



EDF ENERGY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

CONTENTS

Page:

2	Strategic report
39	Directors' report
48	Directors' responsibilities statement
49	Independent auditors' report to the members of EDF Energy Holdings Limited
53	Consolidated income statement
54	Consolidated statement of comprehensive income
55	Consolidated balance sheet
57	Consolidated cash flow statement
59	Consolidated statement of changes in equity
60	Notes to the consolidated financial statements
140	Company balance sheet
142	Company statement of changes in equity
143	Notes to the Company financial statements

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STRATEGIC REPORT

Principal activities

The principal activities of EDF Energy Holdings Limited (the “Company”) and subsidiaries (together the “Group” or “EDF Energy”) during the year continued to be the provision and supply of electricity and gas to commercial, residential and industrial customers, and the generation of electricity through a portfolio of generation assets including nuclear and renewable generation. The Group is also involved in the construction of nuclear new build assets and the provision of charging infrastructure for electric vehicles (EV).

Long-term strategy

The purpose of EDF in the UK is to help Britain achieve Net Zero. It does this by leading the transition to a decarbonised energy system in five areas:

- Nuclear: The generation of zero carbon electricity, decommissioning services, the building of a new nuclear power station at Hinkley Point and development of further new nuclear power stations.
- Retail: The supply of electricity, gas and energy solutions to households and small business. Providing customers with electric mobility solutions through EDF Energy’s majority stake in Pod Point and low carbon heating through CB Heating.
- Business and Wholesale: The supply of electricity, gas and wider energy services to large businesses, the public sector and asset owners.
- Renewables: The development, build and running of wind, solar and large battery energy production and storage facilities in the UK and Ireland through EDF Renewables UK.
- Technical Services: The provision of technical and energy services to the private and public sector through Dalkia UK.

EDF Energy in the UK supports the country in achieving its net zero ambitions and the EDF Group raison d’être: to build a net zero energy future with electricity and innovative solutions and services, to help protect and nurture the environment, and to drive well-being and economic development. The Helping Britain achieve Net Zero – progress update 2023 (available online) explains the progress and plans of the business. EDF also publishes a carbon reduction plan covering certain emissions categories to 2026 (available online).

EDF in the UK contributes to EDF group’s greenhouse gas emissions reduction targets and carbon intensity trajectory with the aim of Net Zero and 90% reduction across scope 1, 2 and 3 emissions, no later than 2050. These targets were updated and further strengthened in 2023 with an increasing ambition to reduce scope 1 emissions 60% by 2025, 70% by 2030, and 80% by 2035 (2017 baseline).

Moving to Net Zero will safeguard Britain’s energy security and will help to protect customers from volatile global energy prices, creating economic opportunity for businesses and communities across the country. In an energy system that is increasingly complex and interconnected, the breadth and scope of EDF in the UK’s capabilities provide a strategic advantage.

Customers

EDF Energy serves 3.6 million British homes and businesses supplying electricity and gas. It is the largest electricity supplier to businesses and the public sector in Great Britain (GB). Continued high energy prices in 2023 and wider inflationary pressures have created affordability challenges for customers. In the domestic market EDF Energy was ranked highest of the large suppliers by Citizens Advice based on July-September 2023 data. In 2023, EDF Energy’s total actual spend on the Energy Company Obligation (ECO 4) and the Great British Insulation Scheme (GBIS) was £107m, with a public commitment to spend an additional £78m on the schemes, benefitting 14,000 households by helping them to reduce energy costs and carbon emissions.

EDF Energy is now more than half-way through migrating its 3.6 million residential and SME customers onto Kraken Technologies' market-leading EnTech platform. This platform includes a customer information system (CIS), billing capability, meter data management, customer relationship management (CRM), customer interaction and AI-powered communication. This supports EDF Energy's objective to deliver efficient and market leading customer service across a range of products and services, making the energy customers consume greener and cheaper.

Utilising the capabilities from across EDF in the UK, EDF Energy offers solutions including electric mobility, low-carbon heating, micro generation, renewable power purchase agreements (PPAs), flexibility services and smart meters combined with data services. EDF Energy is one of the leading optimisers of grid-scale batteries in Great Britain.

EDF in the UK made significant steps to increase its capabilities in 2023. In September 2023, EDF Renewables UK and Ireland acquired SAS Energy, specialists in providing solar technology for use in the commercial and industrial (C&I) sectors. This will enable EDF Energy to deliver on-site solar projects to a wide range of business customers. In November 2023 EDF Energy acquired 100% of the shares of one of the UK's leading air source heat pump installers, CB Heating, following on from the strategic investment made by EDF into CB Heating in 2022.

Generation

In electricity generation, EDF Energy's key priority is to sustain safe, reliable and commercially viable operations. EDF Energy's fleet of nuclear power stations supplies 13.5% (2022) of the UK power. All the AGR stations (Advanced Gas Cooled Reactor) have operated beyond their original 25-30 year design lives with the extension of Heysham 1 and Hartlepool to 31st March 2026 announced with a +/- 1 year provision. Further work is underway to assess life extensions of the remaining generating stations including a potential 20 year life extension to Sizewell B, to continue the provision of 3% of Great Britain's electricity demand till 2055. Nuclear generation output in 2023 was 37.3TWh vs 43.6TWh in 2022.

In 2023, EDF Energy has invested £3.9 billion building and maintaining Britain's nuclear and renewables generation. Dungeness B, Hunterston B and Hinkley Point B are all in defueling. In 2023, EDF completed defueling of reactor 3 at Hunterston B, the first AGR reactor to be defueled. EDF Energy is responsible for defueling all seven AGR power stations over the next 10+ years under an agreement with the UK Government signed in June 2021.

In April 2023, EDF Energy achieved its goal to reduce carbon intensity at the point of generation to nil CO₂/MWh. This followed the closure of the last 2 units of the West Burton A coal plant, which had been made available to National Grid ESO for the preceding 6 months to provide security of supply over the winter.

Nuclear New Build

UK Government support for nuclear has been confirmed through the ambition to increase nuclear capacity to 24GW by 2050 and launch of the "Great British Nuclear" vehicle with EDF Energy supporting this work. The Opposition Labour Party has similarly pledged its support for nuclear power including ambitious plans for new build up to 24 Gigawatts (GW) of nuclear capacity by 2050.

In partnership with CGN, EDF Energy is building two new nuclear units (3.26GW capacity in total) at Hinkley Point and in Somerset, based on the EPR technology. At the end of 2023 the 245-tonne steel dome was lifted on to Reactor Unit 1 at HPC, closing the roof on the first reactor building, allowing the first nuclear reactor pressure vessel to be installed in 2024. There are currently c11,000 people on-site delivering HPC. In partnership with CGN, EDF Energy is building two new nuclear units (3.26GW capacity in total) at Hinkley Point in Somerset, based on the EPR technology.

There are plans for a similar 3.2GW EPR project at Sizewell in Suffolk. In January 2024, the UK government has made an additional £1.3 billion investment available to support the construction of Sizewell C as it progresses towards a Final Investment Decision expected in 2024. This investment will consolidate the government's position as the majority shareholder in the project, reached in December 2023. It follows a £700 million funding pledge in November 2022 and a further £511 million agreed last summer. The UK government has gradually increased its shareholding through 2023.

As at 31 December 2023, the UK Government holds a 50.6% shareholding in the project, with EDF owning the remaining 49.4%.

Sizewell C is expected to house two of the most powerful nuclear reactors in the world. It will generate reliable, low-carbon power for up to 6 million homes over 60 years, avoiding 9 million tonnes of carbon each year. At peak construction, it is expected to support 10,000 jobs across the country.

EDF Energy is supporting the wider UK new nuclear programme and path to net zero with skills and sites to explore new technologies. West Burton A site has been chosen by the UK Government to host the UK's first prototype fusion energy power plant and EDF is one of the companies selected to progress in a government competition supporting the Small Modular Reactor (SMR) development for greater energy security. EDF Energy is actively involved in consortium demonstrators seeking to use nuclear heat and energy for hydrogen production.

Section 172 (1) Statement

INTRODUCTION

The Company is not required to comply with the UK Corporate Governance Code but seeks to apply best practices from the Code using the Wates Principles for Large Private Companies. Such an approach ensures that considerations and decisions taken by the Board support the long-term success of the Company and its stakeholders and demonstrates that the Company and its subsidiaries (the EDF UK Group) are compliant with the requirements of Section 172 of the Companies Act 2006 (the Act).

This statement describes the actions taken by the directors to fulfil their responsibilities to promote the success of the Company in accordance with the Act for the financial year ending 2023. The directors have considered the following Section 172 factors:

- The likely consequences of any decision in the long term,
- Employee interests,
- Fostering business relationships with suppliers, customers and others,
- The impact of operations on the community and the environment,
- Maintaining a reputation for high standards of business conduct, and
- Acting fairly between members of the Company.

The Company purpose and strategy is set out in this report and published on the EDF Energy (EDF UK) website. EDF UK's purpose is "Helping Britain to achieve Net Zero – Together". The purpose is supported by the Company strategy, and both are guided by: i) feedback from stakeholder engagement; ii) consideration of the long-term impact of strategic decisions on the long-term objectives of the Company and the wider EDF UK Group; and iii) the environmental impact of those decisions.

The Company continues to support the corporate governance practices of its parent company, EDF SA Group. The purpose is a UK articulation of the EDF SA Group Raison d'être. It underpins strategy setting and decision making by the Board and ensures activity within the Company is compatible with achieving these objectives in order to promote long term success.

Although EDF SA is no longer publicly listed, to ensure strong corporate governance practices are maintained, the EDF UK Group acts in accordance with multiple overarching internal policies. These policies align with the policies and strategy of the EDF SA Group and are tested on an annual basis to satisfy the French Securities Markets Authority (Autorité des Marchés) Listing Requirements.

EDF UK's Chief Executive Officer (CEO) is the UK member of the EDF SA Group Executive Committee, and the Director of Strategy & Corporate Affairs is the UK Executive Team representative for the EDF SA Group CSR Strategic Committee, which provides strategic management and coordination of all Corporate Social Responsibility (CSR) issues.

The Company is committed to sustainability and published a Helping Britain Achieve Net Zero Progress Update in 2023 (available online). The update sets out how EDF UK is helping the transition to a secure, reliable, affordable and resilient decarbonised energy system through our business activities, which include generating zero carbon electricity, helping our customers to achieve net zero, decreasing our carbon footprint and contributing to environmental and societal improvements, all of which is underpinned by our commitment to health and safety. EDF UK also published its latest Carbon Reduction Plan (available online).

Taking Decisions

Board of directors

The overriding objective of the Board is to provide a management framework, within which the EDF UK Group is able to operate to the highest ethical, environmental and health and safety standards in order to preserve and enhance its investments and success in accordance with its duties to act in good faith to promote the success of the company. As such, the Board is responsible for providing proper stewardship of the EDF UK Group, ensuring responsible business practices by pursuing sustainable growth, protecting shareholder value and fulfilling its fiscal and statutory obligations.

Board composition and training

The Directors of the Company have given careful consideration to the size and structure of the Board to ensure it possesses the knowledge and expertise to meet the Company's strategic needs. The Board is comprised of a Chairman, who is EDF UK's CEO (the CEO), two Executive Directors (being the CEO and Chief Financial Officer (CFO), EDF UK) and eight (8) Non-Executive Directors who are all representatives of the Ultimate Parent Company, EDF SA. The Board has expertise in Finance, Legal, HR, IT and Operations, ensuring the Board is comprised of a well-rounded range of skills to help promote the success of the Company strategy.

