

# **ScottishPower Segmental Generation and Supply Statements for the year ended 31 December 2009**

**Required under Standard Condition 16B of Electricity Generation Licences and Standard  
Condition 19A of Electricity and Gas Supply Licences**



# Contents

	<b>Page</b>
<b>Consolidated Statement</b>	<b>1</b>
<b>Definitions</b>	<b>2-3</b>
<b>Reconciliation to Statutory Accounts – ScottishPower Generation</b>	<b>4</b>
<b>Reconciliation to Statutory Accounts – ScottishPower Renewable Energy</b>	<b>5</b>
<b>Reconciliation to Statutory Accounts – Supply</b>	<b>6</b>

# Consolidated Statement

for the year ended 31 December 2009

	ScottishPower Generation <sup>1</sup>	ScottishPower Renewable Energy <sup>2</sup>	Total Generation	Supply - Electricity		Supply - Gas		Supply - Total	
				Domestic	Non Domestic	Domestic	Non Domestic	Domestic	Non Domestic
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Total Revenues</b>	<b>1,320.9</b>	<b>146.3</b>	<b>1,467.2</b>	<b>1,529.5</b>	<b>893.4</b>	<b>1,151.1</b>	<b>55.4</b>	<b>2,680.6</b>	<b>948.8</b>
Revenues from sales of electricity and gas	1,320.8	146.3	1,467.1	1,527.1	893.3	1,149.5	55.4	2,676.6	948.7
Other Revenues	0.1	-	0.1	2.4	0.1	1.6	-	4.0	0.1
<b>Total Operating Costs</b>									
<b>Direct Costs</b>	<b>(1,242.0)</b>	<b>(37.1)</b>	<b>(1,279.1)</b>	<b>(1,248.1)</b>	<b>(789.9)</b>	<b>(1,014.6)</b>	<b>(41.9)</b>	<b>(2,262.7)</b>	<b>(831.8)</b>
WACOE/G	(1,021.2)	-	(1,021.2)	(905.7)	(619.0)	(742.2)	(34.1)	(1,647.9)	(653.1)
Volume (TWh)	24.5	1.4	25.9	15.3	9.9	30.7	1.4	46.0	11.3
Other Costs	(220.8)	(37.1)	(257.9)	(342.4)	(170.9)	(272.4)	(7.8)	(614.8)	(178.7)
<b>Indirect Costs</b>	<b>4.7</b>	<b>(27.8)</b>	<b>(23.1)</b>	<b>(225.1)</b>	<b>(16.0)</b>	<b>(146.8)</b>	<b>(4.9)</b>	<b>(371.9)</b>	<b>(20.9)</b>
<b>EBIT</b>	<b>83.6</b>	<b>81.4</b>	<b>165.0</b>	<b>56.3</b>	<b>87.5</b>	<b>(10.3)</b>	<b>8.6</b>	<b>46.0</b>	<b>96.1</b>
Depreciation and amortisation	146.0	29.8	175.8	1.0	0.1	0.6	-	1.6	0.1
<b>EBITDA</b>	<b>229.6</b>	<b>111.2</b>	<b>340.8</b>	<b>57.3</b>	<b>87.6</b>	<b>(9.7)</b>	<b>8.6</b>	<b>47.6</b>	<b>96.2</b>

<sup>1</sup> ScottishPower Generation comprises the generation belonging to wholly owned subsidiaries of ScottishPower.

<sup>2</sup> ScottishPower Renewable Energy is an 80% owned subsidiary of Iberdrola S.A. (ScottishPower's holding company) and therefore requires to be included in this consolidated statement. 80% of the relevant revenues and costs are shown reflecting the percentage owned.

# Definitions

## Revenues

### ScottishPower Generation

Revenue comprises the sales value of energy and other related services<sup>1</sup> supplied to Iberdrola group companies and external customers during the year and excludes Value Added Tax. Revenue from the sales of electricity and gas is the value of units supplied during the year. Units are based on energy volumes recorded on power station meters and industry-wide trading and settlement systems. All revenue is earned wholly within the United Kingdom.

Generation revenue includes an element of internal transactions with other ScottishPower group companies. These transactions are based on appropriate transfer price arrangements. Internal Generation revenue transfer price arrangements are market based (mainly Forward Prices), reflecting the group's trading policies. They also include charges to reflect the volume and price risk in the market (risks include market liquidity, plant failure and profile of running).

Generation revenue includes all ancillary services, balancing mechanism and constraint management revenues.

### ScottishPower Renewable Energy

Revenue comprises the sales value of energy, Renewable Obligation Certificates and Levy Exemption Certificates to Iberdrola group companies and external customers during the year and excludes Value Added Tax. Revenue from the sales of electricity is the value of units supplied during the year. Units are based on energy volumes recorded on meters and industry-wide trading and settlement systems. With the exception of revenues arising from a 15MW windfarm in the Republic of Ireland, all revenue is earned within the United Kingdom.

