

Centrica plc – Ofgem segmental disclosure
For the year ended 31 December 2010

centrica

Ofgem segmental disclosure

For the Year ended 31 December 2010

| | Unit | Generation | Electricity Supply | | Gas Supply | | Aggregate Supply Business |
|---|-------------|--------------|--------------------|----------------|----------------|----------------|---------------------------|
| | | | Domestic | Non-Domestic | Domestic | Non-Domestic | |
| | | 2010 | 2010 | 2010 | 2010 | 2010 | 2010 |
| Total Revenue | £m | 1,245 | 2,789 | 1,845 | 5,566 | 2,081 | 12,281 |
| Revenue from Sales of Electricity & Gas | £m | 1,075 | 2,789 | 1,801 | 5,449 | 2,081 | 12,120 |
| Other Revenue | £m | 170 | - | 44 | 117 | - | 161 |
| Total Operating Costs | £m | (893) | (2,626) | (1,724) | (4,957) | (1,971) | (11,278) |
| Direct Fuel Costs | £m | (816) | (1,396) | (1,041) | (2,983) | (1,573) | (6,993) |
| Other Direct Costs | £m | (22) | (864) | (465) | (1,289) | (237) | (2,855) |
| Indirect Costs | £m | (55) | (366) | (218) | (685) | (161) | (1,430) |
| WACOE / WACOG | £/MWh, p/th | (35.79) | (53.69) | (54.50) | (56.4) | (47.7) | N/A |
| EBITDA | £m | 352 | 163 | 121 | 609 | 110 | 1,003 |
| DA | £m | (126) | (12) | (6) | (18) | (13) | (49) |
| EBIT | £m | 226 | 151 | 115 | 591 | 97 | 954 |
| Volume | TWh, MThms | 22.8 | 26.0 | 19.1 | 5,291 | 3,301 | N/A |

Disclosure notes

In reconciling these disclosures to the Segmental Analysis note, and the Business Review sections of the Centrica 2010 Annual Report and Accounts, the following adjustments have been made:

- £140m of profit before tax relating to the Group's share of joint ventures and associates (gross of interest and taxation) in Power Generation have been included in Other Revenues
- £574m of revenues and £15m of EBIT losses relating to Centrica's overseas businesses within Non-Domestic Gas Supply have been excluded
- The volumes relating to generation from the Group's Joint Ventures have been excluded to align the volumes with the direct fuel costs
- 981mmth has been included in Non-Domestic Gas Supply relating to the LNG business, not included in the Annual Report and Accounts

Disclosure notes continued

The following notes provide a summary of the basis of preparation of the 2010 submission:

- Financial data provided to the nearest £million
- Other revenues include:
 - £44m relating to Business Services in the Non-Domestic Electricity Supply column
 - £117m in the Domestic Gas Supply column from a variety of new technology investments including insulation, smart meters and microgeneration
 - £140m of profit before tax relating to the Group's share of joint ventures and associates (gross of interest and taxation) in Power Generation
 - £30m in Power Generation relating to management services provided to joint ventures
- Direct fuel costs include electricity and gas costs as outlined in the following note
- WACOE / WACOG - For generation this represents the weighted average input cost of gas used by the Generation business. For the supply businesses, this covers the wholesale energy cost, losses, the energy element of RBD costs, balancing and shaping costs incurred by the supply licensees
- Energy supply to Domestic energy customers is procured at Open Market prices, through a combination of bi-lateral contracts and Over-The-Counter (OTC) trades. The Open Market prices used are those prevailing at the time of procurement, which may differ from the price prevailing at the time of supply
- Power generation EBIT excludes depreciation of fair value uplifts to property, plant and equipment on acquiring the investment in British Energy

Disclosure notes continued

The following notes provide a summary of the basis of preparation of the 2010 submission:

- Non-Domestic Energy contract and Domestic Energy Fixed Price products are hedged based upon anticipated demand at the start of the contract period. The majority of the gas and power for Non-Domestic Energy and Domestic Energy tariff products is bought ahead of time. The exact purchasing patterns vary in response to the outlook for commodity markets and commercial factors.
- Other direct costs for supply include network costs, BSUOS, environmental costs (including ROCs, CESP and CERT) and the transport element of Reconciliation-by-Difference (RBD) costs.
- Indirect costs are defined as internal operating costs including sales and marketing costs, bad debt, costs to serve, IT, staffing costs, billing and all meter costs.
- Centrica corporate recharges are allocated across the business units based on average business unit net operating profit. Indirect costs are allocated within each business unit based on various drivers such as customer numbers, number of employees, or sales.
- No tolling agreements exist between group companies or business segments.
- EBITDA means earnings before interest, tax, depreciation and amortisation; EBIT means earnings before interest and tax
- Volumes are supplier volumes at the meter point (ie net of losses). Generation volume is the volume of power that can actually be sold in the wholesale market

