

Centrica plc 2025 Interim results investor presentation and Q&A - Transcript
24 July 2025

Chris O'Shea, Centrica

Thank you very much for joining us. It's great to be here today and it's only 2 days after our last meeting for some of you so I'm sure you're delighted to see a lot of us this week!

As usual I'm joined on stage by our CFO, Russell O'Brien, and our leadership team is sitting here in the front row and we've got our chairman here as well, Kevin O'Byrne.

Slide 4 – Resilient performance despite external headwinds

The work we've done to improve our operations and pivot our infrastructure portfolio mean our business is becoming more balanced and more resilient. And you can see that coming through in these results. We are increasingly able to offer our customers the solutions that will keep energy reliable, sustainable and affordable through the energy transition. We can look to the future with confidence.

But external conditions have been challenging so far this year, and our results reflect that, with earnings of 7 pence per share.

Weather has cost us about £50m in the first half. But whilst we can't control the weather, we've been able to use technology and data to improve our response.

We've developed new models for predicting demand which resulted in better performance during the recent exceptionally warm weather than it would otherwise have been. And we've moved away from full seasonal norm hedging. This mitigated the weather impact by tens of millions of pounds.

And although Centrica Energy has faced headwinds in gas and power trading, we were prudent about the way we traded in the first half. We were disciplined. We took risk capital off and we sat and we watched the market.

But we're not alone in seeing those external trends. But we are also not complacent. We remain focused on creating value.

The way we're managing the business means there is no change to our outlook for this year or beyond. In fact, we're increasingly confident we can deliver in the top half of our EBITDA range by the end of 2028. Personally, I'll be very disappointed if we don't do much, much better than that.

We remain in good shape to deliver growth, with our balance sheet in a very very strong position.

And that means we can also continue to recognise our owners, our shareholders, through our ongoing buyback programme and our intended 5 and a half pence dividend for this year.

Slide 5 – Focus on strategic value drivers

The energy transition continues to present massive opportunities for Centrica. Opportunities to keep energy secure and affordable for our customers, while supporting the journey to net zero.

We remain disciplined and pragmatic as we pursue those opportunities, with returns at the heart of everything that we do. And we're focused on our three strategic value drivers.

#1 Driving operational improvements across the group.

#2 More commercial innovation.

And #3 Investing for value.

And we've made progress across the board. But there is still much, much more we can do, particularly on the commercial side and most notably in Services & Solutions. Profitability is growing, which is great to see, but we need to get customer numbers moving in the right direction.

And we can further simplify how we do things.

The good news is that the steps we've taken over the past few years – moving our data to the cloud, beefing up our capabilities – means we can embrace the latest advances in AI and technology.

There is a huge amount of value here for us, both on the top-line and in our cost base. That's why we're accelerating our transformation plans, and I'll expand on that later.

Slide 6 – Sizewell C – strategic investment with predictable, regulate returns

When we launched our strategy in 2023, we laid out how we would position Centrica to benefit from the energy transition. Disciplined investment to grow our infrastructure business is a key part of the strategy, with a clear target to increase our share of stable, regulated earnings.

And we've taken a significant step forward with that in Sizewell C.

We're delighted to be part of this project, alongside the UK Government, EDF, La Caisse and Amber. We could not have better partners to push this development forward at pace.

Once built, Sizewell C will provide vital energy security for the UK, generating affordable, zero carbon baseload power for decades to come. Creating ten thousand highly skilled jobs and 1,500 apprenticeships.

Developing nuclear plants is not easy. The Government deserves huge credit for recognising the need for this investment. And I'd like to reiterate my thanks to the UK Government. To the Chancellor, Rachel Reeves and her team at the Treasury, and the Secretary of State for Energy Security and Net Zero, Ed Miliband and his team. By creating a stable, long-term regulatory framework they've addressed the key barriers to attracting private capital, allowing us to invest with confidence. And delivering clear benefits for the country at the same time.

We set a high bar to commit our capital. The structure we've agreed delivers attractive returns, and meets the requirements we set out – phased investment; no pre-productive capital; and protection against delays and cost overruns.

We've also secured valuable future options to potentially increase our stake and provide route-to-market services.

It's a long-term investment, backed by regulation. And this will make us far more predictable.

We're doing what we said we would do. And we have more fantastic opportunities under review to deploy capital. That remains our focus, subject, of course, to delivering value. As I've said before, we will be disciplined.

Slide 7 – Creating value across the portfolio

We like nuclear. It's the only truly reliable and sustainable source of energy. It is the backbone of the energy transition.

Aside from Sizewell, we continue to study the case for even further life extensions at our four advanced gas-cooled reactors. Any extensions would be a pure value upside, there is limited or no additional investment required.

Elsewhere, our Meter Asset Provider continues to perform better than we expected. The team has done a fantastic job, growing that business from scratch. Showing what we can do when we bring the right people together with the right focus.

As of last week, we've got over a million meters on the wall, and we expect to take that to one and a half million by the end of the year.

Our EBITDA target is well underpinned. And we're starting to think about broader commercial opportunities, exploring how we can grow this fantastic business even faster.

In Ireland, we now expect commissioning of our two gas peakers around the end of the year. We are working hard to get the plants up and running, and the case for reliable back-up generation continues to grow.

And that's why we're so pleased to be building a third peaker in Galway. That will take us to one gigawatt of capacity in Ireland by 2030, which is 20% of Ireland's current electricity demand with returns underpinned by long-term capacity market contracts at all four of our Irish gas power stations.

Our long-term pipeline remains strong, and we continue to review a broad range of opportunities. At the same time, we've accelerated value by selling most of our share in the Cygnus gas field, continuing our move away from gas production, and increasing our focus in Spirit Energy on the exciting carbon storage opportunity at Morecambe Net Zero.

Slide 8 – Rough consultation due early autumn

We welcome Government's recently announced consultation on gas storage, which will consider possible regulatory frameworks to unlock investment.

Rough is a vital strategic asset for this country, but we've been clear that a loss of up to 100 million pounds this year is not sustainable.

We continue to produce the remaining gas, and we are ready to develop Rough as soon as we get the right framework in place. This will be another long-term project delivering energy security for the country and value for our shareholders.

Now we remain hopeful, but we can't keep this option open indefinitely. Without a positive outcome from the consultation, and the consultation is due to start in the autumn, it's hard to see Rough operating beyond the end of this winter, so we will be urging the government to move at speed.

That's enough from me. Russell is going to take you through the numbers and I'll come back and talk to you about the strategy later.

Russell O'Brien, Centrica

Thanks Chris, and good morning everyone.