In addition to possessing wide-ranging expertise, there has been a considered effort to establish a diverse Board, including a balance of gender, ethnicity and social backgrounds. All changes to the Board composition, particularly appointments, are approved in accordance with the 'Politique Gouvernance des filiales' policy mandated by EDF SA for the worldwide EDF SA Group before being approved by the Company.

On appointment, Directors are provided with the EDF UK Directors Training and Induction Manual which outlines their obligations as a Director, including those in the Act, compliance, and EDF UK's corporate governance framework. Directors are encouraged to participate in bespoke training and are encouraged to update their skills and knowledge of the EDF UK Group by meeting with senior management, visiting sites (such as the power stations and call centres), undertaking external training, and engaging with stakeholders across the business and its operations.

To ensure that potential conflicts of interest are identified and duly authorised, newly appointed Directors are required to complete a Conflicts of Interest Questionnaire and sign a declaration to this effect. This information is collected by the Company Secretary of the Company and if a conflict is considered to have arisen, appropriate advice on how to proceed is provided to the Director concerned. Directors are aware that new conflicts arising thereafter must be declared and authorised in advance by the board of Directors or by the shareholders. The EDF UK Employee Code of Conduct on the EDF internal internet, 'eNZO', also sets out the restrictions in relation to outside employment/interests and our Director training specifically covers conflict of interest.

In 2023, there were several changes to the structure of the Board, with two Directors being appointed and resigned from the Board. EDF UK recognises the importance of board evaluation and development. This constitutes good governance and is a valuable process in improving board performance, even where the board is composed of experienced Directors. The continuous improvement of the Board and how it operates is critical to the success of EDF UK, with key strengths, areas of improvements and actions agreed being considered and implemented as necessary.

The EDF UK Executive Team (ET), is comprised of the Senior Leaders of each business unit (BU) or corporate function across the EDF UK Group. The ET is responsible for presenting matters to the Board to ensure an appropriate degree of knowledge of the topics being presented, and for challenge, analysis and approval. The ET will attend Board meetings both to present relevant matters and to remain on-hand to support discussion and to answer any questions posed by the Directors. This allows the Board to maintain an open dialogue with the ET and provides a forum for the Board to be actively engaged in discussions on key topics impacting each of the different BUs. The Directors can then ensure they are fulfilling their duty to promote the success of the Company by having due regard to relevant stakeholder concerns when discussing current matters facing the Company. The ET in turn can then implement actions at a BU level, taking the Board's input into account. The Board is scheduled to meet five (5) times a year (sitting at least once in each quarter) with an 18-month rolling pipeline of strategic, financial and statutory agenda items agreed by the EDF UK CEO, in his capacity as Chairman, and the Company Secretary.

Sub-Committees of the Board

In addition to scheduled meetings, the Board may meet on an ad hoc basis to meet the needs of the business. The Board utilises standing sub-committees to consider particular matters in detail. These current committees include:

- CECEG Sub-Committee – for investments that have received prior approval by the 'Commitments Committee' that reports to the EDF SA Executive Committee (known as the Comité des Engagements du Comité Exécutif du Groupe being "CECEG").
- EDF UK Company Health and Safety Committee – responsible for demonstrating a strong and active health and safety leadership from the top of the organisation and achieving EDF UK's zero harm ambition.
- EDF UK Audit Committee - assists the Board in fulfilling its responsibilities by reviewing the Company's consolidated financial statements, monitoring the effectiveness of risk management, internal control, internal audit, corporate governance and confidential reporting of serious concerns arrangements, and reviewing the terms of engagement of the external auditor.
- EDF UK Remuneration Committee - provides a forum for considering the level and composition of remuneration for the Company's executive Directors and the ET.

Each sub-committee has adopted Terms of Reference setting out the parameters within which authority by the Board is delegated to it with any material changes to these documents requiring approval by the Board.

The Board engages with further internal governance bodies within EDF UK, including the ET and EDF UK Energy Risk Management Committee which reports to the Board annually on operational energy market risk management and defines the scope and risk limits within which each of the BUs across the EDF UK Group are authorised to operate.

Scope of the Board and Delegations of Authority

The Company's constitutional documents set out the authority, role and conduct of Directors. Day-to-day management and the implementation of strategies agreed by the Board are delegated to the relevant Director(s) or ET member in attendance. The reporting structure below Board level is designed to ensure that decisions are made by the most appropriate person(s). Management teams report to members of the ET. The Directors receive regular updates on all aspects of the business endorsed by the relevant ET member ahead of each Board meeting and are confident in the integrity of the information used for decision-making. This is dictated by the Company's internal procedures relating to financial reporting, key performance indicators (KPIs), workforce data, environmental data, stakeholder engagement feedback and consumer data.

The Company is the main governance board for the EDF UK Group and oversees the devising and implementation of the overall management framework of the Company and its subsidiaries.

The Company uses Financial Authority Limits (FALs) (as detailed in the EDF UK's Corporate Governance Policy) and contract signatory authority mechanisms to control and provide oversight over the various financial commitments it enters into. The FALs of the CEO, EDF UK, are agreed with EDF SA and approved by the Board. The CEO, EDF UK, has the authority to delegate FALs to the ET (where appropriate / required to discharge the needs of each BU) and to enable the ET to further cascade their FALs down to senior management and/or leaders within their teams. This relationship between the Board and the ET adds an extra layer of governance into the structure of the Company and allows the Board to engage with the ET and relevant individuals where they may have enhanced knowledge in certain areas, this means the Directors can then take decisions with a better understanding of the needs of the relevant stakeholders.

In 2023, the FALs were reviewed at Board level, with amendments being approved in light of the ongoing, increased energy market volatility to ensure that decisions could be made at the right level of the organisation, in a timely manner and are specific enough to enable the business to undertake the relevant activities required. Those who have delegated FAL authority to make decisions, whether this is the ET, senior management, or team leaders, are empowered to take day-to-day decisions, and do so in accordance with the Company's policies and practices.

The EDF UK Corporate Governance Policy underpins the Company policy framework that sets out:

- Requirements for governance bodies, their composition and Board member training;
- Financial Authority Limit (FALs) framework;
- The Policy Operating Framework; and
- Requirements for processes to facilitate the discharge of board duties, as well as to provide evidence of decision-making and stakeholders considered as part of that decision-making.

The Company has a robust risk management culture that is enabled through policies, reporting and internal audit and assurance, enabling Directors to make robust decisions concerning principal risks to the EDF UK Group. The Company has a Risk & Resilience Policy (covering Risk Management, Internal Control, Business Continuity and Crisis Management), which defines the minimum standards that BUs within the company need to meet. Compliance to the Risk & Resilience Policy is assessed by the Lead Policy Owner. The EDF UK Group is audited against policy standards to provide assurance that those companies have an appropriate risk culture.

BU risks are identified by management, with each BU having their own risk governance structure and risk reporting arrangements. Directors agree how their principal risks should be managed or mitigated to reduce the likelihood of their incidence or magnitude of their impact. The key risks to the Company's objectives are set out in the "Principal risks and uncertainties" section of the Strategic Report and in the Annual Risk and Internal Controls Report. Each company level risk has an Executive Sponsor. This review provides an opportunity for the Directors to consider any emerging risks and have a forum to devise solutions to minimise their impact. As part of the Annual Risk and Internal Controls Report, one of EDF UK's top-level risks is climate change. This top-level risk then encapsulates the individual risks that climate change presents to the achievement of EDF UK's business objectives and the Company's purpose of helping Britain to achieve Net Zero, as well as the control action that is being taken to mitigate these risks.

In addition, the EDF UK Group Internal Control Self-Assessment is carried out annually to assess EDF UK's compliance with the policies of its parent, EDF SA. These results are then included in the Annual Risk and Internal Controls Report. This report is reviewed and approved by the ET and the Audit Committee, before being submitted to the EDF SA Group Risk department. Where any improvements are identified, actions are agreed in response and implemented where required, to facilitate continuous improvement.

The EDF SA Group Audit Charter provides internal audit with authority to independently assess the effectiveness of risk management, control and governance processes of the Company and its subsidiaries. The findings of any such review are reported to the Audit Committee of the Company and, if necessary, presented to the Board for discussion.

Stakeholder Engagement

As the Company is the holding company and main governance Board for the EDF UK Group and therefore engages with a large variety of stakeholders, both directly and indirectly through its various subsidiary companies. The EDF UK Group's key stakeholders, and the ways in which the respective companies engage with them, are set out in the Strategic Report of each set of Annual Accounts.

Good governance and effective communication are essential to deliver the purpose, the Raison d'être of EDF SA, and to protect EDF UK's reputation and relationships with all stakeholders including shareholders, customers, employees, suppliers, regulators and local communities. The Directors are committed to the wider EDF UK policies, aimed at protecting these stakeholders, with policies in place in relation to Health, Safety & Wellbeing, People, the Environment, Ethics & Business Conduct and Supply Chain (policies are available to view online).

These EDF UK policies align with the EDF SA Group policies, which includes the Corporate Social Responsibility policy. The Company purpose was developed with input from both employees and customers to ensure its relevance for stakeholders and secure their buy-in. By maintaining a dialogue with stakeholders, not only are the Directors having due consideration for stakeholders' interests, but they can ensure their views are being considered in decision making. This means such decisions are aligned with the Company purpose and support the long term success of the Company.

To ensure the strategy, objective and purpose of the Company is articulated and implemented throughout the organisation, the EDF UK Group has a communications team to support the Company with issuing tailored communications to employees. Public and political opinion with regard to EDF UK is monitored and the team frequently engages with political parties and other stakeholders. To review and manage public perception, the Company has a social media team who have an active listening, response and monitoring strategy to gauge market perception of the Company as a whole, as well as more specifically, the delivery of the Company purpose and strategy. These various forms of listening and communication ensures that teams across the Company can provide management with contemporaneous feedback, which in turn informs how the Company, through its Directors, adapts and improves its ways of communicating and engaging with a broad range of stakeholders. The Directors understand that acknowledging and considering constructive public feedback is necessary for the overall development of the Company.

The EDF UK CEO meets regularly with the communications team to review stakeholder interaction and ensure regular dialogue with key senior stakeholders. This helped Directors identify key stakeholders to engage with further as part of reaching targets before presenting back to the Board in the future.

Employees and trade unions

The EDF UK Group engages, informs and consults with its employees on matters affecting them and has regard to their interests in decision making. At EDF UK, we recognise that employing individuals who represent the breadth of the society which we serve and operate in, and who possess a diverse range of talents and perspectives, that feel engaged in their roles, is fundamental to the long-term success of the Company. A key topic for the Directors this year has been around harnessing employee talent and ensuring that EDF UK stands out as an employer for existing and future employees, especially in light of challenging labour markets.

