



EDF ENERGY NUCLEAR GENERATION LIMITED

Registered Number 3076445

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2011

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Directors

Brian Cowell
Stuart Crooks
Mark Gorry
Robert Guyler
Peter Prozesky
Simone Rossi
Andrew Spurr
Matthew Sykes

Company Secretary

Karen Lawrie

Auditor

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Glasgow
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Registered Office

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Barnwood
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GL4 3RS

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2011

References to "the Group" are to EDF Energy Nuclear Generation Group Limited, an intermediate holding company within the Electricité de France S A (EDF S A) group, and its subsidiaries including this Company

Principal activities

The Company's principal activities during the year continued to be the generation and sale of electricity. The Company will continue with these activities for the foreseeable future.

Business review

The profit for the year, before taxation, amounted to £808m (2010 £203m) and after taxation, amounted to £628m (2010 £154m). The increased profit in the year is primarily a result of increased output generation in the year and the achievement of higher realised prices.

No dividends were paid in the year (2010 £nil).

The Group manages its operations on a business segment basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, is discussed in the Group's Directors' Report which does not form part of this report.

Going concern

The Company has significant net current assets and is dependent on the continued forecast cash flow generation from its nuclear power station fleet. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Risk management

The future prospects of the Company are dependent on the continued safe and reliable operation of the nuclear power station fleet, and the market price for electricity in the United Kingdom.

Following the events in Japan at the Fukushima Dai-ichi nuclear plant, a team of over 70 people has been mobilised to address issues arising from events at Fukushima in March 2011. So far EDF Energy has completed evaluations required by the World Association of Nuclear Operators ("WANO"), responded to the Office of Nuclear Regulation ("ONR") (formerly the Nuclear Installations Inspectorate ("NII")) recommendations and responded to the European Union ("EU") Stress Test. Within the scope of the Stress Test examinations, no shortfalls in the operational safety cases for the existing nuclear stations have been identified. Nevertheless, a number of opportunities for resilience enhancements have been identified for which timescales are being developed. EDF Energy's Stress Test response was released to the general public on 4 January 2012. EDF Energy continues to respond to questions arising from these assessments and to monitor relevant events in Japan and around the world.

The main financial risks faced by the Company through its normal business activities are market risk, liquidity risk and credit risk. These risks and the Company's approach to dealing with them are described below.

Market risk is the risk that changes in energy prices will adversely affect the profitability of the Company from normal business operations. The company is exposed to this risk to the extent that contracts are not fixed or contracts are not delivered out of generation output. The Company sells its generation through a Transfer Pricing Mechanism linked to market prices. The forecast generation volumes and prices are fixed over a rolling three year time horizon and reduces from a fully contracted short-term position to an uncontracted position after three years.

DIRECTORS' REPORT continued

Risk management continued

Liquidity risk is the risk that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The Company's exposure to liquidity risk is reduced due to the significant net current asset position, and the fact that the current liabilities balance primarily comprises intercompany balances within the Group.

The Company's credit risk is primarily attributable to its debtors. The amounts presented in the balance sheet are net of allowance for doubtful receivables estimated by the Group's management based on prior experience and their assessment of the current economic environment. Credit risk is mitigated by the nature of the debtor balances owed, with these primarily due from other Group companies who are able to repay these if required.

In addition, the Nuclear Liabilities Fund (NLF) receivable represents the Government indemnity provided to indemnify any potential future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including Pressurised Water Reactor (PWR) back end fuel services) and qualifying nuclear decommissioning costs. The NLF receivable asset recognised represents the aggregate value of the Nuclear Liabilities Fund and the Government indemnity such that the receivable equals the present value of the associated qualifying nuclear liabilities.

Also, the nuclear liabilities receivable represents the Government indemnity provided to cover services for spent Advanced Gas-cooled Reactor (AGR) fuel loaded pre-Restructuring. The nuclear liabilities receivable is recognised in respect of the indemnity such that the receivable equals the present value of the associated qualifying nuclear liabilities.

Subsequent events

Details of significant events since the balance sheet date are contained in note 25 to the financial statements.

Directors

Directors who held office during the year and subsequently, except as noted, were as follows:

Brian Cowell	
Stuart Crooks	
Mark Gorry	
Robert Guyler	(appointed 17 January 2011)
Thomas Kusterer	(resigned 29 March 2011)
Peter Prozesky	
Simone Rossi	(appointed 1 April 2011)
Andrew Spurr	
Matthew Sykes	

Brian Cowell, Stuart Crooks, Mark Gorry, Robert Guyler, Peter Prozesky, Andrew Spurr and Matthew Sykes each have a service contract with the Company. Simone Rossi is employed by EDF Energy plc and has a service contract with that company.

There were qualifying third-party indemnity provisions in place for the benefit of the Directors of the Company during the financial year and at the date of approval of the financial statements.