### Supply

Revenue comprises the sales value of energy supplied to customers during the year, rental income<sup>2</sup> and energy services income, and excludes Value Added Tax. Revenue from the sales of electricity and gas is the value of units supplied during the year and includes an estimate of the value of units supplied to customers between the date of their last meter reading and the year end, based on external data supplied by the electricity and gas market settlement processes. All revenue is earned wholly within the United Kingdom.

## Direct Costs: Weighted Average Cost of Electricity/Gas (WACOE/G)

### ScottishPower Generation

The WACOE/G represents the cost of fuel (coal, gas and power) and the cost of emissions allowances certificates required to be surrendered under the EU Emission Trading Scheme.

The cost of coal is that of externally procured coal consumed.

The cost of gas consumed and power purchased is predominantly covered by internal Generation procurement transfer price arrangements<sup>3</sup>.

Internal Generation transfer price arrangements are market based (mainly Forward Prices), reflecting the group's procurement and trading policies. They also include charges to reflect the volume and price risk in the market (risks include market liquidity, plant failure and profile of running).

The remainder of the power and gas cost arises from purchases from external parties (e.g. external imbalance charges).

### Supply

The WACOE/G represents the cost of power and gas, and the cost of acquiring Renewable Obligation Certificates and Levy Exemption Certificates.

The cost of power and gas is predominantly covered by internal Supply procurement transfer price arrangements.

Internal Supply transfer price arrangements are market based (mainly Forward Prices), reflecting the group's procurement and trading policies. They also include charges to reflect the volume and price risk in the market (risks include market liquidity, demand and shape volatility).

The remainder of the power and gas cost arises from contracts such as Renewable Power Purchase Agreements with external and Iberdrola group companies and external imbalance charges.

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<sup>1</sup> Generation revenue includes income from its Hydro and Combined Heat and Power plants for the sale of Renewable Obligation Certificates and/or Levy Exemption Certificates to Iberdrola group companies and external customers.  
<sup>2</sup> Supply rental revenue relates to rental of property to other Iberdrola Group companies and other external companies.  
<sup>3</sup> Generation Internal Transfer price arrangement for power relates to the power cost required to operate the Cruachan pump storage facility.

# Definitions – continued

## Direct Costs: Other Costs

### ScottishPower Generation

This represents any additional direct costs of the generation of electricity i.e. operational costs, maintenance costs and plant depreciation.

### ScottishPower Renewable Energy

This represents any additional direct costs of the generation of electricity i.e. operational costs, maintenance costs and plant depreciation.

### Supply

This represents the costs associated with transmitting units of energy through the electricity transmission and distribution networks, and the gas transportation network, and other costs directly related to customer energy consumption.

## Indirect Costs

### ScottishPower Generation

This represents the indirect costs of the business such as Generation head office costs, non operational plant costs and the costs of centralised services<sup>1</sup> provided by Scottish Power UK plc.

Other operating income, such as insurance receipts and ancillary service income has been netted within indirect costs.

### ScottishPower Renewable Energy

This represents the indirect costs of the business such as head office costs, non operational plant costs and accounting entries associated with the legal restructuring of subsidiaries.

Other operating income has been netted within indirect costs.

### Supply<sup>2</sup>

Indirect costs reflect the costs of billing, customer service, debt collection, support services, sales and marketing, centralised services<sup>1</sup> provided by Scottish Power UK plc and the costs of participating in the Carbon Emissions Reduction Target (“CERT”) scheme and other social, environmental and regulatory obligations<sup>3</sup>.

Other operating income, such as customer fees and meter operator income has been netted within indirect costs.

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- <sup>1</sup> Corporate charges, are either directly allocated where known, such as a large portion of IT costs, or for the central service costs, such as control and legal functions, allocated based on a basket of indicators of turnover, operating profits, net assets and employee numbers.
  - <sup>2</sup> Supply indirect costs are directly allocated where information is easily available by segment (e.g. debt). Other supply indirect costs are allocated based on a basket of indicators including budget centres, cost types and customer numbers.
  - <sup>3</sup> Supply costs include the costs of all social obligations (e.g. fuel poverty: discounted social tariffs, donations to trusts) and environmental legislation (Renewable Obligations Certificates, Levy Exemption Certificates and Carbon Emission Reduction Target spending).