The Company aims to provide a great place to work, by enhancing equity, diversity and inclusion for our colleagues and supply chain. The EDF UK Group promotes equity, diversity, and inclusion, ensuring that all voices are included in the conversation, everyone feels heard, valued and respected as an individual and our people feel able to bring their whole selves to work. The Company have a number of employee networks, with whom we consult on matters of HR policy and workplace inclusion. These include: LGBTQ+ Supporters; Women's; RACE; Careers and Accessibility; Working Parents; Forces Support; Young Professionals; Cancer Support; Mental Health Supporters and Neurodiversity. The company benchmarks to recognized standards such as Disability Confident, the Gender Equality & Diversity European & International Standard and BiTC Race at Work Charter.

In 2021, the Company started monitoring the diversity of senior leadership in terms of Gender, Ethnicity, Sexual Orientation and Disability. The Company is aiming for 50% of senior leaders to have one or more of these diverse characteristics by 2030. At the end of 2023, the Company's senior leadership was 30.2% diverse, with this statistic being continually being monitored and set to be reviewed again at the end of 2024. Further to this in 2023, to ensure the Company is always striving to be better, a review was carried out to revise the Company's ethnicity ambitions, with the aim being to have 12% of our people from Black, Asian & Minority Ethnic backgrounds by 2030.

Furthermore, the Company believes all harm, both physical and psychological, is preventable and thus has an ambition to strive for zero harm at the workplace. This means ensuring workplaces are safe and healthy for everyone; both employees and anyone working on the Company's behalf. Through-out 2023, the Directors have discussed the Company's zero harm ambition and considered the latest incident reports and statistics, engaging in dialogue to discuss how these latest statistics can be improved and what further training can be implemented through- out the business.

The Company and its customers have continued to face serious challenges during 2023 due to the impact of the ongoing UK affordability and energy market crisis. The Directors have advised that the mental health and wellbeing of employees, particularly those in customer facing roles, should remain a top priority for management and as such, extra training has been provided to frontline staff in call centers currently facing an increased number of calls from customers as a direct result of the affordability and energy crisis.

Employee engagement mechanisms include:

- The development and roll out of our UK country strategy in 2023, which includes mechanisms designed to encourage team discussion as well as to cascade the information.
- Formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the EDF UK intranet.
- A sustainability engagement plan, including items such as a sustainability segment in the Company's monthly internal, employee-led podcast, 'Connect'. The podcast is used to bring employees from across the business, both at a management and executive level, together to discuss relevant topics, and to showcase the Company's passion and ambition in relation to sustainability. Employees can email in their stories and ideas to Connect and then share them through the written magazine or on the podcast, allowing employees to raise awareness on topics such as climate change.
- The Company engages with Trade Unions to help understand our business better and shape policy with Company Council, European Works Council, Corporate Social Responsibility Forum, strategy meetings, and BU specific forums. After constructive conversations with Trade Unions in 2023, the Company was able to roll out an annual cash bonus to personal contract holders – see section below on 'Stakeholder concerns identified'.
- Employee networks sponsored by senior management which provide diverse and inclusive environments for employee support, feedback, comment, and consultation. They help build cultural awareness and understanding of identity, and how different demographic groups face different challenges.
- Diversity and Inclusion Strategy Group (DISG) chaired by the EDF UK CEO sets and reviews the EDF UK Group strategy, monitors progress and actions taken to promote Equity, Diversity and Inclusion (E,D&I). It discusses items raised via the employee networks to guide Company policy development.
- Regular employee surveys where senior leaders gather feedback on employee wellbeing which inform policy, for example the EDF UK Group and wider EDF SA Group employee engagement surveys discussed further below.
- EDF UK launched its Everyone's Welcome vision for being a positive, inclusive place to work. Following the launch of such, and after engagement with employee networks, EDF UK then issued a Standards of Behaviour statement in September 2021. The statement outlines the Company's expectation that all EDF UK employees have access to a respectful working environment and that behaviour which is not in line with the Everyone's Welcome vision will not be tolerated.
- The Company has worked closely with the employee networks during 2023. "Alongside You"— a support hub for Mental Health and Well-being has continued to bring together resources to support employees during the energy market crisis.

The Board considers employee views through the annual 'My EDF' survey, which canvasses employee opinion, at a local level and within the EDF SA Group. The survey identifies areas of satisfaction and opportunities for improvement to help inform priorities within the EDF UK Group. The Board considers the results of all employee engagement surveys as a good barometer of the workforce's confidence in the EDF UK Group's strategic direction, optimism in the future and career opportunities. The results are used to support the setting of the Company's strategy and purpose (where identified as being required) and define individual team objectives to help deliver the 2030 strategy. Further to this, the Company has a second survey, 'MyVoice', which provides employees with the opportunity to share their experiences at work. Employees can put forward their ideas on different aspects of the business; from improving office spaces, to employee wellbeing. Additionally, a few times a year the company hosts a question-and-answer session with the EDF UK CEO and other members of the Board and ET. This encourages transparency and openness between members of the Board and stakeholders and gives employees the opportunity to raise any questions they might have.

In a post-pandemic world, with an emphasis on new ways of working, coupled with the introduction of Kraken, the Company has concentrated on cultivating a workplace that reflects a new and engaging, collaborative working environment. The Company canvasses employee feedback on ways of working, through employee surveys and the creation of a 'Change Ambassadors Committee'. This committee provides a forum for face-to-face discussion and feedback between employees and the ET which, together with the survey results, ensures the Company remains attune to employee opinions which can be integrated into the Company's future plans for its office spaces.

Communities and environment

The Board is committed to social responsibility, community engagement and environmental sustainability, which is demonstrated through the Helping Britain achieve Net Zero – 2023 Progress Update (available online).

EDF UK supports a decarbonised future and is committed to leading the UK's transition to a secure, low-carbon electricity system. As the UK's largest low-carbon generator¹, EDF UK is helping support the reduction in carbon emissions enacted by the Climate Change Act 2008 (amended in 2019 to set a Net Zero target by 2050) and the Paris Agreement on Climate Change. In addition to the supply of electricity and gas, EDF UK supports its customers in Net Zero focused areas which include; electric mobility, low-carbon heating, micro generation, renewable power purchase agreements, flexibility services and smart meters combined with data services.

The Company is investing significantly in low-carbon technologies, including nuclear, and through EDF Renewables UK, wind, solar and battery storage, and exploring emerging technologies such as clean hydrogen. The Board's decision to invest, acquire and develop new technologies, help shape and implement the overall strategy of the Company. The community and environment relating to the impact of construction and/or development remains a focus of the Board in decision making. Through-out 2023, the Directors have prioritised discussions around the development and expansion of the Company's existing Net Zero product offering, with a strong focus being on how the Company can further encourage the UK's transition to low-carbon heating. The Directors have due regard to the intended trajectory of the Company and how it can better support its customer base, and attract new potential customers, through the investment in renewable technologies. The Board recognises that this topic continues to be a key area, playing an important role in achieving a more sustainable future, and supporting the overall Company ambition.

The Company is further supported by various teams across the business specifically in managing sustainability risks and opportunities. This includes those that focus wholly on identifying and reporting on sustainability and climate-related risks or, more generally, those in roles where they need to be engaged in sustainability risks which may present themselves in the ordinary course of business, for example in procurement and supply chain management.

¹ The UK Fuel mix disclosure information is now published by the Department for Energy Security and Net Zero.

Furthermore, the Company has set up various groups across the business to help support sustainability. The Net Zero Steering Group, for example, is made up of a range of senior stakeholders from different BUs and functions across EDF UK, providing a forum to discuss and share knowledge and learnings on climate-related topics.

The Company has also set up the Environmental Professional Network, which provides a link between business activities and individual professional development within the environmental sector across the different BUs. The network provides a forum for individuals to hear from each other, build a professional network, mentor, and support development, with a focus on sustainability. Membership is open to all environmental professionals working within an EDF UK team, at all levels of the organisation and at all levels of experience. By having a range of employees coming together to form this network, it allows those with a diverse range of thoughts and experiences to be able to connect and share knowledge across the business, furthering the development of a climate-conscious future across the Company.

The new nuclear power station currently under construction at Hinkley Point C (HPC), and the UK Government's decision to invest and support the construction of a nuclear power station at Sizewell C (SZC), has opened a new chapter in the UK's long-standing nuclear industry. HPC will make a major contribution to reduce carbon emissions in the UK and the electricity generated by the two EPR reactors will offset nine million tonnes of carbon dioxide emissions a year or 600 million tonnes over its 60-year lifespan.

Following the Government Investment Decision (GID) in 2022, SZC aims to generate enough low-carbon electricity to supply six million homes and will avoid around nine million tonnes of carbon emissions each year by replacing fossil-fuel power. Further to this, SZC will create thousands of local jobs and opportunities for businesses and individuals in the community, across East Suffolk. The Company understands the disruption that the building and creation of the SZC nuclear power station will cause and the SZC team has continuously engaged with the local area through-out this process in order to better understand how they can work together and support the local community. The Directors understand that there remain trade-offs to consider as the SZC project develops, including economic benefits and environmental considerations, and are continuing to implement measures to mitigate against such.

The latest HPC Socio-economic Impact Report (available online) demonstrates that the project is meeting its ambitious targets to deliver a lasting legacy. For SZC, the Company, guided by the Board, has worked closely with numerous external stakeholders including local councils, emergency services, Natural England and Office for Nuclear Regulation to complete the Development Consent Order that was approved in July 2022. The Board continues to receive regular updates on the project and continues to oversee decision making within the SZC project.

EDF UK aims to protect the natural environment and biodiversity through stewardship of land around its power stations and the commitments made through its renewables and new nuclear projects. Extensive consultation with local communities is undertaken to enable better decision-making.

The Company continues to support local communities through various fundraising initiatives. The Company was in partnership with Prostate Cancer UK for almost four years, during which time, the Company raised a significant amount of money for the charity. During 2023, the Company's four-year partnership with the charity came to an end and the Company engaged with employees through a company-wide survey to determine the next charity partner. This process allowed for a meaningful, transparent engagement process with employees to select the next charity partner. The Company's dedication to, and focus on, fundraising continues to be a key priority and in the long-term will continue to support the Company's positive relationships with the wider community.

Suppliers

EDF UK partners with a wide range of organisations to ensure safe, secure, and responsible energy generation and to deliver fair value, better service and simplicity for customers. The Company is a member of MSDUK and WEconnect organisations which support and encourage the development of diverse and inclusive supply chains. The diversity and wellbeing of suppliers is a key priority for EDF UK and the Board recognises the key role partners and suppliers play in enabling EDF UK to remain competitive and profitable, ensuring the longevity of the business.

Day-to-day decisions on supply chain matters are largely taken at a BU (Business Unit) level, with management being empowered to make appropriate decisions via the FAL procedure. The Board, however, will oversee key decision making and is regularly updated on high profile contract negotiations, for example, in relation to the SZC and HPC projects. Over the past year, the Directors have continued to remain abreast of key matters concerning suppliers across the Company, whether that be by way of formal presentations from relevant personnel at Board meetings or through general discussions during routine business activities. These conversations provide the Directors with an opportunity to give direction to the relevant individuals embedded within the BUs across the EDF UK Group on how to overcome difficulties, together with any key considerations for such negotiations. Supply chain processes continue to be a topical point of discussion for the Directors as questions on key projects are brought to their attention for consideration as and when they arise.

One of the ways EDF UK supports its suppliers is by offering a Santander backed Supply Chain Financing scheme which allows suppliers to get early access to payment for invoices which have been cleared and approved through the payment process. The Board will review and approve the implementation of new processes such as this. As a result, the Directors can ensure that decisions to implement new processes align with the Company's purpose and the best interests of stakeholders, including suppliers.