Before I dive into the numbers, I just want to echo Chris's sentiment that we continue to see good progress across the Group. We have delivered strong operating metrics, and we remain focused on further improvements as we move forward.

Slide 10 – H1 financial performance

For the first half Adjusted EBITDA was 900 million pounds, translating into adjusted Earnings per Share of 7 pence.

Whilst resilient overall, certain elements of the first half have been challenging, and our financial results reflect that.

We generated free cash flow of almost 250 million pounds, which includes capex of 244 million. And our adjusted net cash closed at two and a half billion pounds, after returning half a billion pounds to our shareholders through the share buyback and dividends.

We've declared a dividend of 1.83 pence per share for the half. That's 22 per cent year-on-year up, consistent with our intention to pay five and a half pence per share for the full year. And at the end of June we had about 450 million pounds remaining on our 2 billion pound buyback.

Slide 11 – Adjusted operating profit

Group operating profit was 549 million pounds, a softer result compared to last year. Let me take you through the key elements driving that.

Retail and Optimisation delivered 354 million pounds of operating profit for the half.

Within that, our profits in Retail grew – a good result given the backdrop.

Services & Solutions saw an improved result of 42 million. Stronger operational performance supported by top-line growth of 4 percent, and margins grew.

There is still much more to come in Services, and we are building momentum. We remain confident we will hit our guidance range next year.

Now despite warmer than normal weather that Chris mentioned, British Gas Energy delivered 179 million pounds of operating profit, a year-on-year increase, driven by a strong performance in small business.

Centrica Energy was impacted by unusual market conditions, with operating profit of 65 million pounds.

Infrastructure output was broadly flat against last year, although profits were lower due to falling commodity prices, and that partially offset by the hedging we do.

We also saw a loss at Rough of 26 million pounds, principally driven by the high fixed cost base and lower gas price spreads, although we were able to accelerate delivery of some revenue and release working capital.

Slide 12 – Challenging conditions

Let me unpack a couple of the important dynamics behind the results.

Weather is our single biggest risk, and there is very limited scope to hedge it out. A cold start to the year meant we were about 50 million pounds ahead by the end of February. From March that reversed. Unseasonably warm temperatures meant volumes were 12 percent lower than normal through to June. That cost us 100 million pounds. So overall, net-net it was a 50 million pound headwind from weather.

And as is always the case with this business, there are timing differences between periods on revenues and costs which influence the results. We saw that this half, including a 40 million pound benefit from the final reconciliation of the Energy Price Guarantee scheme, and a headwind from the shape of the commodity curve.

In Centrica Energy, our LNG and renewables route-to-market businesses are performing well, but results were softer because of two important trends impacting Gas and Power trading.

First, gas storage economics have been impacted by mandatory volume targets in Europe.

That was a key driver of inverted summer / winter spreads, which significantly reduced the opportunities we saw to secure capacity this year.

But the result is that European gas in store is currently lower than average. The risk to energy security is higher due to these measures.

Secondly, we generate profit by optimising based on market fundamentals and our diversified range of physical positions. So far this year, volatility has been driven by geopolitics, tariff newsflow and soundbites. The market saw short cycle volatility driven by speculative capital, disrupting the fundamental physical trades we focus on.

As a result of these trends, we've remained very disciplined and deployed far less capital on storage and elsewhere than we normally would.

Now we are beginning to see more rational behaviour returning to European gas markets. Fundamentals are reasserting themselves. Storage targets have been eased. And more opportunities are emerging.

And that gives us more confidence heading into the second half.

Our LNG and renewable route to market businesses are performing well and of course we are not standing still either. We are continuing to grow our capabilities, including the recent opening of our first Centrica Energy office in the US.

So we see a path to the low end of our 250 to 350 million pound guidance range this year, albeit that requires a further normalisation in the markets to get there.

Slide 13 – Balance sheet remains strong

Moving now to cash flow.

Including EBITDA and dividends received from our nuclear business, we generated over 800 million pounds. We paid cash tax of 200 million pounds.

The net working capital movement was almost 100 million pounds out, but masks a couple of offsetting movements in British Gas Energy and Rough, highlighting again the value of the balanced diversified portfolio.

Disciplined investment to grow our sustainable earnings is a key part of our strategy, and delivering attractive returns remains much more important to us than investing quickly. We all welcome the progress we've made this year in the MAP and more recently on Sizewell C.

So first half investment included 100 million pounds in the MAP, and we expect capex to ramp up in the second half, including the initial spend on Sizewell C.

We also continue to invest in technology, supporting the improvements we've already delivered across our operations and the next phase of transformation which will make Centrica a much leaner, more agile company. All of this led to free cash flow of 244 million for the period.

Our balance sheet remains strong even after accounting for pensions and decommissioning liabilities. Following completion of our Cygnus disposal, decommissioning will fall by around a hundred million pounds.

And you will recall we reached agreement on our triennial review with the pension trustees in February. The assumptions used in that review are now reflected in the IAS 19 accounting valuation which led to a rise in the deficit in the period. There is no change to our technical provisions or deficit funding plans.

Slide 14 – Financial outlook unchanged

There is no change to the guidance we gave in our trading statement in May. And due to the factors I just discussed, we expect residential energy and Centrica Energy to come in towards the lower end of their profit ranges.

Services and Solutions is expected to deliver a further improvement on last year's result, and we expect to be into the range next year.

We're still comfortable with the range we laid out for Infrastructure. And within that we continue to expect a loss of up to 100 million pounds at Rough.

And of course as normal, Group profitability is expected to be weighted to the first half.

Slide 15 – Relentless focus on value creation

So to summarise.

Our performance in the first half was softer than we would have like. But it has no impact on our ability to create long-term value.

We've retained our guidance for this year, and are focussing on significant opportunities, across revenue and costs, to maximise long-term earnings.

Our balance sheet remains extremely strong, and our investment grade credit rating is well underpinned.

And with the announcement of our investment in Sizewell C earlier this week, almost two thirds of our investment programme is now committed, delivering attractive returns.

And as our share of regulated earnings grows, we look forward to creating more balance sheet flexibility over time.

We are doing all of that while returning capital to shareholders. Progressing the dividend, and buying back shares consistently since 2022.

Thanks for your time, let me hand back to Chris.

Chris O'Shea, Centrica
Thanks Russell

Slide 17 – Stronger foundations

The situation Centrica faced five years ago was critical.

We knew we needed to change, and I think that's exactly what we did. The business is far stronger today as a result.

Better relationships with our colleagues. Better relationships with our customers. A more focussed portfolio. We've got a balance sheet that supports our ambitions rather than restricting them.