DIRECTORS' REPORT continued

Creditors payment policy

The Company's policy concerning the payment of its trade creditors and other suppliers is to

- agree the terms of payment with those creditors/suppliers when agreeing the terms of each transaction,
- ensure that those creditors/suppliers were made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with its contractual and other legal obligations

The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception. At 31 December 2011, the Company had an average of 48 days (2010 55 days) purchases outstanding in its trade creditors

Employees

The Company's policies and procedures relating to Health and Safety at work continued to exceed the requirements of current legislation and are kept under constant review to ensure a safe and healthy working environment for all employees

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting their employment and on the various factors affecting the performance of the Company. This is carried out in a number of ways, including formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the Group intranet

Equal opportunities

The Company is fully committed to ensuring that all current and potential future employees and customers are treated fairly and equally, regardless of their gender, marital status, disability, race, colour, nationality or ethnic origin in accordance with the appropriate legislation and Government guidelines. The Company provides equal opportunities for employment, training and development, having regard to particular aptitudes and abilities. In the event of employees becoming disabled during employment, where possible, assistance and retraining is given so that they may attain positions compatible with their ability

DIRECTORS' REPORT continued

Charitable contributions

During the year, the Company made various charitable contributions totalling £175,328 (2010 £118,122) in support of the community. The Company made no political contributions (2010 £nil).

Disclosure of information to Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s 418 of the Companies Act 2006.

Auditor

It is noted that Deloitte LLP, as appointed by the members on 4 October 2010, are deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2012 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditor.

By order of the Board



Robert Guyler
Director
24 July 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY NUCLEAR GENERATION LIMITED

We have audited the financial statements of EDF Energy Nuclear Generation Limited for the year ended 31 December 2011 which comprise the Profit and Loss account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

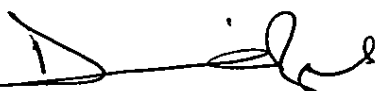
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Bell CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom
Date 2 August 2012

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<i>Note</i>	2011 £m	2010 £m
Turnover	2	2,588	2,022
Operating costs	3	(1,715)	(1,724)
Operating profit		873	298
Interest receivable and similar income	6	591	253
Interest payable and similar charges	7	(656)	(348)
Profit on ordinary activities before taxation		808	203
Tax on profit on ordinary activities	8	(180)	(49)
Profit for the financial year	18	628	154

All results are derived from continuing operations in both the current and preceding year

There were no recognised gains or losses in either year other than those included in the profit and loss account above. Accordingly, no statement of total recognised gains and losses has been presented

**BALANCE SHEET
AT 31 DECEMBER 2011**

	<i>Note</i>	2011 £m	2010 £m
Fixed assets			
Tangible assets	9	2,656	2,564
		2,656	2,564
Current assets			
Stocks	10	1,575	1,454
Debtors			
- due within one year	11	1,983	2,135
- due after more than one year	11	5,778	5,464
		9,336	9,053
Creditors: amounts falling due within one year	12	(1,988)	(2,603)
Net current assets		7,348	6,450
Total assets less current liabilities		10,004	9,014
Creditors: amounts falling due after more than one year	13	(1,728)	(1,800)
Provision for liabilities	14	(5,763)	(5,329)
Net assets		2,513	1,885
Capital and reserves			
Called up share capital	17	-	-
Share premium	18	72	72
Profit and loss account	18	2,441	1,813
Shareholder's funds	18	2,513	1,885

The financial statements of EDF Energy Nuclear Generation Limited, registered number 3076445 on pages 8 to 30 were approved and authorised for issue by the Board of Directors on 24 July 2012 and were signed on its behalf by



Robert Guyler
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<i>Note</i>	2011 £m	2010 £m
Net cash inflow from operating activities	20	523	427
Returns on investments and servicing of finance			
Interest paid		(1)	(2)
Net cash outflow from returns on investments and servicing of finance		(1)	(2)
Taxation paid		(186)	(143)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(325)	(241)
Net cash outflow for capital expenditure and financial investment		(325)	(241)
Cash inflow before financing		11	41
Financing			
Repayment of borrowings		-	(36)
Net cash outflow from financing		-	(36)
Increase in net cash		11	5
Reconciliation to net funds			
Funds at 1 January		(11)	(16)
Increase in cash		11	5
Funds at 31 December		-	(11)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies are set out below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Going concern

As set out in the Directors' Report, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Research and development expenditure

Expenditure on scientific and engineering research, preliminary studies and initiation of new technologies is categorised as research and development and charged to the profit and loss account as incurred.

Tangible fixed assets

Fixed assets comprise assets acquired or constructed by the Company. Expenditure of a capital nature incurred to improve operational performance or to improve safety in order to meet increased regulatory standards is also capitalised. Other expenditure including that incurred on preliminary studies and on the initiation of new technologies not yet adopted, is charged to the profit and loss account as incurred.

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of acquisition of each asset evenly over its expected useful life, as follows:

AGR Power Stations	—	35 to 40 years
PWR Power Stations	—	40 years
Other buildings	—	30 years
Other plant and equipment	—	18 months to 5 years

No depreciation is charged on assets in the course of construction until the asset is brought into use.

Stocks

Stocks of fuel and stores are valued at the lower of cost and net realisable value. The nuclear fuel stock includes capitalised front end and back end costs including the rebate/surcharge discussed within fuel costs on page 12.

Provisions are made for obsolete, slow moving or defective items where appropriate.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Fuel costs – nuclear front end

Advanced Gas Cooled Reactors (AGR)

Front end fuel costs consist of the costs of procurement of uranium, conversion and enrichment services and fuel element fabrication. Fabrication costs comprise fixed and variable elements. All costs are capitalised into stock and charged to the profit and loss account in proportion to the amount of fuel burnt.