In 2023, the Company carried out a review of its EDF UK supply chain policy, having considered feedback and input from each BU. As a result, a consolidated and aligned policy was updated, creating a framework of minimum standards for EDF Supply Chain activities, across each BU. Management and BU supply chain departments have each agreed to be responsible for implementing this policy to ensure such standards are applied appropriately and that all employees are engaged. The EDF UK CEO has had review and sign off of this policy.

In 2021, the Board approved a deal to build on EDF UK's industry-leading customer service by the cutting-edge Kraken energy technology platform. Through-out 2023, the Company has seen huge progress in relation to the implementation of Kraken. The Company has now started to manage their UK customer accounts through Kraken, with over 50% of EDF UK's customer base having been transferred over to Kraken from EDF UK's legacy system by the end of 2023, with the remaining accounts due to be completed in mid-2024. The introduction and integration of the platform has already resulted in significant changes and subsequent improvements across the business; from the ability to deliver an industry-leading service to customers, to empowering employees and creating efficiencies. By implementing this purpose-built platform, the Company ensures it can provide excellent customer service and remain competitive amongst other energy suppliers. Regular updates regarding the Kraken migration as well as the general performance of the platform were presented to the Board through the year and discussed in depth, allowing the Directors to carefully monitor the implementation of the system and identify any weaknesses and opportunities in this respect.

Other stakeholders

The Company and its subsidiaries proactively engage with relevant external stakeholders including trade associations (such as Energy UK, Nuclear Industry Association and Renewable UK, etc.). The Company's participation with these groups supports stakeholders' relations and provides a channel to engage with government and regulators.

The Company and its subsidiaries also engage directly with central government (including officials within the Department for Energy Security and Net Zero, the Department for Environment, Food and Rural Affairs and HM Treasury) and industry and environmental regulators (such as Ofgem, the Environment Agency and the Scottish Environmental Protection Agency). Discussions with Government have played an important role during 2023, with Government leading conversations on decarbonisation. Through-out 2023, there has been significant engagement with HM Treasury, they have become an increasingly important stakeholder for the Company. Engagement with political and regulatory stakeholders supports better understanding of EDF UK's business and influences the policy and the operating environment. Direct engagement with these stakeholders is supplemented by our participation in trade associations.

Throughout the affordability and energy price crisis of recent years, EDF UK has worked closely with the energy regulator, Ofgem, and the Government to secure additional support for households to manage the increased cost of energy which complements the help EDF UK already provides to its customers. The energy market requires longer-term reform to reduce the risk of future crises and the Board is conscious to ensure that EDF UK helps lead and support this matter, by participating in and encouraging our smart meter roll-out, driving faster switching capabilities and utilising half hourly settlements. These are all important developments, noted at a Board level to highlight the necessity of building the foundations of a market fit for the future.

Through-out 2023, the Directors have been conscious to take into account a range of different stakeholders, whilst balancing the Company's long-term financial success. The importance of these various factors has been subject to ongoing conversations amongst the Board, with great value being placed on how decisions are considered and put into practice.

Stakeholder concerns identified

Each BU is responsible for engagement with relevant stakeholders, evaluating feedback and escalating information (where relevant) to the Board for consideration and to aid its principal decision making. The Board maintains an open dialogue with the BUs and in 2023 a number of focused, topical, board papers were presented to the Board. In these "deep dive" board papers the Directors are able to consider topical issues, take decisions and provide guidance on any areas where key stakeholder concerns have been raised. Examples from 2023 comprise of deep dives on the following; prepayment meters, smart meter installations and the Company retail business.

A key example of engagement and collaboration between the Board and stakeholders has been in relation to the Company's HR function, where there have been discussions on various related topics including recruitment and employee retention. Throughout 2023, stakeholders from HR presented to the Board on the general topic of employee recruitment and the Board considered how the Company can ensure it is retaining talent within the business. These deep dive discussions provided an opportunity for the Directors to explore and discuss topics relevant to the different BUs, together with key stakeholders, in order to provide advice and recommendations.

The Company continually looks to improve standards and policies for employees and in 2023, following discussions with EDF UK's Trade Union and various employee networks, the Company updated its Parenting Policy. The revised policy provided a general update to the Company's maternity and paternity provisions and reflected improvements which stemmed from these successful conversations.

In addition, the Company acknowledges that its employees have faced serious challenges due to the cost-of-living crisis. Through constructive negotiations with our Trade Unions, the Company was able to offer additional support by bringing forward into 2022 part of 2023 pay deals and one-off payments before the annual April pay round, along with online resources for employees to access. As part of this additional support package, from 2023, an annual recurring cash fund has been rolled out to all personal contract employees as an ongoing response to the cost-of-living crisis. Discussions of support for employees has been discussed with the Board, with the Chief People Officer keeping the Board apprised of developments and support packages being developed.

The Board continues to monitor the ongoing cost-of-living and energy market crisis, considering the impact such has on our customers. In considering such, the Company has established a CARE+ Framework. This stands for: Cost, Affordability, Resolution, Extra Help. This framework ensures that the Company reviews customer energy usage and any potential savings they can make, find out what they can afford and as a result of this, put a plan in place for them, along with any extra support packages they may be entitled to. The Directors have recognised the vulnerable position customers are in and therefore continue to monitor and prioritise discussions around the help the Company can extend to those most at risk. Such conversations have resulted in the development of new customer solutions which employees in customer-facing roles can use to help support households through the ongoing volatility in the market.

Other reporting

The Company, in addition to other companies within the EDF UK Group that meet the applicable threshold, publishes its Modern Slavery Act Statement, Gender Pay Gap Report, Payment Practices and Report and Tax Strategy Statement in accordance with UK law and regulation. Each of these is published externally and gives consideration to EDF UK's relationships with its suppliers, particularly the Modern Slavery and Payment Practice and Reporting Statements. The Board welcomes this transparency and uses these reports to help EDF UK continue to improve its performance in these areas.

Approved by the Board of Directors on 11/06/24 and signed on its behalf by:



Robert Guyler
Director

Key performance indicators

In 2023, we continued to measure progress against our key ambitions. Our key Group ambitions and related measures for 2023 were:

Group Wide KPIs:

Social

- **TRIR** - Measured through the Total Recordable Incident Rate “TRIR” (lost time incidents, medical treatments and restricted work injuries per 1,000,000 hours worked) excluding HPC site performance – covers both employees and contractors. Each incident is equally weighted – thus the total result is the sum of all TRIR incidents in the year (per 1,000,000 hours worked in the year).
- **RIDDOR accident frequency rate (HPC site only)**- HPC Zero Harm is measured through a RIDDOR accident Frequency Rate. Each incident is equally weighted – thus the total result is the sum of all recordable accidents in the year (per 100,000 hours worked in the year). Under RIDDOR, the following types of incidents are reportable; fatal injuries to workers or members of the public, other specified or major injuries to workers, over-7-day injuries to workers and non-fatal injuries to members of the public.
- **Diversity Index** - This indicator is measured using the percentage of Senior Leadership Team having one or more diverse characteristic. Diverse Characteristic includes Gender, Ethnicity, Sexual Orientation, Disability
- **Engagement Index** - The Engagement index is measured using our annual employee engagement survey (MyEDF) which is based on a set of 6 questions. The responses against each of the 6 questions are then averaged to produce a total % result.

Financial

- Measured through (a) Earnings before interest, tax, depreciation and amortisation and (b) Operating cash flows.
- The Operating cash flows is the Group and EDF SA’s primary measure of cash flow. It reflects the cash generation of the business after taking into account the need to continue to invest.

Business unit specific KPIs:

- **HPC Rebar** - New 2023 KPI: This metric measures how many tonnes of Rebar (short for reinforcing bar to strengthen concrete) were installed at the Hinckley Point C project during 2023.
- **HPC milestones** - HPC developed a series of key milestones for delivery in 2023 relating to progress on procurement, construction, project control and consultations for our new build project. This indicator was removed in 2023.
- **HPC engineering** - HPC developed key metrics to measure the achievements and progress of the Engineering works. Metrics are a) Delivery of HO2 for MEH, b) Supplier Feedback and c) I&C Design Delivery. This indicator was removed in 2023.
- **HPC Productivity** - This KPI was added in 2022 which is one of the three Main Civil Quantities: Concrete (m3). This indicator was removed in 2023.
- **Dome Lift Complete** - This metric relates to the timing of the dome for Hinkley Point C’s first reactor building being successfully lifted into place. The major milestone closes the roof on the first reactor building, allowing the first nuclear reactor to be installed next year (2024).
- **Decommissioning - Fleet Flask** - This metric measures our ability to meet the agreed flask (containers used to transport AGR fuel from EDF sites to long-term storage site) transportation plans.
- **Customers Reputation** - This indicator is based on the quarterly result by Citizens Advice for each energy supplier’s performance. The score is awarded out of a 5 and covers ease of contact, complaints, clear bills, switching and customer guarantees. This indicator was removed in 2023.
- **Northstar (Kraken migration)** - New 2023 KPI: This metric measures the number of customer accounts migrated on to the new Kraken Customer Relationship Management (CRM) platform and Operating Model by the end of December 2023.
- **Customers smart installs** - New 2023 KPI: This metric measures the volume of smart meter installs in 2023.

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

The results for 2023 and 2022 for the Group wide KPIs presented to the Remuneration Committee were:

Ambition	Measure	2023	2022
Social	TRIR ⁽¹⁾ (per 1,000,000hrs)	0.72	0.70
	RIDDOR accident frequency rate (HPC site only; per 100,000hr)	0.086	-(7)
	Diversity (%)	30.2	26.7
	Engagement index (%)	79	76
Financial ⁽²⁾	Earnings before interest, tax, depreciation, and amortization (£m) ⁽²⁾	3,446	1,125
	Operating cash flows ^{(3) (4)} (£m)	1,981	1,143

The results for 2023 and 2022 for the business specific KPIs presented to the Remuneration Committee were:

	Measure	2023	2022
Business	HPC Rebar	36	N/A
	HPC Milestones	N/A	20
	HPC Engineering	N/A	118
	HPC Productivity – Concrete ⁽⁵⁾	N/A	140
	Dome Lift Complete	Between 01/12 - 31/12 2023	N/A
	Decommissioning – Fleet Flask ⁽⁶⁾	85	80
	Customers Reputation (Citizen’s Advice)	N/A	1 st
	Northstar (Kraken Migration)	3.7	N/A
Customers Smart Installs ('000)	475	563	

(1) Excludes HPC site performance.

(2) Figures consists of Operating profit before depreciation, amortisation, impairment, loss on derivatives and exceptional costs. There is a £39m (2022:nil) difference between the KPI and statutory figures due to statutory adjustments.

(3) The main difference in operating cash flow between the Group’s management accounts and the consolidated cash flow statement is mainly due to the reclassification of tax (-£0.4bn), NNB working capital (£0.2bn) and net investments (£0.5bn) in the management accounts.

(4) Operating cash flow excludes Nuclear New Build results.

(5) One of three main civil quantities used as measured of HPC Productivity.

(6) Decommissioning measure for Generation. Measures of Schedule adherence for the transport of AGR fuel containers from EDF sites to their long-term storage.