But the best companies are constantly improving. That's why we are looking at the next phase of transformation for Centrica.

There are hundreds of millions of pounds of value at play here I'm confident we'll secure every last penny.

Slide 18 – Evidence of progress in UK Supply

You can see the progress in our energy supply businesses. Hard work over many years has transformed the operational foundations.

We've recently completed the migration of our UK residential customers to the Ignition platform. Moving a quarter of the UK's households makes it the largest utility platform migration globally, and we've done it without external help. Our team has done an incredible job.

Ignition is a key part of our strategy, unlocking commercial flexibility and innovation, deeper customer insights and helping us lower our cost to serve.

It's a key reason that we grew our customer base in the first half, helping us retain our existing customers and attract new customers.

That success gives us the confidence to accelerate the roll out. The Bord Gáis migration will start soon. And we now have 40% of our UK SME customers on Ignition as well.

In the past we served all types of business customers, including very large industrial & commercial users, who have sophisticated and often complex needs. We found these customers generated very low margins for the risks involved.

So in 2022 we changed our focus, targeting smaller businesses, prioritising value over volume.

At the same time, we've been selling more through our Ignition platform and been using data to optimise pricing. Delivering a better experience for our customers and better returns for our business.

The impact as you can see has been significant. Margins have almost doubled from five years ago. And we've added almost 100 thousand new customer sites, including 11 thousand in the first half of this year alone.

The foundations are stronger. The commercial strategy is working. And we have further growth opportunities there.

Slide 19 – BG S&S profitability improving, more to do

Now you'll look at Services. Profitability in Services has improved again in the first half.

Better operational performance is now well embedded. Margins are growing.

But the market continues to change around us. Consumers are moving away from protection products, and we're still losing customers.

So we've had to think differently. Fundamentally rethinking our go-to-market strategy.

We started focussing on our on-demand offer a couple of years ago to make the most of the shift towards self-insurance. Now this continues to grow, supported by more intelligent customer targeting and more dynamic pricing.

We can still be much more commercial with our pricing, but we've created a gateway to bring in new customers. Allowing us to demonstrate the value and peace of mind that we can provide.

We're also building a portfolio of warranty partnerships with leading OEMs. Offering nationwide scale and an expert workforce. We address key constraints for our customers. And for Centrica, we increase engineer utilisation and improve profitability. We've already signed up several leading manufacturers and there are more to come.

Services can deliver those solutions independently. But the real value emerges when we connect our capabilities.

Every boiler or heat pump installation opens the door to other offerings. An energy tariff, a Hive thermostat, EV charger, a membership.

Our new membership scheme gives us the customer insight and marketing channel to offer more of these integrated propositions. Focussing on cross selling opportunities, generating recurring revenue and building customer loyalty.

Slide 20 – Looking to the future

So we are showing progress. But as you know, and as my colleagues know, I'm always rather impatient for more.

The world is changing. Leaps forward in technology and AI are fuelling huge growth in electricity demand. Complexity and intermittency is increasing. As a result, so is demand for reliable, sustainable energy, just like that which will come from Sizewell C.

It's a fantastic time to be an energy supplier. It's a great opportunity to deliver excellence for our customers.

We have to be ready. Now how will we do that?

Firstly, we'll harness the full power of technology.

Despite huge improvements in service quality, much of it driven by investing in our technology, we still had more than 18 million customer contacts last year in British Gas Energy alone.

We've not made our processes easy enough. That creates unhappy customers. That creates unnecessary contact.

Home moves are a good example of that. But having recognised the problem, and identified the pain points, we've streamlined the system for our colleagues, ensuring that they can deliver for our customers.

We're now working to almost completely automate that process, making it as simple as possible for our customers to change address without wasting any time at all on the phone.

That's just one example of incremental steps to improve our customer experience and to reduce incoming contact. By doing that, when customers do need to contact us, we can handle their

questions much more efficiently. We think we are ahead of the pack adopting leading-edge technology here, and it's delivering significant benefits already.

Fewer incoming contacts.

Quicker resolution.

More satisfied customers, and ultimately that gives you better customer retention.

An improvement in costs. And an improvement on revenue.

Secondly, we're accelerating commercial innovation.

We're incentivising our leaders to deliver the best outcome for the Group rather than their individual business. Breaking down the barriers to delivering the co-ordinated products and services our customers want and that only we can provide.

And finally, we're creating an even simpler Centrica.

We have made great strides on efficiency, but we cannot be complacent. What was efficient a few years ago is mediocre now, and soon it will be lagging behind.

I want us to be more focused. To remove bureaucracy. To promote faster decision making. To spend more of our time delivering for customers.

I think we've got the potential to fundamentally rebase our cost base here, which will make us much more competitive.

I've given a clear message to the business that this is about delivering a step change in our performance. We are not going to tinkering around the edges.

That's why I'm confident we can narrow the 2028 EBITDA guidance range and deliver above the 1.6 billion pounds mid-point. But my ambition is far far higher than that.

Slide 21 – Continued delivery against our strategic priorities

So to recap, despite external headwinds in the first half, the team did the right things, and the underlying operations are performing well.

The outlook for this year is unchanged.

And we're staying focused on creating long-term value, taking a major step forward with Sizewell C, alongside strong progress elsewhere.

This underpins our longer-term trajectory and the transformation programme means we can do much, much better.

I'm really proud of the progress we've made and the teams across Centrica deserve huge credit for that, led by the leadership team here. But I'm even more excited by what's to come. We've got very strong foundations, and we remain laser focused on delivery.

So thanks for listening. Russell, the leadership team and maybe even our Chairman and I will be delighted to take any questions you've got.

Q&A

Mark Freshney, UBS

Two questions, firstly on Rough. Can you please be explicit about closure. Is it fair to say that if the government don't give clear indication in the gas strategy in the Autumn that there is a future for storage you'll shut that down?

What date will you shut that down? And can you talk through the financials might look like surrounding that?

Secondly Russell, just on British Gas Residential. You're still guiding to the bottom of that £150m-£250m range. Yes it was warm, but you had a £40m one time credit from EPG close out. So why is it still at the bottom of the range.

And then, I guess the bonus question from me. Just regarding the £1.5bn capital envelope and the opportunities within that other than Rough. Can you give us a flavour for what you're looking at? Is it more flex gen, would it be an acquisition of another generation asset? What is it that fits within your portfolio?

Chris O'Shea, Centrica

Let me take the last and the first. Then Russell will do the wizardry with the numbers on British Gas Residential.