# Reconciliation to Statutory Accounts – ScottishPower Generation

for the year ended 31 December 2009

		ScottishPower Generation Limited	SP(DCL) Limited	SP(SCPL) Limited	Total	Trading Activities	Consolidated Statement: ScottishPower Generation
Registered number:		SC189124	2675504	2532240			
		(A)	(B)	(C)	(A+B+C)		
	<b>Statutory account mapping:</b>	£m	£m	£m	£m	£m	£m
<b>Total Revenues</b>	Turnover	<b>1,039.6</b>	<b>320.1</b>	<b>152.9</b>	<b>1,512.6</b>	<b>(191.7)</b>	<b>1,320.9</b>
Revenues from sales of electricity and gas		1,039.5	320.1	152.9	1,512.5	(191.7)	1,320.8
Other Revenues		0.1	-	-	0.1	-	0.1
<b>Total Operating Costs</b>							
<b>Direct Costs</b>	Cost of sales, including deferred income release of allocated emissions allowances	<b>(856.9)</b>	<b>(216.8)</b>	<b>(72.7)</b>	<b>(1,146.4)</b>	<b>(95.6)</b>	<b>(1,242.0)</b>
WACOE/G		(664.9)	(197.2)	(63.5)	(925.6)	(95.6)	(1,021.2)
Volume (TWh)							24.5
Other Costs		(192.0)	(19.6)	(9.2)	(220.8)	-	(220.8)
<b>Indirect Costs</b>	Administration costs and other operating income	<b>8.2</b>	<b>(4.1)</b>	<b>0.6</b>	<b>4.7</b>	<b>-</b>	<b>4.7</b>
<b>EBIT</b>	Operating profit	<b>190.9</b>	<b>99.2</b>	<b>80.8</b>	<b>370.9</b>	<b>(287.3)</b>	<b>83.6</b>
Depreciation and amortisation	Depreciation and amortisation excluding deferred income release of allocated emissions allowances	125.6	13.7	6.7	146.0	-	146.0
<b>EBITDA</b>		<b>316.5</b>	<b>112.9</b>	<b>87.5</b>	<b>516.9</b>	<b>(287.3)</b>	<b>229.6</b>
<b>Generation Capacity</b>		<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>		
Coal		3,456	-	-	3,456		
CCGT		715	800	400	1,915		
Hydro, Pump Storage & Other		665	-	-	665		
<b>Capacity Total</b>		<b>4,836</b>	<b>800</b>	<b>400</b>	<b>6,036</b>		

- Trading related activities have been removed from the results of the Generation statutory entities to ensure consistency of reporting. This adjustment comprises (i) contracts acquired when CCGT in England and Wales were purchased, and (ii) the value associated with carbon permits allocated to ScottishPower free of charge under the EU Emission Trading Scheme. Neither of these items are considered in the scheduling of the generation assets.
- ScottishPower Generation excludes the subsidiary company SMW Ltd (SC165988) a waste water treatment plant operator.



# Reconciliation to Statutory Accounts – ScottishPower Renewable Energy

for the year ended 31 December 2009

Registered number:		ScottishPower Renewables (UK) Limited*	20% Minority Interest Adjustment	Consolidated Statement: ScottishPower Renewables Energy
Statutory account mapping		NI028425		
		(A)	(B)	(A-B)
		£m	£m	£m
<b>Total Revenues</b>	Turnover	<b>182.9</b>	<b>(36.6)</b>	<b>146.3</b>
	Revenues from sales of electricity and gas	182.9	(36.6)	146.3
	Other Revenues	-	-	-
<b>Total Operating Costs</b>				
<b>Direct Costs</b>	Cost of sales	<b>(46.4)</b>	<b>9.3</b>	<b>(37.1)</b>
	WACOE/G	-	-	-
	Volume (TWh)	1.7	(0.3)	1.4
	Other Costs	(46.4)	9.3	(37.1)
<b>Indirect Costs</b>	Administration costs and other operating income	<b>(34.8)</b>	<b>7.0</b>	<b>(27.8)</b>
<b>EBIT</b>	Operating profit	<b>101.7</b>	<b>(20.3)</b>	<b>81.4</b>
	Depreciation and amortisation	37.3	(7.5)	29.8
<b>EBITDA</b>		<b>139.0</b>	<b>(27.8)</b>	<b>111.2</b>

Celtpower Limited, in which ScottishPower Renewables (UK) Limited holds a 50% share, has been excluded as it does not constitute an affiliate company.

Coldham Limited, a 100% owned subsidiary of ScottishPower Renewables (UK) Limited, has been excluded as it does not hold a Generation Licence.

ScottishPower Renewables (UK) Limited has a total capacity of 770.5MW, of which 15MW is in the Republic of Ireland and 41.9MW is in Northern Ireland.

\*Audit Pending

## Reconciliation to Statutory Accounts - Supply

for the year ended 31 December 2009

Registered number:		ScottishPower Energy Retail Limited	Consolidated Statement: Supply -Totals
Statutory account mapping		SC190287	
		£m	£m
<b>Total Revenues</b>	Turnover	<b>3,629.4</b>	<b>3,629.4</b>
	Revenues from sales of electricity and gas	3,625.3	3,625.3
	Other Revenues	4.1	4.1
<b>Total Operating Costs</b>			
<b>Direct Costs</b>	Cost of sales and distribution costs	<b>(3,094.5)</b>	<b>(3,094.5)</b>
	WACOE/G		(2,301.0)
	Volume (TWh)		57.3
	Other Costs		(793.5)
<b>Indirect Costs</b>	Administration, selling costs and other operating income	<b>(392.8)</b>	<b>(392.8)</b>
<b>EBIT</b>	Operating profit	<b>142.1</b>	<b>142.1</b>
	Depreciation and amortisation	1.7	1.7
<b>EBITDA</b>		<b>143.8</b>	<b>143.8</b>