Pressurised Water Reactor (PWR)

All front end fuel costs are variable and are capitalised into stock and subsequently charged to the profit and loss account in proportion to the amount of fuel burnt.

Fuel costs – nuclear back end

AGR

Spent fuel extracted from the reactors is sent for reprocessing and/or long-term storage and eventual disposal of resulting waste products. Back end fuel costs comprise

- (a) a cost per tonne of uranium in AGR fuel, in respect of amounts payable on loading of fuel into any one of the AGR reactors, and
- (b) a rebate/surcharge against the cost mentioned in (a) above that is dependent on the out-turn market electricity price in the year and the amount of electricity generated in the year.

The loading related cost and the rebate/surcharge is capitalised into stock and charged to the profit and loss account in proportion to the amount of fuel burnt.

PWR

Back end fuel costs are based on wet storage in station ponds followed by dry storage and subsequent direct disposal of fuel. Back end fuel costs comprise the estimated cost of this process at current prices discounted back to current value. Back end fuel costs are capitalised into stock on loading and charged to the profit and loss account in proportion to the amount of fuel burnt.

Unburnt fuel at shutdown

Due to the nature of the nuclear fuel process there will be some unburnt fuel in the reactors at station closure. The costs of this unburnt fuel (final core) are fully provided for at the balance sheet date. The provision is based on a projected value per tonne of fuel remaining at closure, discounted back to the balance sheet date and recorded as a long term liability. The unwind of the discount each year is charged to the profit and loss account. Any adjustment to the provision is recorded through fixed assets and depreciated over remaining station life.

NLF funding arrangements

Under the arrangements in place with the Secretary of State at the Restructuring Effective Date (RED), the Nuclear Liabilities Fund (NLF) will fund, subject to certain exceptions, the Company's qualifying uncontracted nuclear liabilities and qualifying decommissioning costs. To the extent there is any surplus remaining in the NLF after all obligations have been discharged, this amount will be paid to the Secretary of State. The Company is responsible for funding certain excluded or disqualified liabilities and will, in certain circumstances, be required to compensate or indemnify the NLF and the Secretary of State in relation to such liabilities. The Company's obligations under these arrangements with the Secretary of State are guaranteed by certain companies within the Group.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

NLF funding arrangements continued

In consideration for the assumption of these liabilities by the Secretary of State and the NLF, British Energy Bond Finance plc issued £275m in Bonds to the NLF at RED (which were subsequently redeemed in full following the acquisition of EDF Energy Nuclear Generation Group Limited by Lake Acquisitions Limited, a subsidiary of EDF S A). At RED, the Group (through the Company) also agreed to make the following payments to the NLF

- an annual contribution (Cash Sweep Payment), calculated as a share of the group's adjusted net cash flow proportionate to the NLF's economic interest in the Company, adjusted for certain corporate actions but never to exceed 65% (Cash Sweep percentage),
- fixed decommissioning contributions equal to £20m per annum (indexed to RPI but tapering off based on the scheduled closure dates of the nuclear power stations in place at RED), and
- £150,000 (indexed to RPI) for every tonne of uranium in PWR fuel loaded into the Sizewell B reactor after RED

The NLF had a right to convert the Cash Sweep Obligation at any point in time into convertible shares of EDF Energy Nuclear Generation Group Limited (the ultimate parent company at the time). The settlement of the obligation occurred in two tranches in June 2007 and January 2009 via EDF Energy Nuclear Generation Group Limited issuing convertible shares to the NLF. Under the Amended and Restated Contribution Agreement dated 5 January 2009, the NLF is no longer entitled to any Cash Sweep Payment.

The fixed decommissioning obligations of £20m per annum have been recorded as a liability on the balance sheet at their discounted value and disclosed as the NLF liability. The NLF liability is reduced as payments are made to the NLF. Each year the financing charges in the profit and loss account include the revalorisation of NLF liabilities required to discharge one year's discount from the liability.

PWR fuel loaded after RED will increase the qualifying nuclear liability recognised for back end PWR fuel costs as set out above and will increase the NLF receivable by a corresponding amount. The difference between the payment of £150,000 (indexed to RPI) per tonne made to the NLF on the loading of PWR fuel and the increase in the liability recognised upon loading of this fuel is matched against back end fuel costs as the loaded tonnes are burned in the PWR reactor.

NLF and nuclear liabilities receivables

The Government indemnity is provided to indemnify any future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including PWR back end fuel services) and qualifying nuclear decommissioning costs.

In principle, the NLF receivable asset recognised represents the aggregate value of the Nuclear Liabilities Fund and the Government indemnity such that the receivable equals the present value of the associated qualifying nuclear liabilities. The nature of the process, whereby the Company claims back from the NLF for qualifying liabilities, can cause small timing differences between the receivable and the nuclear liabilities at the balance sheet date.

The Government indemnity is also provided to cover services for spent AGR fuel loaded pre-Restructuring. The nuclear liabilities receivable is recognised in respect of the indemnity such that the receivable equals the present value of the associated qualifying nuclear liabilities.