Look, we don't want to be any more specific on Rough. We have been very clear that we're not going to sustain losses on this. We'll see how the consultation goes. But you could also see a return to normality in the market, which I don't think is going to happen, which means that it could operate as a merchant business. But if we don't have a positive outcome from the consultation, then it's hard to see that will be open beyond the end of this coming winter. So that takes you into a little bit of the first half of next year, but we don't have unlimited patience on this.

But you know, there's been very positive statements from the Secretary stated Energy Security Summit in April about gas storage. The chancellor, when she did the Comprehensive Spending review, specifically mentioned, I'll paraphrase slightly, but something about the stupid decision of the last government to close Rough. And so I'm encouraged by what I see and then also the announcement of the consultation. So I think there's positive news there.

But the Government's got to make sure that they get what they consider to be value for money. You know, the they did obviously very well, I think, with Sizewell C. So I'm hoping they'll do very well with Rough as well.

In terms of the remaining investment programme. There's a whole bunch of things we're looking at. I like flex gen, I like regulated assets. we are looking at opportunities to expand the Meter Asset Provider as well.

So as you know, we're agnostic on technology in this and there's a number of things that we're that we're looking at, but it will be within the bounds of what we laid out before, which is that the returns will be good, ideally be contracted or a regulated returns. And it will be more in the electricity space than in the gas production space or anything.

The other thing we've got is Morecambe Net Zero, and we were encouraged by the announcement by the National Wealth Fund of an investment in the front end engineering and design for the pipeline from the peak cluster.

And the reason we really encourage that is because firstly that's those are the customers who signed up to put carbon into Morecambe. But it was the fact that the National Wealth Fund and the Government announcement specifically mentioned the carbon would be stored in Morecambe. And so we feel there's quite some momentum there. So you've got a whole bunch of things, you know, Rough would be a £2 billion development but over a number of years. Morecambe Net Zero, it's a bit earlier than the engineering stage. So the range, which I find credibly frustrating, from the engineers is between £2bn-£4bn, which is quite, quite a substantial range. But you're probably looking at investment year 2030 and beyond. And so it's probably outside the window up to 2028, but there's a huge amount of opportunities.

But what we'd always very keen to do is to make sure that we have way more opportunities than we have capital for two reasons. One is it means that you can be selective in your opportunities. The second thing is we are delighted with Sizewell C. But if Sizewell C hadn't happened, it wouldn't have been catastrophic for us because we've got other ideas in there.

We will always look to have far more ideas and once we complete the programme will then turn our mind to recycling capital. So if we get an idea that gives us a better return than something we've got, we'll sell what we've got will buy more. So lots of ideas.

Russell, British Gas Residential, are you holding out on Mark, that was the question.

Russell O'Brien, Centrica

No, I'm not holding out. We're trying to give a balanced outlook.

So a couple of things on the residential energy business, the total result there as reported, was £179m, but within that it was £133m for residential energy and £46m for small business. And the small business number actually was up from £3m last year. So that had a big improvement.

The residential energy business was actually slightly softer, half on half. I've discussed the sort of moving parts and there are the weather, few one offs. We got £13 billion worth a year of revenue and costs, so sometimes they don't always match in the same place. But your question was really about the second half of the year and why we're guiding to the bottom of the range.

First main reason there's just less colder months in the second half of the year. So seasonality derives the vast majority of that. We've got a little bit of a headwind continuing with the shape of the commodity curve, which just because of the way that's got priced in. And I think if you take all of that together, I'm thinking bottom half of the range is still the way to go.

Dominic Nash, Barclays

Hi there, it's Dominic Nash from Barclays. I was going to go two, but if Mark's going three...

Chris O'Shea, Centrica

Please don't go four!

Dominic Nash, Barclays

Well I'm sure I'm going to have sub-parts!

So the first one, is a top level question really on REMA. Clearly you must be pleased that zonal power pricing has been dropped. But is REMA now basically a damp squib and are there any concerns over what's left of reformed national pricing, and the impacts of that on your company?

Secondly, is your ambition, is Sizewell C the end of new nuclear? And could you just remind me again, what's your view on potentially getting involved with SMRs or other sort of larger ones?

And finally just a quick one on Centrica Energy. I think there's a slight change in your guidance here from if I'm not mistaken, which was before it was at the bottom end of the range. Now it's at the bottom of the range, caveated to a normalisation of markets. Could you just give us what we need to look out for, what are the KPIs to know what normalisation is? And if it doesn't normalise and is what we currently see, what would be the number materialising for the full year? Thank you.

Chris O'Shea, Centrica

Thanks Dom, so I'll take the first two and ask Russell to take the Centrica Energy one.

Sizewell C, is it the end of new nuclear? No it's not. We don't think we've got Sizewell C and now we're happy. We've looked at some of the SMRs, we've spoken to Rolls Royce about their technology. We've looked at X-energy and advanced modular reactor business in the US and we're talking to people to understand what's going on with the technology.

We have a competitive advantage because I don't think SMRs are the solution to distributed energy. I don't think we'll see SMRs appearing all over the country because unless you've got a nuclear power station close to you, you're probably not going to be too keen to have one built near you. So those that have them close to them, they know that they're safe and they know that they bring really good, well-paid jobs.

And so we, along with EDF, own most of the sites that would be suitable for the deployment of future nuclear technology. And so I think we're in a quite a strong position there. So we'd be very happy to look at it. But if you're going to deploy first of a kind, then there has to be some risk sharing there.

You're not going to find it where we are going to come out and say surprise, we're going to put the first Rolls Royce small reactor and we're going to do it on a merchant basis. And then keep our fingers crossed everything's okay. So it would have to be some kind of partnership with the Government in terms of risk sharing there. But we would be interested.

But I think what you'll find is, I think Rolls-Royce is a 470MW reactor. I think you'll find three, four, five, six of these in the one site rather than lots of them dotted around the country.

And look on REMA we were delighted that zonal pricing was dropped. Lots of people were against it because they thought it would harm the investment. We were actually against it because we thought it was daft for customers. And we think that the future energy market requires customer engagement. And if you've got an energy price, it changes, you know, every 30 minutes just now. It could change every 5 minutes. And if you've got 12 local distributions. Then you've got the nine pricing zones, it becomes a complete and utter nightmare. I also thought that the benefits were quite theoretical. So we're delighted that that's gone.

But look, in terms of REMA, I think we're going to learn over the next two, three, four or five years as we try and deploy more flexible tariffs, we're going to learn what we need to do. So I don't think we know right now what the electricity market has to look like going forward. So I wouldn't say it's a damp squib, but I think we're going to have to learn and therefore the regulator is going to have to be quicker and the Government's going to have to be quick in terms of how we change things. This is going to be an iterative process, I think, and that would require a complete fundamental reset of how we do things.