(7) In November 2022 – a Bylor supervisor sustained a fatal crush injury whilst working on a platform near to the Nuclear Island. As a result of the incident – the Executive Team made the decision to reflect a score of zero against the RIDDOR metric in 2022.

Results

The loss for the year before taxation amounted to £8,005m (2022: loss of £79m). The loss for the year after taxation was £7,096m (2022: loss of £265m). Dividends of £nil (2022: £nil) were paid to the parent company, EDF Energy (UK) Limited and dividends of £220m (2022: £75m) were paid to the non-controlling interest during the year. The net assets at the end of the year amounted to £26,2304m (2022: £28,262m.)

Group sales for the year amounted to £18,501m, an increase of 35%. Group net assets have decreased from £28,262m to £26,304m, a decrease of 7%. Operating profit before depreciation, amortisation, impairment, loss on derivatives and exceptional costs has increased in comparison to 2022. Although not an IFRS financial performance indicator, we have used the aggregate of Operating profit before depreciation, amortisation, impairment, loss on derivatives and exceptional costs as a measure of financial performance as it forms part of the EDF Group's KPI.

The Group's increase in Operating profit before depreciation, amortisation, impairment, loss on derivatives and exceptional costs results in particular by sales performance in the medium and large business segments, which helped to strengthen margins and market share. Allowances in the domestic default tariff cap led to a recovery of margins in the residential market, allowing suppliers to recuperate some of the costs incurred at the height of the energy crisis. Operational performance was strong for the generating business, where the higher realised nuclear prices offset lower power generation of 37.3TWh, down by 6.3TWh, following the shutdown of Hinkley Point B (-4.1TWh) in August 2022 and a more intense maintenance programme than in 2022.

The consolidated segmental statement which is required by Ofgem provides more detail around profitability of supply businesses and will be available on the Group's website later this year.

Review of the business

Generation

Nuclear Operations

EDF Energy owns eight nuclear power stations in the UK (15 reactors) of which three (six reactors) have been moved to defueling operations. The total generating capacity was 5.9GW during 2023 (2022 7.3GW). Centrica plc. (Centrica) holds a 20% shareholding in Lake Acquisitions Limited, the parent company in which the nuclear operations assets sit (except Nuclear New Build).

Nuclear Operations fleet technology

Seven of the eight nuclear power stations are AGR power stations (Dungeness B, Hartlepool, Heysham 1, Heysham 2, Hinkley Point B, Hunterston B and Torness) and the eighth, Sizewell B, is a Pressurised Water Reactor (PWR) power station.

Safety and radiological protection

Nuclear safety is EDF Energy's overriding priority. In 2023, 4 events on the International Nuclear Event Scale (INES scale) were recorded, all of which were rated at Level 1 (anomaly).

EDF Energy operates to strict procedures to minimise and control the radiation doses received by employees and contractors at all of EDF Energy's existing nuclear power stations. In 2023, the average individual dose received by all workers on EDF Energy's existing nuclear sites was approximately 0.022mSv. The highest individual dose received in 2023 was 2.7mSv, with the legal dose limit being 20mSv per year.

Lifetime of power stations

The actual lifetime of each power station is determined primarily by the technical and economic practicability of supporting its safety case. This is assessed at each statutory outage for the following operating period through inspection, maintenance, testing and assessment of plant performance. Following the outage, consent is required from the Office for Nuclear regulation (ONR) before restarting the reactor. The operating period between statutory outages is normally three years for the AGR power stations and eighteen months for Sizewell B.

In addition, every ten years, the stations are subject to a more detailed and wide-ranging Periodic Safety Review (PSR) of design, operational and organisational safety which must also be accepted by the ONR in order to secure continued operation. The Sizewell PSR was submitted to the ONR in January 2024, with their decision expected in January 2025.

The AGR fleet were designed with a nominal 25-year lifetime, and Sizewell B with a 40 year lifetime. However, with the aggregation of technical information, and operational and safety experience of EDF Energy, it has been possible to extend the expected AGR lifetimes. Since British Energy was acquired by EDF, the AGR lifetimes have been extended by an average of seven years. The prospect of further AGR lifetime extensions (four power stations) will be reviewed again by the end of 2024 and the ambition is to generate beyond these dates, subject to plant inspections and regulatory approvals.

Operational review of the existing nuclear operations fleet

The nuclear operations fleet produced 37.3TWh during 2023, 6.3TWh less than 2022 (43.6TWh). The decrease in output is largely due to:

- the end of operational life of Hinkley Point B (on 1 August 2022) and Hunterston B (on 7 January 2022);
- four statutory outages carried out in 2023, (versus two in 2022; which was partly offset by three graphite core inspection outages in 2022); and
- Lower unplanned losses in 2023.

Thermal generation and gas storage

The Cottam Power Plant closed on 30 September 2019 after more than 50 years of being in service. The decision to close the station was made following market changes together with a drive to actively remove carbon from the power generation process.

Currently plans are progressing well with the decommissioning work and the likely timescale for completion of demolition is Q4 2025.

The West Burton A Power Station closed on 31 March 2023 after 57 years of being in service. It had previously entered into partial decommissioning on 1 October 2021, reducing the available units from 4 to 2 with the plan to fully close on 30 September 2022. Following a request from Government in April 2022, it was agreed that West Burton A would remain open for a further 6 months until 31 March 2023. The decision to close the station is in line with EDF's commitment to contribute to Net Zero. West Burton A has had minimal generation in 2022 and 2023 due to the strategic decision to reduce current coal stock and be a station of last resort in preparation for its closure. Currently plans are progressing well with the decommissioning work and the likely timescale for completion of demolition is 2027.

EDF Energy also operates a mid-cycle gas storage facility in Cheshire Hill Top Farm became commercially operational in mid-January 2015 with three cavities. A fourth cavity became commercially operational in 2018 with the remaining cavity brought into service in December 2019. During 2020, the decision was made to decommission the Hole House Facility due to requirements for some significant investment to the plant. Decommissioning work is progressing well, it is expected to be complete by 2028. The decision to sell EDF Energy Gas Storage Limited, which includes both Hill Top Farm & Hole House was made in 2023 and the business has been classified as an asset held for sale.

Customers

The Customer Business is responsible for the supply of gas and electricity and related services to residential and business customers across Great Britain, and the wholesale market optimisation of EDF Energy's generation and customer assets.

The size of business customers ranges from large public sector contracts to small privately-owned businesses. EDF Energy adopts different risk management strategies for residential and business customers.

EDF Energy is the UK leader in energy efficiency installations, through the Energy Company Obligation Scheme (ECO), and provides other 'beyond supply' services to customers, such as energy asset management and optimisation, and the sale and facilitation of electric vehicles (EVs) and heat pumps.

EDF Energy remains committed to its Smart Meter installation programme and upgrading the UK's energy infrastructure to enable concepts such as smart grids and time-of-use tariffs, which contribute to grid resilience as the UK moves towards a low carbon future.

Residential customers

EDF Energy supplied 10.935 TWh (2022:11.231TWh) of electricity and 26.312 TWh (2022: 28.288TWh) of gas for the domestic segment in 2023. As at 31 December 2023, EDF Energy had 3.167 million electricity accounts (2022: 3.244 million) and 2.191 million gas accounts (2022: 2.266 million). The 2023 churn (at c.5%) reflected a slight increase compared to 2022 (at c.3%), as energy prices have gradually fallen and suppliers have started to offer tariffs more competitive with the Standard Variable Tariff (SVT). EDF Energy's market share decreased from 10.4% at the end of 2022 to 10.1% (as at the most recent report, 31 October 2023).

To support its most vulnerable customers through winter, EDF Energy announced a £40m support package, which includes reducing standing charges for vulnerable customers to their pre-energy crisis levels. EDF Energy is highly engaged with Government and regulators, both bilaterally and in partnership with other suppliers via the industry body Energy UK, to review issues such as supplier resilience, the future of the Default Tariff Cap methodology and Government support for consumers. This includes advocating for a social tariff to be implemented for the most vulnerable customers.

EDF is delivering highly rated customer service, with an "Excellent" TrustPilot rating (4.3/5) and was rated 5th out of 16 energy suppliers by Citizens Advice based on July-September 2023 data, with the highest rating of the large suppliers, (as defined by Ofgem) in that period. EDF has taken a significant step to ensure greater efficiency and continued great service in its mass market business by selecting Kraken Technologies as its preferred contracting partner to enable use of their market-leading customer relationship management platform and the associated operating model. Migration began in April 2023, with an 18-month timeline to complete the project. We have so far migrated 3.84m customer accounts (as of 18 January 2024), which represents over half of the mass market portfolio. The new platform is more adaptable than the legacy system and will help EDF Energy meet its customers' future energy requirements.

Non-residential customers

EDF Energy supplies 257k small business customers ("SME"), and c.17k Industrial & Commercial (I&C) customers, of whom 15k are medium business customers and 2k are large business customers. Our I&C business (EDF Business Solutions - 'EBS') also includes 219 large public sector customers.

In 2023, the non-residential segment supplied a total of 33.82TWh of electricity to non-domestic customers, of which 2.163TWh was supplied to SME customers and 31.652TWh to I&C customers. In total, EDF Energy supplied 1.286TWh of gas to non-domestic customers, of which 0.977TWh was supplied to SME customers and 0.31TWh to I&C customers.

The business customer electricity market in the UK is c.159.4TWh in total, making EDF Energy the largest supplier to business customers by volume, supplying c.20% of the business market. EDF Energy's volume supplied to the non-domestic electricity market increased by 0.9TWh year on year thanks to strong growth in our B2B business.

In SME, steps were taken following the global pandemic and the energy crisis to price-in additional risk, increase credit restrictions and limit winning higher risk sectors in order to protect EDF Energy's position. Despite this, SME has developed its channels as the number of customer accounts has grown 7% this year.

Following unprecedented growth of the portfolio in 2022, EDF Energy's Medium Business segment has focused on optimising value and growing the new gas business. At 2023 year end, we supplied c.1.9k gas meter points.

In the Large Business segment, the continuation of a targeted new-business approach has led to the successful acquisitions of 16 new customers in 2023, with 3 exceeding 100GWh. Additionally, 31 Large Business contracts have been renewed.

In the Public Sector, EDF Energy have supplied 18.4TWh over several large contracts including Crown Commercial Services, Network Rail and Scottish Procurement. The Crown Commercial Services contract, which is the largest energy supply contract in the UK and represents over nearly half of the energy volume supplied to I&C customers, was renewed this year, consolidating our position as the energy partner of choice for the Public Sector.

In the electricity purchase market, EDF Energy has grown its PPA business and has become the largest renewable power offtaker (based on owned and 3rd party capacity) according to the latest industry market report. Contracts with two large wind farms were agreed in 2023, Moray West (23.4TWh total expected output from 2027) and North Kyle (4.5TWh total expected output from 2025).

[Energy Crisis](#)

In 2023, the wholesale markets for gas and power have been much less volatile than during the height of the energy crisis in 2021 and 2022, as a warmer than expected winter helped Europe to adapt well to an energy system without Russian gas. Wholesale prices have generally fallen steadily since the start of the year, though remain considerably higher than before the energy crisis, and a handful of short term 'spikes' in prices reflect the enduring nervousness in the market.