The NLF receivable and the nuclear liabilities receivable are stated in the balance sheet at current price levels, discounted at a long-term real rate of interest of 3% per annum to take account of the timing of payments. Each year the financing charges in the profit and loss account include the revalorisation of these receivables required to match the revalorisation of the nuclear liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Nuclear liabilities

Nuclear liabilities represent provision for the Company's liabilities in respect of the costs of waste management of spent fuel and nuclear decommissioning. The provisions represent the Directors' best estimates of the costs expected to be incurred. They are calculated based on the latest technical evaluation of the processes and methods likely to be used, and reflect current engineering knowledge. The provisions are based on such commercial agreements as are currently in place, and reflect the Directors' understanding of the current Government policy and regulatory framework. Given that Government policy and the regulatory framework on which the Company's assumptions have been based may be expected to develop and that the Directors' plans will be influenced by improvements in technology and experience gained from decommissioning activities, liabilities and the resulting provisions are likely to be adjusted.

In recognising the costs of generating electricity, accruals and provisions are made in respect of the following:

a) Back end fuel costs

The treatment of back end fuel costs in the profit and loss account has been dealt with under the accounting policies for fuel costs previously. Back end nuclear liabilities cover reprocessing and storage of spent nuclear fuel and the long-term storage, treatment and eventual disposal of nuclear waste. They are based, as appropriate, on contractual arrangements or the latest technical assessments of the processes and methods likely to be used to deal with these obligations under the current regulatory regime. Where accruals are based on contractual arrangements they are included within creditors. Other liabilities are based on long-term cost forecasts which are reviewed regularly and adjusted where necessary, and are included within provisions.

b) Decommissioning of nuclear power stations

The financial statements include provision for the full cost of decommissioning the Company's nuclear power stations. Provision is made on the basis of the latest technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime.

Accruals and provisions for back end fuel costs and decommissioning are stated in the balance sheet at current price levels, discounted at a long-term real rate of interest of 3% per annum to take account of the timing of payments. Each year the financing charges in the profit and loss account include the revalorisation of liabilities required to discharge one year's discount from provisions made in prior years and restate these provisions to current price levels.

Nuclear liabilities have previously been disclosed in the financial statements categorised as contracted back end fuel costs, uncontracted back end fuel costs and decommissioning costs. With this categorisation, the contracted back end fuel costs aligned with the nuclear liabilities receivable, whilst the aggregate of uncontracted back end fuel costs and decommissioning costs aligned with the NLF receivable. However, to align with EDF SA group's approach to the categorisation of nuclear liabilities, an exercise has been completed to re-analyse nuclear liabilities within the following categories: spent fuel costs, radioactive waste costs and decommissioning costs. Comparative figures within the nuclear liabilities note for 2010 have been adjusted to reflect these new categories. However the overall total for nuclear liabilities remains unchanged at 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses, and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is measured on an undiscounted basis

Pensions

The Company participates in a multi employer defined benefit plan. This plan is operated on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities and in accordance with FRS 17 – Retirement Benefits (FRS 17), the Company accounts for its contributions to the plan as if it is a defined contribution plan.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activities of the sale of generated electricity and sales of other related goods and is recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS continued

3. Operating costs

	2011 £m	2010 £m
Fuel	309	317
Materials and services	598	561
Energy supply costs	69	52
Staff costs	492	479
Depreciation	294	341
Amounts capitalised	(47)	(26)
	1,715	1,724

Operating profit is stated after charging

Operating lease costs - other	4	4
Research and development costs	23	15

In 2011 an amount of £150,000 (2010 £150,000) was paid to Deloitte LLP for audit services. This charge was borne by another group company in both the current and prior year. In 2011 no non-audit services were provided to the Company (2010 £nil).

4 Directors' emoluments

All Directors are employees of associated EDF companies.

Thomas Kusterer and Simone Rossi did not receive any remuneration from the Company for their services during the year or preceding year. They are paid by associated EDF companies for services to the whole group and their emoluments are included in EDF Energy Holdings Limited's financial statements for the year ended 31 December 2011. No Director (2010 none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

Emoluments paid to EDF Energy Nuclear Generation Limited Directors not disclosed in other group accounts are as follows:

	2011 £000	2010 £000
Emoluments	3,563	3,363
Contributions to defined benefit pension schemes	354	274
	3,917	3,637

	2011 Number	2010 Number
Members of defined benefit pension scheme	7	6

	2011 £000	2010 £000
Emoluments payable to the highest paid Director were as follows		
Emoluments	856	702
Contributions to defined benefit pension schemes	51	37
	907	739

The highest paid Director is a member of the Company's defined benefit pension scheme and had accrued entitlements of £100,000 (2010 £93,000) under the scheme at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS continued

5. Staff costs

	2011 £m	2010 £m
Wages and salaries	297	288
Social security costs	32	30
Pension costs	163	161
	492	479

The monthly average number of employees during the year was as follows

	2011 Number	2010 Number
Power stations	4,283	4,370
Engineering, technical and corporate support	887	769
	5,170	5,139

6. Interest receivable and similar income

	2011 £m	2010 £m
Interest receivable on amounts owed by other Group companies	34	13
Revalorisation of nuclear liabilities receivable	182	127
Revalorisation of NLF receivable	375	113
	591	253