We won't have 12 months of consultation, 12 months for a response and then 12 months of an implementation. I think we're going to have to be far better implementing change. So that will probably require some different kind of framework. But the zonal pricing where we're comfortable that that's been dropped, I think it's in the best interests of customer.

Russell O'Brien, Centrica

Centric Energy and where we expect that to go.

So maybe I can just step back first and just remind everybody there's three business units there. So there's the LNG business, the renewable route to market, and then the gas and power trading.

LNG had a solid first half. We think it's going to be solid in the second half. Route to market actually gigawatts under management grew in the first half, so that's going in the right direction. So it's really gas and power trading that we're talking about and the things that we're looking at in the first half that drove some of the results. So is the gas storage economics of these mandatory volume targets that inverted the spreads, the volatility, the news flows? That was challenging. But the third, the third thing was that there was no liquidity in the market, so people weren't trading. A lot of market participants got quite badly burned and stepped away from the market. And we're very happy with Cassim and his team. They didn't chase the market, they stepped back. We took risk capital off and we ended up with a softer but not a terribly bad position.

So as you look forward, then that's really dependent on the market conditions in gas and power trading. So what are we looking for in terms of normalisation and what are we seeing that's giving us a bit more confidence? So more rational behaviour is returning to the markets. So there is more liquidity, there's more people trading, there's more people on the screen to connect with, and that liquidity allows us to then step in behind that with taking positions, physical positions, as well as auctions to support the trajectory going forward.

And of course storage spreads have returned to positive levels. So that's there's margin available for people to take. Just in the past couple of months, we've increased our gas storage capacity under management by 30%. So we're stepping back into the market. And so we'll continue that trend.

You've got to remember that most of the money you make in this gas and power trading business is over the winter season anyway. So we've got a bit of the year to go. And in the past we've seen different market dynamics and we'll wait and see how that plays out. But that's the things that we're looking at.

And then just to reinforce, that's not the only, you know, games we're playing, trying to grow elsewhere. And of course trading already started in the US as a diversification.

Chris O'Shea, Centrica

Thanks. Go to Jenny and then we'll go to Ahmed then Harry. And then come back here Pavan.

Jenny Ping, Citi

Thanks very much Jenny Ping from Citi. Three questions also, please.

Firstly, Chris, can I just confirm something you've said in your last couple of lines of your closing remarks, talking about narrowing the range to £1.6bn in terms of EBITDA guidance. So we're really no longer looking at £1.3bn to £1.9bn and now is £1.6bn to £1.9bn. Can I just check that as a first point?

And then secondly, Miliband talked to the prospect of a meter consultation or further announcement around the meter rollout in the coming weeks in the recent DESNZ session he hosted earlier this week. Can you just talk a little bit of what you're expecting from that announcement?

And then thirdly, another policy related question. I mean the UK government seems to want to get quite close to the EU with, you know, linking of ETS etc. Is there a risk that there's a full integration of the energy market that takes place? And if so, what does that mean in terms of the price cap that we currently have in the retail business? Thank you.

Chris O'Shea, Centrica

Well, so narrowing the range. I think we can shave the bottom of that. I think at £1.6bn to £1.9bn. I'll have to watch because Russell's within reach and he's got quite a hard punch. So if I was to say yes, I would be right. I'd get punched in the face. The reality is we don't know. But we think that the what we see in terms of the opportunities is that we can firm up that range. And I'm quite clear that if we only hit £1.6bn, I'd be quite disappointed. But we're not ready at the moment to give new ranges.

I think Ed was at the Select committee when he mentioned about meter consolidation. I don't know he is planning to be honest. I saw on Tuesday and we were talking about Sizewell. He's pretty busy at the moment. So he's very engaged. I don't know what, but I hope he's going to talk about compulsory installation of smart meters.

And maybe a smarter thing, I mean unless everybody has a smart meter, it's, it's kind of difficult for the electricity. But then you can look at the smart meters for gas, do they actually give you anything, probably not. They saw you meter readings. But you're not going to interact with the gas market in the way that you interact with electricity market. So it's just a guess, but I would think if you really wanted this to go properly you might drop the gas smart meter requirement because it just give us an allowance of meter reader and you might make smart meter deployment compulsory.

And if you want to go one step further, and what I've spoken to Government before is, rather than have each supplier responsible for installing a smart meter in our customer, why don't you just carve the country up? Let us go street by street. So our engineers, go to, you know, number four is the customer, the go to number 17 and they go to number 42. But if the engineer could just go door to door, then you get a quicker than a cheaper smart meter roll out. And obviously we'd be delighted with that given that we have this smart Meter Asset Provider business. So we are even more interested.

And then the integration with the EU. Is it a risk to the price cap? I'm not sure how I would see that necessarily following unless you had a full harmonisation and you didn't have, for example, and NBP and TTF prices. If you had a full harmonisation of prices across Europe. You still have the price cap, you just set it by reference the price that was less local. So you know, harmonisation. I'm sure there'll be some risks, there will be some opportunities. Certainly I think we prefer the Emission Trading Scheme to be more harmonised and you've got green certificates etc. That would make our life easier administratively.

Cassim and the team are brilliant to find an opportunity. So if we stay deconsolidated it will be fine. And if we harmonise it will be fine as well, there might just be different opportunities. But I don't see it as been a major risk of a threat.

Excellent. Ahmed.

Ahmed Farman, Jefferies

Hi, Ahmed Farman, Jefferies. Chris, you talked about potential extension to existing nuclear power plants. I just wanted to ask if you could talk a little bit more about it. Is that something that we could see visibility this year? Is that something for 2026? What are the potential life extension scenarios? Super helpful to sort of understand that better?

I also wanted to ask you if you could talk a little bit about the sort of the residential supply business. What trends are you seeing in bad debts in terms of customer payment behaviour? Is there anything significant to call out there for the first half? Thank you.

Chris O'Shea, Centrica

Thank you. Let me take the first one and Russell can talk a bit about the bad debt extension.

Dave Kirwan is the CEO of our Power business. I mean I'm hopeful because he's coming this year but I don't know if you want to.

Dave Kirwan, Centrica

Sure. I mean the news on AGR lifetimes that we shared late last year extended Heysham, Hartlepool, Torness, according to those REMIT notices. The indications at the time was that they are on watch. The AGR lifetime mechanisms are well understood. The EDF team continue their diligence and the preparation for safety case. So the prospects for additional lifetimes is a watch. We've no new news. But in terms of any changes since the last REMIT notice, nothing untoward. So no negatives and obviously we'll await outcomes of more diligence before any further notice is issued. So it's a little bit of, as you were, but nothing untoward since with operation of the fleet.

