

Glossary

Ancillary services

Services provided by National Grid plc used for balancing supply and demand or maintaining secure electricity supplies within acceptable limits. They are described in Connection Condition 8 of the Grid Code.

Availability

Average percentage of time the units were available for generation.

Average achieved price

Power revenues divided by volume of net sales (includes imbalance charges).

Average capture price

Revenue derived from bilateral contracts divided by volume of net merchant sales.

Balancing Mechanism

The period during which the System Operator can call upon additional generation/consumption or reduce generation/consumption, through market participants' bids and offers, in order to balance the system minute by minute.

Baseload

Running 24 hours per day, seven days per week remaining permanently synchronised to the system.

Bilateral contracts

Contracts with counterparties and power exchange trades.

Company

Drax Group plc.

Dark green spread

The difference between the price available in the market for sales of electricity and the marginal cost of production (being the cost of coal and other fuels including CO₂ emissions allowances).

Direct-injection co-firing

Is a process whereby biomass is fed directly (that is, avoiding the pulverising mills) to the burners situated in the boiler walls.

EBITDA

Profit before interest, tax, depreciation and amortisation, exceptional items and unrealised gains/(losses) on derivative contracts.

ESIP

The Drax Group plc Restricted Share Plan, also known as the Drax Group plc Executive Share Incentive Plan.

EU ETS

The EU Emissions Trading System is a mechanism introduced across the EU to reduce emissions of CO₂; the scheme is capable of being extended to cover all greenhouse gas emissions.

Forced Outage

Any reduction in plant availability excluding planned outages.

Forced Outage Rate

The capacity which is not available due to forced outages or restrictions expressed as a percentage of the maximum theoretical capacity, less planned outage capacity.

Frequency Response Service

Services purchased by National Grid plc used to maintain system frequency.

Group

Drax Group plc and its subsidiaries.

IASs

International Accounting Standards.

IFRSs

International Financial Reporting Standards.

LECs

Levy Exemption Certificates. Evidence of Climate Change Levy exempt electricity supplies generated from qualifying renewable sources.

Load factor

Net sent out generation as a percentage of maximum sales.

Lost Time Injury Rate

The frequency rate calculated on the following basis (number of accidents x 100,000)/hours worked. Accidents are defined as occurrences when the injured party is absent from work for more than 24 hours.

Net Balancing Mechanism

Net volumes attributable to accepted bids and offers in the Balancing Mechanism.

Net merchant sales

Net volumes attributable to bilateral contracts and power exchange trades.

Net sales

The aggregate of net merchant sales and net Balancing Mechanism.

Occupational health and safety assessment series (OHSAS)

The OHSAS specification gives requirements for an occupational health and safety management system, to enable an organisation to control its occupational health and safety risks and improve its performance.

Planned Outage

A period during which scheduled maintenance is executed according to the plan set at the outset of the year.

Planned Outage Rate

The capacity not available due to planned outages expressed as a percentage of the maximum theoretical capacity.

Power exchange trades

Power sales or purchases transacted on the APX UK power trading platform.

Power revenues

The aggregate of bilateral contracts and Balancing Mechanism income/expense.

ROCs

Renewables Obligation Certificates. Under the current regime, one ROC is issued to eligible generators for every MWh of electricity generated from renewable sources.

SAYE Plan

The Drax Group plc Approved Savings-Related Share Option Plan.

SIP

The Drax Group plc Approved Share Incentive Plan.

Summer

The calendar months April to September.

Summer baseload market close

Market price on the last day that the season was traded as a product.

Technical Availability

Total availability after planned and forced outages.

Through the mill co-firing

Is a process whereby biomass passes first through the pulverising mills before going to the burners situated in the boiler walls.

TXU

TXU Europe Energy Trading Limited (in administration and subject to a company voluntary arrangement).

TXU Claim

The claim issued by the Group, ultimately agreed by the Administrators of TXU at approximately £336.0 million (excluding VAT) in respect of unpaid power purchased by TXU and liquidated damages under the TXU Contract.

TXU Contract

A 15-year power purchase agreement with TXU.

UK NAP

UK National Allocation Plan.

Winter

The calendar months October to March.

Winter baseload market close

Market price on the last day that the season was traded as a product.