7. Interest payable and similar charges

	2011 £m	2010 £m
Other interest and finance charges payable	1	4
Interest payable on amounts owed to other Group companies	28	39
Guarantee fees payable to other Group companies	2	2
Revalorisation of nuclear liabilities (see note 16)	557	240
Revalorisation of NLF liabilities	17	12
Revalorisation of unburnt fuel provision	51	51
	656	348

NOTES TO THE FINANCIAL STATEMENTS continued

8. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

UK current tax	2011 £m	2010 £m
UK corporation tax charge on profit for the year	243	97
Adjustment in respect of previous years	(5)	(5)
Total current tax charge (note 8(b))	238	92
UK deferred tax		
Origination and reversal of timing differences	(19)	(30)
Adjustment in respect of previous years	(3)	6
Effect of decreased tax rate on opening liability	(36)	(19)
Total deferred tax credit for the year (note 15)	(58)	(43)
Total tax charge on profit on ordinary activities	180	49

The Finance Act 2011 announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2011 from 28% to 26%. This tax law change was substantively enacted in the House of Commons on 29 March 2011 and has therefore been disclosed where appropriate in these financial statements.

The Finance Act 2011 also announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2012 from 26% to 25%. This tax law change was substantively enacted in the House of Commons on 5 July 2011.

The Finance Bill 2012 announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2012 from 25% to 24%. This change was substantively enacted under the Provisional Collection of Taxes Act 1968 on 27 March 2012. The impact of this tax law would be to reduce the deferred tax liability provided at 31 December 2011 by £17m with a corresponding credit to the profit and loss account.

The Finance Bill 2012 also announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2013 from 24% to 23%.

NOTES TO THE FINANCIAL STATEMENTS continued

8. Tax on profit on ordinary activities continued

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK

The differences are explained below

	2011 £m	2010 £m
Profit on ordinary activities before tax	808	203
Tax on profit on ordinary activities at standard UK rate of corporation tax of 26.5% (2010 28%)	214	57
Effect of		
Disallowed expenses and non taxable income	4	4
Depreciation in excess of capital allowances	20	30
Movement in provision	1	2
Other permanent differences	4	4
Adjustment to prior year tax charge	(5)	(5)
Current tax charge for the year	238	92

9. Tangible fixed assets

	Power stations £m	Other land and buildings £m	Other plant and equipment £m	Total £m
Cost				
At 1 January 2011	10,778	35	611	11,424
Additions	154	-	171	325
Change in provision for unburnt fuel at station closure	61	-	-	61
Disposals	(1)	-	(108)	(109)
At 31 December 2011	10,992	35	674	11,701
Depreciation				
At 1 January 2011	8,411	20	429	8,860
Charge for the year	186	-	108	294
Disposals	(1)	-	(108)	(109)
At 31 December 2011	8,596	20	429	9,045
Net book value				
At 31 December 2011	2,396	15	245	2,656
At 31 December 2010	2,367	15	182	2,564

NOTES TO THE FINANCIAL STATEMENTS continued

9 Tangible fixed assets continued

The net book value of tangible fixed assets includes the following in respect of freehold land and buildings

	2011 £m	2010 £m
Cost	2,311	2,311
Net book value	122	129

Included within tangible fixed assets are assets in the course of construction of £63m as at 31 December 2011 (2010 £50m)

10 Stocks

	2011 £m	2010 £m
Unburnt nuclear fuel in reactors	1,252	1,112
Other nuclear fuel and uranium stocks	250	275
Stores	73	67
	1,575	1,454

11. Debtors

	2011 £m	2010 £m
Debtors amounts falling due within one year		
Trade debtors	47	44
Amounts owed by other Group companies	1,661	1,792
Nuclear liabilities receivable	234	218
NLF receivable	9	9
Corporation tax (Group payments)	-	11
Prepayments and accrued income	27	50
Other debtors	5	11
	1,983	2,135
Debtors: amounts falling due after more than one year		
Nuclear liabilities receivable	1,586	1,650
NLF receivable	4,192	3,814
	5,778	5,464
	7,761	7,599

The nuclear liabilities receivable represents amounts due under the historic BNFL contracts which will be reimbursed by the Government

The NLF receivable asset in the balance sheet represents amounts that will be reimbursed by the NLF equal to qualifying nuclear liabilities. The balances recognised at 31 December 2011 and 31 December 2010 are restricted in their use.

NOTES TO THE FINANCIAL STATEMENTS continued

12. Creditors' amounts falling due within one year

	2011 £m	2010 £m
Bank overdraft	-	11
Nuclear liabilities (note 16)	234	218
NLF liabilities	23	21
Pension contributions	-	7
Trade creditors	59	49
Amounts owed to other Group companies	1,431	2,135
Corporation tax (Group payments)	41	-
Other taxation and social security	22	32
Accruals and deferred income	178	130
	1,988	2,603

13. Creditors: amounts falling due after more than one year

	2011 £m	2010 £m
Nuclear liabilities (note 16)	1,586	1,650
NLF liabilities	142	150
	1,728	1,800

14. Provision for liabilities

	2011 £m	2010 £m
Nuclear liabilities (note 16)	4,196	3,820
Provision for unburnt fuel at station closure	1,131	1,019
Deferred taxation (note 15)	432	490
Other provisions	4	-
	5,763	5,329

The provision for unburnt fuel at station closure is expected to be utilised in line with the current station closure dates, which range from 2016 to 2035. Other provisions are expected to be utilised within the next two years.