Chris O'Shea, Centrica

That's brilliant. You thought I was cagey with my answers. That's even better you see.

Dave Kirwan, Centrica

And I'm cagier than my boss.

Chris O'Shea, Centrica

Thanks Dave.

Russell O'Brien, Centrica

So what's happening in bad debt? So total charge for the first half year was 231 million. If you drill down into that 159 million, was in the residential energy business in the UK, as a percentage of revenue, bad debts remained flat, about 3% of revenue. So revenues are down, the actual charge came down. That's the improvement in the bad debt picture is probably it's not going as quickly as we thought as we come out of the energy crisis. So, many of our customers are still having challenges to pay the bills. And we're tracking that. So, not material moves, but maybe the trend is not going down as quickly as possible. The important thing to remember, though, of course, in the residential business, the bad debt charge eventually gets covered by the price cap as a as an allowance. And so there's a phasing over time in that. But you get recovery there, that's the main messages on bad debt.

Chris O'Shea, Centrica

And I think the main thing is that we hope to see the regulator taking some steps on this because if you look at the overall bad debt provision level just now it's about three times what it was a few years ago and we can't continue with something whereby we can't tell who can't pay and who won't pay and the regulator's not doing much about it so there really is something there.

The people that don't pay are being subsidised, by the people who do pay and every time you add somebody to the don't pay list, it becomes more painful for people. So I think we need to see a step change here from the regulator in figuring out what to do. You know, we don't cut people off. Pre-payment metres are not particularly popular and so the chairman and I met with the regulator recently and they're concerned about it, but the solution has to be in their hands. It can't be on us. If somebody refuses to pay we're very limited in what we can do under the regulation. So this is a regulatory problem that needs to be fixed.

Harry Wyburd, BNP Paribas Exane

First can I come back to your 1.3 to 1.9 billion 2028 EBITDA range? So if I've understood correctly the reason you're more excited about that is that you see more efficiency potential in the business. So is that fair? And what has led to that kind of epiphany? Because I think you've talked about it a bit more today than you have done previously. Is it AI? Is it better achievements on your efficiency so far? And is there any way you could quantify for us what kind of metric you would target financially or otherwise on an efficiency program if you were to launch a more formal one in six months time?

And then secondly on the balance sheet deployment, I guess one of your challenges is you're dependent on a lot of government decisions, right? And that was one of the issues of Sizewell C. I'd say it took a little longer to come than all of us might have hoped. But how long would you wait for Morecambe? Is there any bar that if that bar was cleared, you would do something instead of them see it move faster. Say, if you saw a fantastic acquisition, would you go for that in the next nine months and say, well, we'll leave Morecambe for another day. And then maybe a final addition to that and getting a high single digit real return on Sizewell C, and it's a lot better than we can get in index linked bonds or premium bonds. Well, anyone in this room can get. So why not put more in that? And would you wait around to put more in Sizewell C, which from my perspective would be a fantastic deal and I wish I could, but I have to invest in your shares first and I'm not allowed to.

Chris O'Shea, Centrica

So Sizewell C. It's brilliant when you make an investment and somebody says why didn't you take more. We have the right first offer on any future government sell-down, along with Amber

and La Caisse, in proportion to our ownership. Could we be interested? Definitely. But it just depends on what else we've got. The question is, you know, could we have done 20% rather than 50? We could have. We could also have done 10%. So we're looking for a balance. Would we consider acquisition? We are considering acquisition opportunities right now. And, you know, what we're not going to do is we're not going to sit and wait and keep our fingers crossed that something is going to happen. Russell's got a phrase which I quite like which is it's not going to be the first cab off the rank that we go for. Sizewell C took longer than any of us would have liked, but part of that was us shaping the investment with the government. So it wasn't just that we were like pushing and like, let's get it sorted. We were pushing very hard to get the right terms and if it hadn't been right, we wouldn't have invested. And so I'd rather be patient and wait and get the right terms. But we weren't just working on that. We've been working on other things at the same time. So we'll always do that and push.

There's a chance that Morecambe might be quicker than Rough, and the reason for that is that you've already got an existing commitment of £20 billion over 20 years to carbon capture and storage. You've got an existing approval process and so track one, we didn't apply for track one, and we applied for track two, but we're a bit late to the game so we would have been amazed if we'd got it, but we thought it was worthwhile applying.

But we think we're very, very well positioned for track 3 when that comes out. And so Morecambe is about getting approval for an existing field in an existing framework. Rough is about applying an existing framework to something slightly different. So it's entirely possible that Morecambe approval could be in a slightly shorter term. And Morecambe remember is two reservoirs so we could actually commence CO2 storage in Morecambe while still producing gas. And so you've got North Morecambe and South Morecambe, the rather imaginatively named, but I'm quite enthusiastic.

I'd rather in February sit, and my first preference would be sitting and talking to great investments, but the second preference would be that we sit and say look I know we've got too much cash on the balance sheet, but we're working things through. What I don't want to do is get to 2028. Say this is great, we invested 4 or 5 billion or whatever the number is and then spend the next five years regretting it. I probably wouldn't get five years, Kevin would probably fire me, I would rather take the time and make the right investments. So we'll be very patient and very disciplined, but also very challenging with counterparts.

Then look on the efficiency metrics. we see opportunity both for revenue and for cost. The metric I would look in cost I think is always, you know, where are your costs? So where's your opex and where's your cost of goods sold and are they lower or higher. I don't like getting into all of this you know let's create a waterfall which will explain to you why the cost would have been lower if these five things didn't happen.

So the way that we would measure is if our Opex is lower. And then I think we've got efficiencies probably also in cost of sales, but the revenue opportunities might be just as interesting. And so, you know, if you look, for example, we've got seven and a half million residential energy customers and 2.8 million I think contract customers in services. I don't know why we don't have seven and a half million customers in services, because even if they don't buy contracts like boilers still break down, heat pumps break down, people need their electrics fixed. And so I think there's as much in the revenue line. I would expect that we will be able to give far more clarity in February about what targets would be on the cost side and how you would measure that.

Harry Wyburd, BNP Paribas Exane

Okay. Thank you. And in terms of what's changed, is there something that's change, is it AI since six months ago?