However, EDF Energy still faces significant risk to its hedging strategy due to uncertainties around customer demand post-pandemic and during a cost of living crisis, and the speed with which the market for Fixed contracts re-opens. The possibility of regulatory change also presents a significant risk and will continue to grow as we move closer to the next UK General Election in 2024. Furthermore, there is additional risk of bad debt due to customer affordability issues and increasing business customer insolvency risk whilst energy costs continue to remain high.

EDF Energy is engaged very actively with the Regulator, UK Government, its Opposition, and other stakeholders in the discussions on the market regulations reform and how to support customers through 2023 and beyond on the journey to Net Zero.

[Wholesale Market Services](#)

[General principles](#)

EDF Energy's energy purchasing and risk management policies ensure that EDF Energy's activities are optimised and its services delivered at a competitive price while limiting its gross margin volatility. The Wholesale Market Services (WMS) division's purpose is to manage the wholesale market risk within pre-defined risk limits and a control framework. It provides an interface with the wholesale markets, via EDF Trading. WMS also provides modelling services to the whole of EDF Energy, as well as negotiating and managing asset backed commercial structures with third parties including providing route to market and optimisation agreements for producers.

Electricity sales and procurement

Since April 2010, 20% of the output from nuclear operations is separately sold to Centrica, the minority shareholder of the current nuclear fleet, under the agreements entered into with Centrica. The remaining 80% is sold internally under the same transfer price as used for the transaction with Centrica, based on published market prices, smoothed over forward electricity prices where liquidity allows.

Over and above its own generation, EDF Energy also sources electricity through export power supplied from power purchase agreements which are mainly with renewable and CHP producers. In 2023, EDF Energy acquired approximately 8.43TWh through this channel.

WMS Flexibility Services offer customers flexibility and forecasting services for storage and small-scale generation to earn revenues from reducing or shifting energy demand. In 2023 it secured an additional 600MW battery optimisation contract between 7 and 12 years in length.

For delivery in 2023, EDF Energy was a net buyer in the wholesale market of approximately 4.1TWh (including structured trades), having sold approximately 24.2TWh and bought 28.3TWh.

Gas, coal and carbon rights procurement

2023 represented the first year that EDF Energy received no coal deliveries, as both of its coal plants are being decommissioned.

Electric Vehicles (Pod Point)

Pod Point was floated on the London Stock Exchange on 4 November 2021 raising £105 million of third-party financing to fund future growth in the UK electric vehicle market. EDF has retained a 54.05% stake in Pod Point following the IPO.

In 2023, Pod Point installed 25,688 domestic Plug-in-Vehicle (PiV) charge points. These sales were achieved despite supply chain issues and a cost of living crisis that has slowed growth in the EV market. EDF Energy currently has 19,242 customers with EVs, of whom 6,673 have EV tariffs.

Heat Pumps (CB Heating)

In 2023, EDF Energy acquired 100% of CB Heating, a leading air source heat pump installer. This followed a strategic investment made into the company in 2022. In 2023, EDF Energy has completed 943 heat pump sales (gross) and has installed 508 heat pumps.

Nuclear New Build

Following the final investment decision (FID) made by EDF Energy's Board of Directors on 28 July 2016, EDF Energy and China General Nuclear Power Corporation (CGN) signed contracts for the construction and operation of two EPR reactors on Hinkley Point site in Somerset ("Hinkley Point C" or "HPC" project).

EDF participates in the development of the Sizewell nuclear power plant project in Suffolk ("Sizewell C" project, based on EPR technology).

Hinkley Point C (HPC)

At the end of December 2023, EDF Energy's share in HPC is 67.7%, with CGN owning the remaining 32.3%.

As with any project of this scope, the project presents very important industrial risks in terms of schedule and budget overruns at completion of the project (works and productivity on site, manufacturing performed off site by suppliers, contingencies around construction works and commissioning, tensions on global market). These risks are detailed in section 2.2.4, risk factor 4A "Management of large and complex industrial projects (including EPR project)".

Project achievements

Hinkley Point C project has achieved in 2023 a series of big milestones:

- On 15 December 2023, the dome was lifted and installed on Unit 1,
- The detailed design for the next phase of electromechanical (MEH) work was finalised,
- 70% of the equipment to be installed on Unit 1 has been delivered,
- The steam generators have been built and are ready for delivery,
- Testing of the UK instrumentation and control system is underway.

Project Costs and Timeline

As a reminder, the Group announced on 19th May 2022² that the start of electricity production was scheduled for June 2027. At that time, the risk of further delay in the delivery of the two units was estimated at 15 months. The cost of completion of the project was estimated between £25 and £26 billion in 2015 values³.

A review of the Hinkley Point C project has been finalised in January 2024⁴ and has led to a re-evaluation of the schedule and costs.

The aim of the project is to bring Unit 1 into service around the end of the decade. Several scenarios have been analysed:

The first scenario around which the project is organised is targeting becoming operational in 2029. This schedule is based on a target productivity for the electromechanical work, which action plans are being drawn up to achieve. This schedule is based on a number of factors including the installation rate for electromechanical and HVAC scope. A second scenario (base case), which assumes certain risks inherent in the ramp-up of the electromechanical work and the testing schedule do materialise, would see Unit 1 operational in 2030.

Finally, given the complexity of the project, an unfavourable scenario assuming a further 12-month risk materialises could lead to Unit 1 being operational in 2031.

The costs of completing the project are now estimated at between £31 billion and £34 billion in 2015 values. The cost of civil engineering and the longer duration of the electromechanical phase (and its impact on other work) are the two main reasons for this cost revision. If the risk of an additional delay of 12 months mentioned above in the final scenario does materialise it would result in an estimated additional cost of around £1 billion in 2015 values.

At the end of 2023, the actual costs incurred excluding interim interest for the project as a whole⁵ stood at £22.8 billion (at nominal values), or £₂₀₁₅18.9 billion.

At the end of 2023, the Group recorded an impairment in respect of the HPC project (see note 16 of consolidated financial statements at 31 December 2023).

Financing of the project

EDF has committed to UK government in a side letter to the Secretary of State Investor Agreement dated 27 September 2016 that if EDF intends to sell down its shareholding in HPC to a level that results in EDF having less than the majority of voting rights before the date when the second reactor is operational, it will seek the UK Government's consent before completing the transaction.

As the project's total financing needs exceed the contractual commitment of the shareholders, shareholders were asked to provide additional equity on a voluntary basis in Q3 2023. HPC funding is now through Voluntary Equity, to which only EDF is currently contributing. In the absence of CGN's Voluntary Equity, HPC needs to find funding solutions for the full financing requirements up to COD (Commercial operation date).

² Refer to EDF's press release on 19 May 2022

³ in 2015 sterling, excluding interim interest and at a reference exchange rate for the project of £1 = €1.23

⁴ Refer to EDF's press release on 23 January 2024

⁵ Costs at the project's boundaries which is consistent with the Project completion cost.

Exchanges with the UK Office for Nuclear regulation (ONR)

ONR continues comprehensive Regulatory oversight of the HPC Project, with development of a new role 'Head of Construction' enabling dedicated focus on Health and Safety in construction, alongside continued oversight of Nuclear Safety and Security.

In 2023, ONR have issued a specification under LC19(4) by which ONR specified their justification to exercise primary powers to consent the Installation of the Reactor Pressure Vessel for Unit 1. As part of its flexible permissioning regime ONR have issued notifications to the following two activities: Unit 1 reactor dome lift as well as the release of the first Steam Generator from Framatome St Marcel. Looking forward, ONR intend to permission a number of further activities as HPC progresses into Commissioning and towards Operations.

The ONR investigation following the tragic fatal incident which took place at HPC site in November 2022 remains ongoing, HPC continues to support the investigation.

Contract for Difference (CfD)⁶

The HPC project company, NNB Generation Company (HPC) Limited and the Department of Energy and Climate Change (DECC) agreed, on October 2015, on the full terms of the CfD for HPC, which was approved by the European Commission in October 2014, ruling that the terms complied with EU state aid rules.

The CfD was signed on 29 September 2016 alongside all the other contracts with the UK Government and it is a contract signed by HPC and countersigned and managed by a counterparty called the Low Carbon Contracts Company Limited (LCCC) which is a private company wholly owned by the UK Government. It provides security in respect of revenues generated from electricity produced and sold by HPC through compensation based on the difference between the strike price and the market price, for a period of 35 years from commissioning of each of both units.

From the unit's start date, if the reference price at which the producer sells electricity on the market is lower than the strike price set under the terms of the contract, the producer will receive an additional payment. If the reference price is higher than the strike price, the generator will be liable for the difference.

The key elements of the Contract for Difference are:

- the strike price for HPC is set at £₂₀₁₂92.50/MWh. The strike price will be reduced to £₂₀₁₂89.50/MWh if the Sizewell C project reaches a positive FID to take into account the benefit of series effect, with further compensation from Sizewell C to HPC in order to share first of a kind cost of EPR across both UK projects, payable on the later of 31 December 2025 and a positive FID for the Sizewell project;
- the strike price is fully indexed to UK inflation through the Consumer Price Index (CPI);
- the term of the exercise of the mechanism is 35 years; Given the delay to Unit 1 with a commercial commissioning likely to happen after 1 May 2029 and the delay of Unit 2 with a commercial commissioning likely to happen after 31 October 2029, the corresponding 35-year term of the exercise will be decreased commensurately with the deadline overrun beyond those dates;
- moreover, any delay in the commercial commissioning of Unit 2 exceeding 7 years after the deadline specified by the contract for Unit 2, known as the Longstop Date, authorises (but does not oblige) the UK Government to terminate the contract. In view of the impacts of Covid-19 on the project and the outcome of the UK Government's negotiations with CGN on its exit of the Sizewell C nuclear project, the Longstop Date was moved from 31 October 2033 to 31 October 2036;
- the project is protected against certain unfavourable regulatory and legislative changes; provision has also been made to review the costs (up or down depending on the assumptions used) in the fifteenth and twenty fifth years, and to review certain conditions for the costs corresponding to decommissioning and waste management operations (Funding Decommissioning Programme).

⁶ Terms of the contract are available on the UK government website: <https://www.gov.uk/government/publications/hinkley-point-c-documents>.

There is no explicit volume guarantee in the CfD, nor is there a yearly ceiling; however, the contract is protected against any curtailment by the Transport System Operator so that the project is contractually hedged for this event.

Sizewell C

Sizewell C is a project to construct a nuclear power station with two EPR reactors at Sizewell in Suffolk, England. The Sizewell C power plant is expected to have a total capacity of 3.26 GW, providing electricity to 6 million households for around 60 years.

The project is based on a replication strategy from HPC, replicating as much as possible the HPC design and the HPC supply chain. Sizewell C will benefit from feedback and experience from HPC as well as a developed UK supply chain, providing more certainty over schedule and costs.

UK government's decision to back Sizewell C's development

The UK Government has expressed the intention to reach a Final Investment Decision on at least one large-scale nuclear power station this Parliament, i.e., before 28 January 2025, subject to value for money and all relevant approvals. This objective was first set out in the Energy White Paper in 2020 and was then included in the government's Net Zero Strategy in 2021, British Energy Security Strategy in 2022 and Civil Nuclear Roadmap to 2050 in January 2024.

In January 2024, the UK government has made an additional £1.3 billion investment available to support the construction of Sizewell C as it progresses towards a Final Investment Decision expected in 2024. This investment will consolidate the government's position as the majority shareholder in the project. It follows a £700 million funding pledge in November 2022 and a further £511 million approved in the summer 2023.