The movements in provision for unburnt fuel at station closure and other provisions during the current year are as follows:

	At 1 January 2011 £m	Arising £m	Revaluation £m	Change in estimate £m	At 31 December 2011 £m
Provision for unburnt fuel at station closure	1,019	-	51	61	1,131
Other provisions	-	4	-	-	4
	1,019	4	51	61	1,135

NOTES TO THE FINANCIAL STATEMENTS continued

15. Deferred taxation

Deferred taxation provided in the financial statements is as follows

	2011 £m	2010 £m
Short term timing differences	(1)	(2)
Accelerated capital allowances	433	492
Net deferred tax liability (note 14)	432	490

The movements in the deferred taxation liability during the current year are as follows

	At 1 January 2011 £m	Profit and loss £m	At 31 December 2011 £m
Deferred tax provision	490	(58)	432

16. Nuclear liabilities

	Spent fuel £m	Radioactive waste £m	Decomm- issioning £m	Total £m
At 1 January 2011 restated	2,025	437	3,226	5,688
Charged to profit and loss account				
- revaluation (note 7)	200	42	315	557
- operating costs	6	4	-	10
Payments in the year	(239)	-	-	(239)
At 31 December 2011	1,992	483	3,541	6,016

Nuclear liabilities are included in the balance sheet as follows

	2011 £m	2010 £m
Creditors		
- amounts falling due within one year	234	218
- amounts falling due after more than one year	1,586	1,650
Provision for liabilities	4,196	3,820
	6,016	5,688

Spent fuel

Spent fuel represents all costs associated with the ongoing storage and treatment of spent fuel and the products of reprocessing. Cash flows for AGR spent fuel services relating to fuel loaded into reactors up to RED are based on the terms of the Historic Liability Funding Agreement (HLFA) with BNFL. The pattern of payments within the HLFA are fixed (subject to indexation by RPI) at RED and will be funded by the Government under the Government indemnity.

Other cash flows in respect of spent fuel services relating to storage of AGR and PWR fuel are based on cost estimates derived from the latest technical assessments and are funded by the NLF.

NOTES TO THE FINANCIAL STATEMENTS continued

16 Nuclear liabilities continued

Radioactive waste

Radioactive waste comprises the provision of services relating to the transport and disposal of waste arising from the decommissioning of PWR and AGR stations, and the transport and disposal of spent fuel and associated wastes. These liabilities are derived from the latest technical estimates and are funded by the NLF.

Decommissioning

The costs of decommissioning the power stations have been estimated on the basis of on-going technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. In aligning to EDF SA group approach to categorisation of nuclear liabilities, decommissioning costs now exclude radioactive waste transport and disposal costs which are now included within radioactive waste. The estimates are designed to reflect the costs of making the sites of the power stations available for alternative use in accordance with the group's decommissioning strategy. These liabilities are also funded by the NLF.

Projected payment details

Based on current estimates of station lives and lifetime output projections, the following table shows, in current prices, the likely undiscounted payments, the equivalent sums discounted at 3% real per annum to the balance sheet date and the amounts accrued to date.

	Spent fuel £m	Radioactive waste £m	Decomm- issioning £m	2011 Total £m	2010 Total £m
Undiscounted	3,224	3,315	10,201	16,740	15,932
Discounted	2,075	536	3,541	6,152	5,821
Accrued to date	1,992	483	3,541	6,016	5,688

The difference between the undiscounted and discounted amounts reflect the fact that the costs concerned will not fall due for payment for a number of years. The differences between the discounted amounts and those accrued to date will be charged to the profit and loss account over the remaining station lives since they relate to future use of fuel.

Under the terms of the historic contracts with BNFL referred to above and in accordance with the projected pattern of payments for decommissioning and other liabilities, taking account of the decommissioning fund arrangements described in note 1, the undiscounted payments in current prices are expected to become payable as follows:

	Spent fuel £m	Radioactive waste £m	Decomm- issioning £m	2011 Total £m	2010 Total £m
Within five years	1,124	1	217	1,342	1,180
6 – 10 years	717	50	1,201	1,968	1,791
11 – 25 years	504	106	2,651	3,261	3,328
26 – 50 years	227	419	1,158	1,804	1,726
51 years and over	652	2,739	4,974	8,365	7,907
	3,224	3,315	10,201	16,740	15,932

NOTES TO THE FINANCIAL STATEMENTS continued

17 Share capital

Allotted, called up and fully paid

	2011 Number	2010 Number	2011 £	2010 £
Ordinary shares of £1 00 each	1,000	1,000	1,000	1,000
Special rights redeemable preference shares of £1 00 each	1	1	1	1

Special rights redeemable preference share of £1

The special rights redeemable preference share is redeemable at par at any time after 30 September 2006 at the option of the Secretary of State, after consulting the Company. This share, which may only be held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any other person acting on behalf of the Crown, does not carry any rights to vote at general meetings, but entitles the holder to attend and speak at such meetings. The special share confers no rights to participate in the capital or profits of the Company beyond its nominal value. The consent of the holder of the special share is required for certain matters including the alteration or removal of the provisions in the Company's Articles of Association relating to the special share and to the limitations on shareholdings.