Chris O'Shea, Centrica

AI is part of it, one of our colleagues who will remain nameless. I was talking to them about three hours after we signed Sizewell C and I was moaning about something and he said, can you not just take today to be happy about Sizewell C? So I'm always impatient and I'm always looking for more and it drives my colleagues nuts. So there's an element, we can see more opportunity. We can see our operational performance is very, very strong and sometimes you just have to step back and look and say, okay, we can do things differently. And the developments in technology are helping us to think about that. But there's also just something about if you ever come into the office and you think, that's it, were done, that we're really good, I think you should leave because you're never done, the opportunities are always there.

So I think the day that I come in and think, this is it, I'm going to sit back, put my feet up and smoke a cigar, that's a day either the Chairman will come in, or I'll go to the Chair and say it's time for somebody else to come in who's got fresh ideas. So just a constant evolution.

Pavan Mahbubani, JP Morgan

Hi. Good morning. Pavan Mahbubani from JP Morgan. Thank you for taking my questions. Chris, you mentioned there was a commercial opportunity in the meter asset programme, and I was wondering if you could elaborate a bit more on where you see those opportunities and how those could materialise?

And then on the transformation program, you've given us a good bit of detail. Do you think that that will require incremental Capex and does that feed into some of the uncommitted that's left to spend by 2028 within the budget?

And then I have a couple of questions on Spirit. Russell, if you can help with the phasing of profitability in Spirit between H1 and H2 and help us in terms of how we should think about that, particularly with the disposal of Cygnus.

And finally in your in your release this morning, there was an impairment in Spirit because of an assumed, I guess, earlier closure or a shorter economic life. Can you give a bit more detail on what your expectations are now versus what they were before?

Chris O'Shea, Centrica

Excellent. Those two hard Spirit questions are clearly for Russell. The only thing I would say, remember, an impairment, because these fields, Morecambe's got a very short time horizon. You've got a liquid curve, so that could change every six months. You just have to take the observable prices.

The commercial opportunities in the MAP, I think that we have the opportunity to do that for other people. The MAP business in and of itself is a brilliant business, and Dan and Gareth who runs the business have done an incredible job in setting it up. But what it gives us is the opportunity to own, track and finance small assets and we install the best part of a hundred thousand boilers a year, probably five thousand heat pumps, we are the biggest installer of heat pumps and boilers, probably twenty thousand EV chargers.

So if we are able to own and track and finance the smart meter, well, we could extend that potential to boilers, heat pumps, EV chargers. We're not ready yet just to start to do that. But that's always been in my mind in terms of why I'd like to go into the smart meter business, because if we do that, none of our competitors can do it. They don't have the balance sheet. And then, you know, Russell and the team will make sure that if we do embark on that, we have the ability, as we do with the MAP, to turn up and turn down the investment. So if we see a better investment elsewhere, we bring in some third-party capital. So I think there's opportunities for other energy suppliers that might be opportunities even in other countries where people are going through a smart roll-out. But there's a lot of opportunity in our existing customer base just to differentiate ourselves commercially.

And transformation. I wouldn't expect there to be major additional Capex, but there will definitely be implementation costs and that would mostly be Opex. Technology costs will be mostly Opex as you go to software as a service and as we lay out what we expect to achieve, will also look at what it will cost.

What we won't do is go back to what we used to do years ago when I was a CFO. I have to say I inherited the practice, is to separately identify in the middle column all of the transformation cost because we used to spend hundreds of millions a year on taking cost out. We would maybe spend 400 million taking out 200 million of cost, and we felt very good about this part of the financials. We won't separate it out, we won't put it in a different column, but we will tell people how much it costs because it will have to be investment. We can't deliver material cost synergies or revenue synergies without investing money, so we'll do that in February.

Russell O'Brien, Centrica

Good, Spirit to just give you a couple of numbers. So of course, 150 million of AOP for the first half of this year. That's down from 245 million last year. So what you're seeing just generally across all the infrastructure businesses is reduced income. A lot of that was hedged, but that will continue. The curves are in that dynamic.

I think volumes are expected to be roughly flat, half one, half two. And the sort of hedge price we've got four have two is about 111 pence per therm. So most of that's already in the bag. Now we've got this divestment of Cygnus, so most of Cygnus goes, it's an asset held for sale at the moment. We'll book the revenue, we'll book the earnings right through to the close date and then that'll get unwound.

I think overall we're still okay with the guidance range for Spirit and the nuclear assets of 250 to 400. And then that implies full year production of spirit between 695 and 720. So nothing really changed there. It would just be the phasing of the curve that will dictate most of it.

And then on Morecambe, and Chris answered most the question. So it's, you know, that liquid period that has come down in the first six months of this year, what you do is you do an economic end of life for those facilities and for Spirit, we were previously more towards the end of the decade. That's come back down to sort of 2027 sort of time, maybe 28. But we'll keep watching it, we'll be driving efficiencies. And of course, the game plan for Morecambe is to try and make sure that we extend that asset as long as possible. So that sinks into the future development opportunities.

Chris O'Shea, Centrica

Remember a few years ago, Morecambe was due to close in 2021. So you know we will continue to eek out and these tend to go on.

Charles Swabey, HSBC

Hi good morning. Charles Swabey, HSBC. Two questions for me. First is on British Gas Energy. When you think about the warmer weather we saw this year, could you remind us on your assumptions when you are guiding? Is it based on historical averages or we assuming structurally warmer weather patterns? It's the first question and the second one is on and Centrica storage and following on the comments about spreads improving. Depending on how that evolves in the second half year, could you see a situation where you get closer to the £50 million rather than the hundred million loss? Thanks.

Chris O'Shea, Centrica

I think the second one should come from Russell, but I would say I would be extremely doubtful. I'm looking at Cassim sitting here and Cassim doesn't look particularly hopeful of trimming £50m off the losses.

Look in British Gas Energy we don't assume the historic weather. We assume that. We do see warming, but also that we see more volatility in the weather. And that's why developing a different way to hedge the weather. Basically, you look at the seasonal norm demands, you make adjustments for how climate change is occurring and about the extremes that we're seeing. Because remember, we're £50 million. When we sat here in February we were delighted as we were £50 million up, we thought we were having a party. And now we're £50m down five months later, so £100 million reverse.

So had we not changed the way that we hedged and forecasted the weather, that 50 would have been, well 100 in my view. So we do adjust that as we go forward, always learning from experience there.

Russell, what do you think? What are the chances of £50m in Rough?

Russell O'Brien, Centrica

Not very likely, no.

So just to remind you you get close to £100m cost base there. We do have some hedges this year from previous years that we're working through that, gave a bit of support in the first half.