EDF's financial commitment to fund the Sizewell C project is subject to a cap which has been reached end of 2023, without any obligation to fund the project beyond this funding cap.

As at 31 December 2023, the UK Government holds a 50.6% shareholding in the project, with EDF owning the remaining 49.4%. The UK Government's investment also led to China General Nuclear's (CGN) exit from the Sizewell C project. CGN held a c.20% shareholding in the project until November 2022 and remains a shareholder in the Hinkley Point C project.

Preparation of construction

As the project moves toward a Final Investment Decision expected in 2024, the project has transitioned from development to delivery and is actively preparing the start of construction. First commencement of DCO was triggered on 15 January 2024, releasing funding for initiatives for the local communities in support of the start of the construction phase. Acquisition of the main site is expected to be made in the first half of 2024. Civil works suppliers are mobilised and works on site are ramping up with the objective to start earthworks excavation mid-2024. Detailed design of off-site infrastructures (such as road and rail) and earthworks has significantly progressed. Contracts of critical components and equipment are finalised or being finalised and manufacturing of some critical equipment has started to secure the benefits of HPC replication, including the Reactor Pressure Vessels and Steam Generators.

Organisation and collaboration schemes with HPC are being implemented and tested to secure the benefits of the replication.

Regulation model and risk sharing mechanism

In March 2022, new legislation came into effect (Nuclear Energy (Financing) Act) introducing a Regulated Asset Base (RAB) model as an option to finance future nuclear projects. The RAB model is a tried and tested funding model that has already been used in the UK to finance other major infrastructure such as water, gas and electricity networks. Under this model a company receives a license from an economic regulator to charge a regulated price in exchange for providing the infrastructure.

The Sizewell C project was designated in November 2022 as eligible to benefit from the RAB model. Under the RAB license granted to Sizewell C by Ofgem (Office of Gas and Electricity Markets), the project will receive an allowed revenue from the start of the construction phase, which will be funded by electricity suppliers being charged the cost of the project as users of the electricity system. In turn, electricity suppliers will charge the cost on to UK consumers.

The regulator will set an allowed revenue level for the project to recover costs (during both the construction and operation phases), provide a return on the capital investment, complemented with an incentive regulation framework to deliver the project. The development costs incurred until the entry into the RAB model are expected to be included in the RAB and recovered at the Revenue Collection Agreement signing to be signed between Sizewell C and the Low Carbon Contracts Company Ltd.

In addition to the RAB, the Sizewell C project would be granted a Government Support Package (GSP) that would protect investors and debt holders from some high-impact risk events.

The combination of the RAB and GSP aims to share the project's construction and operating risks between consumers, taxpayers and investors and to lower the cost of financing.

The terms of the RAB model and GSP for the Sizewell C project are being finalised with the UK Government and potential investors. A formal public consultation process was launched in November 2023 in respect of the terms of the RAB model for Sizewell C.

Financing of the construction of the power plant

In September 2023, the UK government launched a capital raise process to seek additional funding for the construction of the Sizewell C nuclear power plant from private investors. The financing terms of the project are being reviewed by potential investors and final terms are expected to be set out in 2024.

Consents, permits and licensing

In July 2022, the UK Government approved Development Consent Order (DCO), giving its go ahead to start building the power station. Legal action challenging that decision was dismissed in June and December 2023. In January 2024, an application for leave to appeal the Judgement has been filled and is being instructed. The project has fulfilled a series of obligations in the Development Consent Order (DCO) to enable full construction to begin in 2024.

The Office for Nuclear Regulation (ONR) concluded that the Sizewell C application to be granted a Nuclear Site Licence has met almost all the regulatory requirements set out in regulatory guidance, with a limited number of forward actions to be closed out. The Nuclear Site License is expected to be formally granted in the first half of 2024.

Final Investment Decision (FID)

The power plant's construction remains subject to a FID.

- Sizewell C and its shareholders, EDF and the UK Government, are working together to finalise the remaining steps leading to a Final Investment Decision expected in 2024, subject to conditions being satisfied for the Sizewell C project including: Securing the project financing through the finalisation of RAB and GSP and the completion of the capital raise;
- An agreement with the UK government on the baseline schedule and costs at completion;
- the granting of the remaining required consents, in particular subsidy control clearance.

EDF's contribution to the funding of the construction is subject to some conditions, including:

- The reduction of its shareholding to a level not exceeding 19.99% maximum;
- The ability to deconsolidate the project from the Group's financial statements (including in the calculation of the economic indebtedness by the rating agencies);
- A return on capital expected by EDF, as an investor with shares not exceeding 19.99%, in line with its investment policy;
- Failure to meet these conditions, without prejudice to an appropriate risk allocation, would result in the Group not making a Final Investment Decision.

EDF's involvement after Final Investment Decision

In the event of a positive Final Investment Decision by EDF (refer to paragraph "Final Investment Decision (FID)"), its shareholding will be reduced to a level which will not exceed 19.99%. The amount and the timing of EDF capital injection as a shareholder after Final Investment Decision has not been approved yet.

EDF will supply the UK EPR design, some key nuclear equipment through Framatome, the steam turbines (in the context of GE Steam Power's Nuclear activities buyout by EDF), the fuel assemblies at minimum for the first fuel cycles as well as associated services to the Sizewell C project. The key supplier contracts with EDF entities are finalised and will come into force at Final Investment Decision date.

Bradwell B

EDF and CGN signed agreements alongside the HPC and Sizewell C contracts on 29 September 2016 in order to:

- obtain the design certification in the UK of the Chinese HPR1000 reactor developed by CGN (UK Hualong Pressurised Water Reactor – UK HPR1000). This process is supervised by a joint venture ("General Nuclear Systems Limited" or GNSL) currently owned at 66.5% by CGN and 33.5% by EDF;
- develop a nuclear power plant at Bradwell-on-Sea in Essex, England, using the UK HPR1000 technology. This process is led by a joint venture ("Bradwell Power Holding Company Limited" or BRB) currently owned at 66.5% by CGN and 33.5% by EDF.

EDF's financial commitment to fund GNSL and Bradwell is subject to a cap, without any obligation to fund the project beyond the funding cap.

The Generic Design Assessment (GDA) process for the UK HPR1000 reactor technology was successfully completed in February 2022 with the issuance of a Design Acceptance Confirmation (DAC) by the ONR and of a Statement of Design Acceptability (SoDA) by the Environment Agency.

However, the project to build a nuclear power plant based on the UK HPR1000 technology reactor is unlikely to be implemented, mainly due to a lack of political support and local stakeholder support.

There were no developments in the project in 2023.

Regulatory environment

Energy Bill Relief Scheme & Energy Bill Discount Scheme

In response to rising energy prices in Q3 2022, the UK Government introduced the Energy Bill Relief Scheme (EBRS) to support businesses with their energy costs. Under the EBRS, the Government provided discounts on gas and electricity unit prices. The discount was calculated by comparing the estimated wholesale portion of the unit price a customer would be paying during winter 2022/2023 with a baseline 'government supported price' which was lower than currently expected wholesale prices. The original scheme ran from 01 October 2022 until 31 March 2023, after which a new scheme, the Energy Bill Discount Scheme, was launched, to run until April 2024. Under the new scheme, firms receive a discount on wholesale prices rather than costs being capped as under EBRS. Since Q3 2022, EDF Energy has provided c.£1.1bn of Government support to our business customers under these schemes. The support is applied to qualifying customers' bills automatically with the costs then recovered from government.

Default Tariff Cap and Government Bill Support

Ofgem introduced a cap on default tariffs for residential customers on 1 January 2019. The price was initially set every six months, based on the average of wholesale prices from the previous six months. This caused significant financial strain for suppliers in 2021 and 2022, as the sharp wholesale price rises and extreme volatility in the wholesale market led to the default tariff (Standard Variable Tariff – SVT) being set significantly below market prices. Suppliers that had short term hedging strategies (i.e., those that had not purchased energy in advance to meet their customers' needs) were exposed to substantial financial losses, resulting in many suppliers failing and exiting the market. The remaining suppliers then had to service these customers of failed suppliers at a loss, incurring costs that will ultimately be recovered from consumers.

Therefore, while customers were protected from some of the sharp wholesale price rises initially, in February 2022 Ofgem announced a 54% increase to the Default Tariff Cap, and in October 2022 announced a further 80% increase, taking the average annual energy bill to £3,549 (vs. £1,127 in October 2020). Ofgem also announced that the Default Tariff Cap would be updated on a quarterly basis going forwards, rather than every six months.

To support British households, the Government introduced the Energy Bill Support Scheme (EBSS) under which it provided a £400 non-repayable rebate to eligible households to help with their energy bills over the 6 months from October 2022 to March 2023, and announced the Energy Price Guarantee (EPG), which took effect from 1 October 2022, which limited the amount an energy supplier can charge per unit of energy used so that a typical dual-fuel household would only pay up to circa £2,500 per year, with the difference to the Default Tariff Cap borne by Government. Subsequently, on 15 March 2023, the UK Government announced the extension of the EPG, at the same level, until the end of June 2023 when it increased to £3,000. As the Default Tariff Cap has fallen below the level of the EPG since the start of July, the scheme has in practice ceased to have effect for the majority of the population, outside of continuing to provide a small discount to prepayment customers to help equalise their costs with customers who pay by Direct Debit. The scheme will formally end on 31 March 2024. EDF Energy facilitated the provision of c.£1.3bn as part of the EBSS and c.£2.4bn under the Government's EPG. Energy suppliers are fully compensated by the government for the savings provided to their customers under these schemes.

Retail energy market resilience

In April 2022 Ofgem introduced a market stabilization charge (MSC) and a ban on acquisition-only tariffs until the end of March 2023. Following consultation, in February 2023 Ofgem announced that these measures will be extended to March 2024.

The MSC is a requirement on all domestic suppliers acquiring a domestic customer to pay a charge to the losing supplier when wholesale prices fall below the relevant wholesale price cap index. The mechanism is intended to help reduce the risk of costly supplier failures and attempts to provide protection to those firms who hedge energy in advance for their customers so that they are not penalised should wholesale energy prices fall sharply. The MSC was triggered for the first time in November 2022.

Ofgem also took steps to strengthen its milestone assessment framework for new and growing market entrants and increased the time period for assessment of new supply license applications.

These measures have steadied the market and prevented short-termism from suppliers. Along with the falling wholesale prices and the change in Default Tariff Cap methodology, they have allowed suppliers to recoup heavy hedging losses suffered in the last two years. Ofgem has recently confirmed that the MSC will fall away on 31 March 2024. It is also currently consulting on the future of the BAT (Ban on acquisition-only tariff) post March 2024.

ECO4 and Warm Home Discount

ECO3 ended on the 31 March 2022. It was replaced in summer 2022 with the fourth iteration of the ECO scheme called ECO4, which covers a four-year period until 31 March 2026. Like ECO3, the ECO4 scheme places an obligation on larger suppliers to promote energy efficiency measures that help low income and vulnerable customers achieve notional bill savings.