In addition, consent of the holder of the special share is required in relation to, amongst others, certain amendments to the Articles of Association of the Company. However, the holder of the special share will only be entitled to withhold consent to such an amendment if, in the holder's opinion, the matter in question would be contrary to the interests of national security. The Articles of Association include full details of these restrictions.

18. Reconciliation of shareholder's funds

	Share capital £m	Share premium £m	Profit and loss account £m	Total shareholder's funds £m
At 1 January 2010	-	72	1,659	1,731
Profit for the year	-	-	154	154
At 31 December 2010	-	72	1,813	1,885
Profit for the year	-	-	628	628
At 31 December 2011	-	72	2,441	2,513

NOTES TO THE FINANCIAL STATEMENTS continued

19. Other financial commitments

Capital expenditure contracted for but not provided in the financial statements amounted to £67m (2010 £35m)

Other financial commitments

At 31 December 2011 the Company had annual commitments in relation to other non-cancellable operating leases as set out below

	2011 £m	2010 £m
Operating leases which expire		
Within one year	-	3
In two to five years	1	-
	1	3

Other contractual commitments

Under contractual arrangements, the Company has the following nuclear fuel commitments at 31 December 2011

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	Thereafter £m	2011 Total £m	2010 Total £m
Commitments to purchase in the year	294	305	108	110	72	548	1,437	1,407

20. Reconciliation of operating profit to net cash inflow from operating activities

	2011 £m	2010 £m
Operating profit	873	298
Depreciation and amortisation	294	341
Increase in stocks	(121)	(96)
Decrease in debtors	187	446
Decrease in creditors	(691)	(540)
Movement in provisions	(19)	(22)
Net cash inflow from operating activities	523	427

NOTES TO THE FINANCIAL STATEMENTS continued

21. Pension commitments

EDF Energy Nuclear Generation Limited contributes to the pension arrangement operated by British Energy Generation Group (BEGG) within the Electricity Supply Pension Scheme (ESPS). The ESPS is a defined benefit scheme, which is externally funded and subject to triennial actuarial valuation. Each pension group that participates in the ESPS is financially independent from the other groups. The BEGG defined benefits plan is a multi employer plan which is run on a basis that does not enable individual companies within the Group to identify their share of the underlying assets and liabilities. In accordance with FRS 17 the Company accounts for its contributions to the plan as if it were a defined contribution plan.

The most recent triennial valuation of the BEGG scheme was carried out at 31 March 2010 by the independent ESPS actuary. The valuation for accounting purposes has been carried out using the projected unit method.

For 1 January 2011 to 31 March 2011, the Company contributed 27.3% (2010: 27.3%) to the BEGG pension scheme as employer's normal contributions. At 1 April 2011, this increased to 32.3% for the remainder of 2011 as a result of the recent triennial valuation. Members who do not participate in the salary conversion arrangement and who are required to pay employee contributions contribute 5% (2010: 5%) to the scheme. Members who participate in the salary conversion arrangement have their salaries reduced by 5% (2010: 5%), these monies being paid to the BEGG scheme as additional employer contributions. The Company's pension costs for the year ended 31 December 2011 were £163m (2010: £161m). There were no outstanding pension contributions at 31 December 2011 (2010: £7m).

The principal financial assumptions used to calculate BEGG liabilities under FRS 17 were:

	2011 % p.a.	2010 % p.a.
Discount rate	4.7	5.5
Inflation assumption	3.2	3.6
Rate of increase in salaries	4.7	5.1
Rate of increase of pensions increases	3.2	3.6

The table below shows details of assumptions around mortality rates used to calculate the FRS17 BEGG liabilities:

	2011 years	2010 years
Current male pensioner aged 60	27	27
Current female pensioner aged 60	29	29
Future male pensioner currently aged 40	29	29
Future female pensioner currently aged 40	31	30

These assumptions are governed by FRS 17 and do not reflect the assumptions used by the independent actuary in the triennial valuation as at 31 March 2010, which determined the Company's contribution rate for future years.

NOTES TO THE FINANCIAL STATEMENTS continued

21. Pension commitments continued

The assets and liabilities of the BEGG defined benefit retirement plan are as follows

	2011 £m	2010 £m
Fair value of scheme assets	3,476	3,112
Present value of defined benefit obligations	(4,083)	(3,655)
Deficit in scheme	(607)	(543)
Related deferred tax asset	152	147
Net pension liability	(455)	(396)

Movements in the present value of defined obligations in the current year were as follows

	2011 £m	2010 £m
At 1 January	3,655	3,494
Service cost	95	84
Interest cost	201	199
Actuarial losses/(gains)	246	(21)
Contributions by plan participants	9	9
Benefits paid	(123)	(110)
At 31 December	4,083	3,655

Movements in the present value of fair value of scheme assets in the current year were as follows