We've been taking of some of the indigenous production. So there's currently 16 bcf in Rough as we sit today. Of that 13 bcf is the indigenous, or the cushion, gas. That was 14bcf at the beginning of the year, taken out 1 bcf of that cushion gas. We will continue to do some of that in the second half of the year. That might support revenue a little bit, but I'm still very comfortable, you know, towards the top end of the £50m to £100m.

Chris O'Shea, Centrica

Fraser, We've got some online questions.

Webcast questions: Ajay Patel, Goldman Sachs

The first one is from Ajay Patel at Goldman Sachs. On gas storage, can you please detail the path for gas storage if no support is given, how much cushion gas can you extract and what

would be the cost of closure? Would you be interested in an interim measure where you're paid an annuity to keep the facility open? And what could that look like?

Chris O'Shea, Centrica

Excellent. So Russell has just mentioned about the gas that we'd take out. The cost of closure is worth £300 million, that's a decommissioning cost provision. And if Ajay is offering an annuity, I'd be delighted to take it.

But a serious point, we have spoken to the Government to say, look, do you want to open, for example, for this winter? And the discussions are that we wouldn't inject subsidised gas this winter, but that does remain an opportunity. But you've got Opex in that business of about £80 million and you've got to have a spread between your summer-winter gas place in order to cover the Opex, and then to make a bit of a profit as well.

We're not in the business of holding a gun to their head. We've had very constructive conversation with the Government. They know the position. I think they would like to keep it open, but they've got to make sure that it passes a value for money test. So we'll see.

Webcast question: Pierre-Alexandre Ramondenc, Alpha Value

The next one is from Pierre-Alexandre Ramondenc from Alpha Value. Following the divestment of your stake in Cygnus and your ambition to transition towards net zero operations, what's the rationale for retaining Spirit Energy? Could a full disposals be considered? Or is the business to integrated with your other operations? Any clarity would be appreciated.

Chris O'Shea, Centrica

So a full disposal of anything we've got can be considered. We don't have anything that is so fully integrated that it cannot be disposed of. That applies across the Group.

Spirit after disposal of 46.25% of Cygnus, has got 15% of Cygnus, it's got Great Markham area, it's got Morecambe and it's got a bunch of decommissioning.

And so if we were to dispose of Spirit, we'd be trusting that somebody would take Spirit and would fund or pay for all the decommissioning. Rather than what's happened not that long ago and take the money and run away. And so we'd have to have control over the decommissioning. We wouldn't want to sell Morecambe because we see that as a big opportunity. Greater Markham and Cygnus, the two remaining gas producing fields. I said, for the right price, I would sell them.

The price that we got for the 46.25% stake in Cygnus was twice our hold value. So it was a value decision and we would do the same for the remaining part of Cygnus and for the Greater Markham area. But I'd like to keep Spirit. Spirit at some point was at £1.3 billion or something to decommissioning liabilities. That would be an awful lot trust you would place in somebody.

So we will execute the decommissioning and we will hopefully convert Morecambe into the UK's largest and maybe even the world's largest carbon storage facility which over a 40year life will take 25 megatons of carbon every year.

And so take one gigaton of carbon to context, the UK wants to get to the point of storing just over 100 megatons a year, so this will take 25% of the UK's planned storage. So this is a huge opportunity.

Webcast question: Bartek Kubicki, Bernstein

And then final question as it stands, although classically a three part-er from Bartek Kubicki at Bernstein. Part one, could you confirm the trend of households moving away from regulated tariffs to fixed tariffs? What does that mean for margins and competitive pressure would also mean lower protection against extraordinary costs, such as higher bad debts, as there will be less and less people on regulated tariffs?

And I'll maybe pause there. Let you answer that one first.

Russell O'Brien, Centrica

Yeah. So we are seeing a trend of people moving away from the price cap onto fixed rate tariffs. That's going probably in the 25 to 30% sort of range. Now we're seeing more churn, we're seeing more people moving between suppliers. And what we have to do is make sure that we're competitive in that space. We're trying to make sure we've got profitable tariffs out there that keep our customers for longer. So where does that trend go. It's hard to tell, but it's certainly we're seeing a movement up in switching and movements to fixed rate tariffs over the past year as we come out of the crisis. So that's the main part of it.

Webcast question: Bartek Kubicki, Bernstein

Thank you. Second part. What triggered the depletion of liquidity on markets in the first half of 2025 and what needs to happen for liquidity to come back?

Chris O'Shea, Centrica

Look, I think we've mentioned earlier on it was, I think geopolitical driven volatility. Sometimes driven by comments from individuals, heads of state and the like. And you can't call that. So we sat on our hands a little bit, we took this capital off. Other people did as well, so just fewer people in the market, it's just a reaction to the events. If you saw that level of volatility, and it was fundamentally driven, you'd have seen an increase in liquidity. More people would have been in the market.

Webcast question: Bartek Kubicki, Bernstein

Third and final bit. Are earnings from route to market increasingly linear with the higher level of capacities contracted.

Russell O'Brien, Centrica

I wouldn't say they're increasing linear, but the route to market services have always had a good substantive base of contracted revenues. And if you go back to the teaching we did last December, you can see we unpicked that a little bit in terms of the type of contracts, the type of PPAs that we write for customers across Europe. So I'd say that's broadly the same, but still a very important part of the earnings mix for that business.

Marc Ip Tat Kuen, Citi

So Marc Ip Tat Kuen from Citibank. Just a real quick question on the dual run IT costs. I think you said it's £9 per customer in the first half. This year you've moved over 100% onto the Ignition platform now, does that all come off? Is it as simple as just taking that and having the cost savings there? Or how should we think about it?

Chris O'Shea, Centrica

Because I mean, we had out with a monolithic SAP platform called ECC6, which was designed for utilities. So with all of the energy customers on there, But we also put services excuse on there. It wasn't designed for that, but we thought that was efficient. So they're still on that. So the system wouldn't close until I think, the end of next year. The end of 2026 is the aim for ECC6, I see Darren our Chief Technology Officer nodding there. So we still have those costs in there, but that will be turned off at the end of 2026.

But Russell, don't know if there is anything to add on the dual run in the energy business.

Russell O'Brien, Centrica

No, that is as I said. The total cost per customer was £97. That's up slightly from the end of last year. Of that £9, dual running costs. So you've answered it.

Chris O'Shea, Centrica

Excellent. Well look, with that, thank you very much for your time. Thanks for your patience and thanks for obviously for those of you that attended on Tuesday as well, at very, very short notice. So it's been a very busy week. We're happy with the operational performance. There's a lot more for commercial. We look forward to updating you on our results for the full year in February and also on our transformation programme and what you can expect from that as we go forward.

Thanks very much.