Press release

RWE and Dragon join forces for Milford Haven CO_2 Project to drive decarbonisation in South Wales

Pembroke 20 July 2024

- **RWE and Dragon collaborate on the Milford Haven CO_2 Project, which integrates carbon capture, and establishment of a combined CO_2 and LNG terminal**
- **The project supports the UK's target of reaching net zero by 2050, and aligns with the South Wales Industrial Cluster (SWIC) Deployment Project**
- **CO_2 shipping via non-pipeline transport (NPT) will help facilitate industrial decarbonisation, while helping safeguard jobs and boosting the economy**

RWE, the largest power generator in Wales, and Dragon, an industry leader in LNG (Liquefied Natural Gas), are proud to announce the Milford Haven CO_2 Project. This pioneering initiative will integrate carbon capture, liquefaction, temporary storage, and ship loading of captured CO_2 to enable its transportation from the Dragon site via non-pipeline transport (NPT).

The project aims to connect industries from both the south and north sides of the Milford Haven Waterway, supporting decarbonisation by directly linking the RWE and Dragon facilities, and providing a CO_2 shipping solution. This project is a crucial component of the South Wales Industrial Cluster (SWIC) Deployment Project, with RWE serving as the lead partner.

The project is exploring options for transportation of the CO_2 including discussions with Acorn, a Track 2 Transport and Storage system operator; in addition RWE and Dragon recently responded to the call for evidence on non-pipeline transport and cross-border CO_2 networks.

Richard Little, Director of RWE's Pembroke Net Zero Centre and Simon Ames, Managing Director Dragon LNG and Dragon Energy jointly commented on the launch of the initiative: "The Milford Haven CO_2 Project will support the transition of Milford Haven industries towards a net zero future whilst maintaining energy security for the UK and achieving Wales' budget 3 goal for decarbonisation. RWE's gas fired Pembroke Power Station is developing a CCS project and Dragon is developing a project for liquefaction and shipping of CO_2. This will protect jobs, enhance the economy and protect security of supply into future green economies centred around renewables."

RWE is exploring options to apply carbon capture technology at Pembroke power station, a key part of the Pembroke Net Zero Centre (PNZC) initiative. This plant could provide up to 2.2 GW of decarbonised, secure, and flexible energy, enough to power around 4.3 million homes, and capture up to 5 million tonnes of CO_2 annually. Feasibility studies have been delivered on technology options, with first public consultation expected during 2025.

Dragon is developing a project to integrate LNG regasification and CO_2 liquefaction processes at its terminal in Waterston. This integration promises to reduce energy consumption, carbon intensity, and the levelized cost of CO_2 export, supporting RWE's Pembroke Net Zero Centre by

processing CO_2 before shipping it via NPT to carbon sequestration sites. Dragon has appointed contractors to conduct a feasibility study on the technical solutions, carbon intensity reduction, and economic viability.

CO_2 shipping, which involves liquefying and transporting captured CO_2 to established carbon storage sites using specialised vessels, is crucial for regions without access to nearby carbon stores or existing pipeline infrastructure. This includes areas like the Thames Estuary and South Wales, providing a clear pathway to decarbonising vital power generation assets and critical industries.

Decarbonising industrial activities is essential for environmental sustainability and maintaining economic stability and job security in the region.

The Milford Haven CO_2 project represents a significant commercial opportunity for the UK, which owns a substantial portion of Europe's CO_2 storage sites. Establishing a robust shipping capability will open market opportunities for the future, bringing green jobs and new employers to the UK. To ensure the success of this project, it is crucial that Non-Pipeline Transport (NPT) is incorporated into existing Carbon Capture Storage business models, allowing projects like Milford Haven CO_2 to bid into the Track 2 build-out phase from 2025.

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RWE

RWE is leading the way to a green energy world. With its investment and growth strategy Growing Green, RWE is contributing significantly to the success of the energy transition and the decarbonisation of the energy system. Around 20,000 employees work for the company in almost 30 countries worldwide. RWE is already one of the leading companies in the field of renewable energy. Between 2024 and 2030, RWE will invest 55 billion euros worldwide in offshore and onshore wind, solar energy, batteries, flexible generation, and hydrogen projects. By the end of the decade, the company's green portfolio will grow to more than 65 gigawatts of generation capacity, which will be perfectly complemented by global energy trading. RWE is decarbonising its business in line with the 1.5-degree reduction pathway and will phase out coal by 2030. RWE will be net-zero by 2040. Fully in line with the company's purpose - Our energy for a sustainable life.

Dragon LNG and Dragon Energy

The Dragon LNG terminal in Waterston, Pembrokeshire is a joint venture partnership between Shell UK Ltd (50%) and Ancala LNG Ltd (50%) and is one of three LNG terminals in the UK converting LNG to gas. With its re liquefaction plant, Dragon has the flexibility to provide its customers with continuous, intermittent or zero gas send-out. Together with the other Pembrokeshire LNG terminal, they supply 25% of the UK gas supply.

Dragon LNG's ambition is to become a net zero terminal and Dragon Energy is developing a renewables park in the south side of the site with a solar park complete and a wind turbine development at application stage. With a strong commitment to make a positive difference to their Community, Dragon supports numerous projects, including the flagship Dragon Darwin STEM experience since 2005 and ensures consistent close communication with all its stakeholders.