

Glossary

Ancillary services	Services provided by National Grid 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	Contract 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 CO ₂ emissions allowances).
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 Scheme is a mechanism policy introduced across the EU to reduce emissions of CO ₂ ; 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 The National Grid Company 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.
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.

Glossary (continued)

Occupational health and safety assessment series (OHSAS)	The OHSAS specification gives requirements for an occupational health and safety (OH&S) management system, to enable an organisation to control its OH&S risks and improve its performance.
Planned Outage	A period during which scheduled maintenance is executed according to the budget 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.
Refinancing and listing	The financial restructuring of the Group effective on 15 December 2005 resulting in the creation of a new holding company, Drax Group plc. Pursuant to the schemes of arrangement under which the Refinancing and listing was implemented, the existing debt of the Group was settled partially through the issue of new debt and partially through the issue of ordinary shares in Drax Group plc. Also, on 15 December 2005, Drax Group plc was introduced to the Official List of the UK Listing Authority and its ordinary shares commenced trading on the London Stock Exchange.
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.
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.