	2011 £m	2010 £m
At 1 January	3,112	2,758
Expected return on scheme assets	186	178
Actuarial gains	98	86
Contributions by employer	194	191
Contributions by plan participants	9	9
Benefits paid	(123)	(110)
At 31 December	3,476	3,112

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows

	Expected return		Fair value of assets	
	2011 %	2010 %	2011 £m	2010 £m
Gilts – index linked	2.9	4.2	1,370	943
Equities	7.9	7.9	1,160	1,211
Property	6.9	7.8	227	202
Corporate bonds	4.7	5.4	497	551
Cash	1.8	1.4	222	205
			3,476	3,112

NOTES TO THE FINANCIAL STATEMENTS continued

21. Pension commitments continued

History of experience gains and losses are as follows

	31 December 2011 £m	31 December 2010 £m	31 December 2009 £m	31 March 2009 £m	31 March 2008 £m
Fair value of scheme assets	3,476	3,112	2,758	2,277	2,657
Present value of defined benefit obligations	(4,083)	(3,655)	(3,494)	(2,823)	(2,862)
Deficit in the scheme	(607)	(543)	(736)	(546)	(205)
Experience adjustments on scheme liabilities					
Amount (£m)	(74)	83	(16)	5	14
Percentage of scheme liabilities	2%	2%	0%	0%	0%
Experience adjustments on scheme assets					
Amount (£m)	98	86	319	(567)	(141)
Percentage of scheme assets	3%	3%	12%	25%	5%

22. Contingent liabilities

The Company has given certain indemnities and guarantees in respect of fellow subsidiary undertakings. No losses are anticipated to arise under these indemnities and guarantees, provided relevant subsidiary undertakings continue on a going concern basis.

The Company has given a guarantee and indemnity to the Secretary of State for Business, Innovation and Skills and the Nuclear Liabilities Fund along with a number of other Group companies in respect of their compliance with, among other agreements, the Nuclear Liabilities Funding Agreement.

The Company has provided a debenture comprising fixed and floating charges to the Secretary of State for Business, Innovation and Skills and the Nuclear Liabilities Fund along with a number of other Group companies in respect of any decommissioning default payment.

NOTES TO THE FINANCIAL STATEMENTS continued

23. Related parties

In accordance with FRS 8 'Related party disclosures', the Company is exempt from disclosing transactions with other wholly owned entities that are part of the Group or investees of the Group qualifying as related parties, as it is a wholly-owned subsidiary of the Group

During the year, the Company had the following transactions with related parties

	Sales to related parties 2011 £m	Purchases from related parties 2011 £m	Sales to related parties 2010 £m	Purchases from related parties 2010 £m
British Gas Trading Limited	517	9	283	6
EDF Energy plc	2,066	88	1,732	-
NNB Generation Company Limited	1	-	-	-

Balances outstanding with related parties at 31 December were as follows

	Amounts owed by related parties 2011 £m	Amounts owed to related parties 2011 £m	Amounts owed by related parties 2010 £m	Amounts owed to related parties 2010 £m
British Gas Trading Limited	45	-	46	-
British Energy Direct Limited	-	-	1,387	-
District Energy Limited	-	-	1	-
EDF Energy plc	126	-	163	-
EDF Energy (Customers) plc	-	3	-	-

The Company purchased 174 tonnes (2010 155 tonnes) of Enriched Uranium Product (EUP), with an approximate value of £148m (2010 £109m) from EDF S A , which has been recognised within the stock balance. The balance remaining to be paid at 31 December 2011 was £8m (2010 £8m). In addition, the Company has paid a further £88m (2010 £63m), for 134 tonnes (2010 136 tonnes) of EUP due to be delivered in 2012.

During 2010, the Company sold £108m of nuclear fuel materials to EDF S A , which led to a profit on the sale of these items of £4m, which was recognised within turnover.

24. Parent undertaking and controlling party

British Energy Generation (UK) Limited holds a 100% interest in EDF Energy Nuclear Generation Limited and is considered to be the immediate parent company. This interest is currently pledged to Nuclear Liabilities Fund Limited. EDF Energy Holdings Limited is the smallest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from 40 Grosvenor Place, Victoria, London, SW1X 7EN.

At 31 December 2011, Electricité de France S A , a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from Electricité de France S A , 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

NOTES TO THE FINANCIAL STATEMENTS continued

25. Subsequent events

On 16 February 2012, Lake Acquisitions Limited made an announcement

"Lake Acquisitions Limited's ultimate parent, EDF S A , has today announced its results for the financial year ended 31 December 2011. As part of the results, Lake Acquisitions Limited (the Company) notes the expectation of an increase in average life extensions across the EDF Energy Nuclear Generation fleet from five to seven years in respect of its Advanced Gas-Cooled Reactor (AGR) stations

EDF Energy's strategy is to seek life extensions for all its nuclear power stations where it is safe and commercially viable to do so and has implemented a Lifetime Programme to underpin this. EDF Energy has previously announced its strategic target of securing plant life extensions by an average of five years for the AGR fleet and 20 years for Sizewell B.

EDF Energy has completed a further technical review of the potential life limiting plant areas. Subject to the necessary formal reviews and approvals in due course, EDF Energy is now expecting an average life extension of seven years across the AGR fleet. The strategic target for Sizewell B remains at 20 years."