Biofuelwatch, September 2012, www.biofuelwatch.org.uk/2012/biomass_myth_report/

¹¹ S. Wunder, T. Kaphengst, K. Timeus, and K. Berzins, "Impact of EU Bioenergy Policy on Developing Countries,"

Parliamentary Briefing Paper EP/EXPO/B/DEVE/2011/FWC/2009-01/LOT 5/21, Directorate-General for External Policies of the Union, March 2012.

violations, evictions, land conflicts, increased agro-toxin use, groundwater depletion and soil erosion, as well as the destruction of natural ecosystems (often biodiverse wooded savannah).

Indirect impacts

Experience with biofuels has shown that the indirect impacts of creating a new market for them are generally worse than the direct ones¹². The southern US, from which RWE sources a large proportion of pellets at present, produces more pulp and paper than any other region in the world. Although initial investment in the Waycross plant coincided with a temporary global contraction in pulp and paper demand, due to the financial crisis, the pulp and paper market is once again growing.¹³ With demand for paper now directly competing with demand for wood pellets in the southern US, it is therefore inevitable that paper companies supplying the US market will rely even more on plantation expansion in other regions, such as South America, where forests and especially carbon rich and biodiverse wooded savannah are amongst the ecosystems already being destroyed.

We therefore call on RWE to cease all investments in biomass and drop its false claims and greenwashing around wood-based bioenergy.

Sincerely,



THE GLOBAL FOREST COALITION

The Global Forest Coalition is a coalition of 54 NGOs and Indigenous Peoples' organizations from 39 countries striving for rights-based, socially just forest policies. For further information see <http://www.globalforestcoalition.org>

¹² For a list of some of a studies about indirect land use change emissions from biofuels, see www.transportenvironment.org/what-we-do/what-science-says-0 .

¹³ www.ibisworld.com/industry/global/global-paper-pulp-mills.html