Alongside this, the Government has this year introduced the Great British Insulation Scheme (GBIS) which will run in parallel until 31 March 2026. The GBIS scheme is designed to widen the eligibility criteria for households to be able to benefit from energy efficient measures when they do not meet the qualifying criteria to be able to benefit from the ECO4 scheme. In December 2023, EDF Energy's total committed spend on the Energy Company Obligation (ECO 4) and the Great British Insulation Scheme (GBIS) was increased to £185m.

The Warm Home Discount (WHD) scheme also continues to run annually until winter 2025/2026. The level of support given to qualifying households under the scheme is currently increased to £150 for eligible customers from winter 2022/2023.

Financial Resilience

EDF Energy has set out in its first Annual Adequacy Assessment in March 2024 that it will meet Ofgem's new Minimum Capital Requirements that apply from March 2025. These requirements introduce new rules to ensure that all energy suppliers hold sufficient liquidity based on customer credit balances, and that they can meet their obligations under the Renewable Obligation (RO). In particular EDF Energy must hold a minimum 20% of customer credit balances as cash and fully ring-fence RO requirements for Residential customers with purchased certificates or collateral

Electricity Generator Levy

In the Autumn Statement on 17 November 2022, the UK Government announced the introduction of an Electricity Generator Levy on exceptional receipts generated from the production of wholesale electricity from nuclear, renewable, biomass and energy from waste sources. The levy is a temporary 45% tax on electricity sold at prices exceeding a benchmark price of £75/MWh over an accounting period. The levy will allow for a limited set of exceptional costs including generation fuel, certain revenue sharing arrangements and the cost of buying back electricity from the grid to replace contracted output. The Electricity Generator Levy applies from 1 January 2023 to 31 March 2028.

Smart Metering Policy

GB energy suppliers were required to take "all reasonable steps" (ARS) to install smart meters for their residential and small business customers before the end of December 2021.

Since January 2022, there has been a new obligation on all suppliers to continue installing smart meters for the period until the end of December 2025. For this period suppliers will need to achieve annual minimum installation targets. The government has consulted on the annual minimum installation targets all suppliers will have to meet for the first two years: 2022 and 2023. These targets have been challenging given that smart meters remain optional for customers and churn in the industry has been low. All suppliers failed to meet their 2022 and 2023 targets, though EDF were the best performing of the large suppliers in terms of the % of the target achieved in both years. DESNZ (Department for Energy Security and Net Zero) has this year following, a mid-point review now also confirmed the tolerances for scheme years 3 and 4.

EDF Energy remains committed to delivering smart meters to all residential and small business customers who want to benefit from this new technology. In 2023, EDF Energy has installed a further 475k smart meters and at the end of 2023, 61% of EDF Energy customers in scope for the rollout have smart meters. This meant that EDF Energy has installed a total of 3.38 million smart meters to date, despite several serious challenges, including a Covid-19 related pause of all smart meter installation activity.

Electricity Market Reform (EMR)

The three most significant elements of EMR are Carbon Price Support (CPS), introduced under the Finance Act 2011, the Capacity Market (CM) and CfDs introduced under the Energy Act 2013.

CPS operates as a top-up to the carbon price provided until 31 December 2020 by the EU Emissions Trading System (EU ETS) and from 1 January 2021 by the UK Emissions Trading Scheme (UK ETS). It is an important component of the price that fossil-fired generators pay for their carbon emissions and is an important driver of the profitability of low carbon generation such as EDF Energy's nuclear and renewable plants. The CPS tax rate was capped at £18/tonne of CO₂ for the five years from April 2016 to March 2021 and has continued at £18/tonne. The government announced in the November 2023 Autumn Statement that it will remain at £18/tonne until March 2026.

The CM is intended to ensure security of electricity supply. Annual auctions are held to procure capacity four years ahead of delivery with a subsequent auction one year ahead of delivery; delivery years run from 1 October - 30 September. The CM continues to operate, although the inclusion of new emission limits means that unabated coal-fired generation will be unable to compete for capacity agreements for periods after 30 September 2024; the UK Government has also announced its intention to require unabated coal-fired generation to close by this date. The UK Government's five-year review of the CM, published in 2019, committed to retaining the CM as a guarantee of system reliability and to making further incremental improvements to its design. The UK Government's Energy White Paper, published in December 2020, confirmed that the next review will take place by 2024 and that the UK Government intends that the mechanism will act in concert with other markets to incentivise investment in capacity.

CfDs are intended to support investment in new low carbon generation including renewables and the Hinkley Point C nuclear project. The UK Government runs "allocation rounds" (auctions) for renewable CfDs. These are now held on an annual basis; Allocation Round 5 took place in 2023 and preparations are in progress for Allocation Round 6 in 2024.

In July 2022, the government published a consultation on the Review of Electricity Market Arrangements (REMA) which could potentially lead to significant changes to the CfD and CM and to other aspects of the GB wholesale market arrangements. A second REMA consultation is expected in 2024 with decisions on any changes unlikely until 2025.

Network Charging

Transmission network charging (TNUoS) remains a key focus for Ofgem. Ofgem are using an industry Taskforce to develop proposals to ensure that the charging methodology remains fit for purpose as the system changes and to make the charges more predictable longer term. There are a number of proposals being developed which Ofgem will consider later in 2024 and 2025. These could materially affect transmission charges for generators. These developments interact with the Government's Review of Electricity Market Arrangements (REMA). This review is considering, amongst many other aspects, whether there are adequate locational signals in the wholesale market. This could involve reforms Ofgem are already considering to TNUoS to more material changes including introducing a zonal wholesale market which would change the role and need for TNUoS. Final outcomes of the REMA process are expected in 2025.

Regulatory reporting

In recent years, the Company, in addition to other companies within the Group that meet the applicable threshold, have begun publishing its Modern Slavery Act Statement, Gender Pay Gap Report, Payment Practices and Report and Tax Strategy Statement in accordance with recent updates to UK law and regulation. Each of these is published externally and gives a view as to the business relationships the Company has with its suppliers, particularly the Modern Slavery and Payment Practice and Reporting Statements. The Board welcomes the transparency and uses these reports to help the Company continue to improve its performance in these areas.

Principal risks and uncertainties

The following is a discussion of the key risks facing the Group together with a summary of the Group's approach to managing those risks.

Financial risks

The Group is exposed to a variety of financial risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group's policy is to use financial instruments to reduce exposure to fluctuations in commodity prices, exchange rates and interest rates. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes. See note 43 for further details about the financial risks to which the Group is exposed.

Margin risk

Margin price risk arises from the necessity to forecast customer demand for gas and electricity effectively and to procure the various commodities at a price competitive enough to allow a favourable tariff proposition for our customers. EDF Energy has designed hedging strategies to manage this risk effectively. Exposure to movements in the price of electricity and gas is partially mitigated by entering into contracts on the forward markets, and the exposure to fluctuations in the price of uranium is mitigated by entering into fixed price contracts. Risk management is monitored for the whole of EDF Energy, through sensitivity analysis; both per commodity and across commodities, in line with the Group's risk mandate. Margin risk also comes from forecasting error impacting the effectiveness of our hedging. This error is associated with the ability of customers to either switch tariffs from fixed price contracts to the default tariff, which allows them to take benefit from the more attractive offers, or to switch to another supplier.

Competition risk

The Group is exposed to significant competition when supplying gas and electricity to residential customers and electricity to businesses, including intermediation, which can impact customer recruitment, retention, supply volume and earnings. The Group manages this risk by offering a mix of fixed price (when appropriate) and standard variable tariff products, underpinned by strong customer service and distribution channels that meet customer needs.

Plant operating risk

Failure of an essential component in any of our generation assets may result in loss of generation through a plant outage, restriction to ongoing operations or early closure of the plant. EDF Energy's generating assets have been in service for a long time – the AGRs had an original design life of about 25 years, and they have all exceeded this by many years. The eventual lifespan of the stations is likely to be limited by the ageing of non-replaceable components such as the AGR graphite cores and boilers but could also be determined by the unexpected failure of a major plant item which is uneconomic to repair or replace. These risks are mitigated and assessed through the appropriate operation of the plant, planned maintenance and inspection activities, and EDF's engineering expertise/knowledge. The estimated lifespan of the stations is based on EDF's ability to accurately predict the ageing of critical plant components and their potential failure mechanisms, whilst maintaining healthy safety margins, backed-up by corroborative inspection programmes. However, there is always the possibility that plant inspections identify a deviation from prediction, or a new or unforeseen issue, which results in a reduction in the remaining lifespan of a station, or even its immediate closure.

The three AGR stations that have so far closed – Dungeness B, Hunterston B and Hinkley Point B - did so before the end of their previously declared lifetimes. Dungeness B ceased generation in 2018 when it shut down for a routine statutory outage and, following the discovery of a number of successive issues, it became impracticable to return it to power, whereupon, in 2021 it was decided to transition to defueling and decommissioning activities. Regarding Hunterston B and Hinkley Point B; a higher than expected number of cracked graphite bricks were observed during planned inspection outages on these stations in 2018 and 2020 respectively, which resulted in extended outages whilst new safety cases were developed, an increase in the frequency of future graphite inspections, and shortened life spans. They were subsequently closed in 2022.

Conversely, in 2023, the Company declared a 2-year extension in the expected lifetimes of Hartlepool and Heysham 1 due to the slower degradation of their graphite cores.

A number of the AGR stations have also suffered plant issues resulting in their derating. Hinkley Point B and Hunterston B were derated by about 20% in 2006 following the discovery of cracking in a number of boiler tubes, and Heysham 1 Reactor 1 was derated by about 15% in 2017 following the discovery of a crack in a boiler spine, resulting in the isolation of the affected boiler and its removal from service.

Project delivery risk

The Group has a significant investment portfolio including large capital projects such as Hinkley Point C and Smart Metering. Poor project performance may result in deferral of delivery. The management of the projects is mobilised on their delivery objectives and on the identification and implementation of action plans to reduce costs and risks. Each project of this nature follows specific project management practices including local governance procedures. All significant projects are also subject to central monitoring reviews.

Health and safety risk

The health and safety of all our employees, contractors, agency staff and the public are a key risk given the nature of the Group's business. To minimise this risk, the Group is committed to creating a culture that views safe working as the only way of working and to review all our processes and procedures to ensure they deliver this. Training is provided to managers to ensure they understand their responsibility for the safety of the employees that they set to work. In addition, there is a confidential helpline for the use of anyone within the organisation to help eradicate unsafe practices and safeguard our employees.

Political and regulatory risk

Political risk arises in relation to public acceptance of building new nuclear power stations, and specifically around obtaining and maintaining the relevant licenses and consents to build, operate and decommission our current and planned generating assets. Management is engaged with local residents, regulators and politicians in addressing the safety needs but also the need to meet the current and future national energy demand. The government published a civil nuclear roadmap to 2050 in January 2024 confirming its commitment to new nuclear power. The government became a shareholder in the Sizewell C project alongside EDF in November 2022 and the project continues to make progress towards a Final Investment Decision. In September 2023, the government started a process to bring private equity investment into SZC, using the newly established Regulated Asset Base (RAB) model for nuclear. In February 2024, the Development Consent Order (DCO) was triggered, enabling construction to start on the Sizewell C site.

The industry has been subject to significant changes to energy and retail market regulation and through the strong political and media attention on the cost of living including focus on the affordability of energy; this attention intensified with the extreme rise in wholesale prices following the Russian invasion of Ukraine in 2022. In 2023, as wholesale prices fell, residential customers without a prepayment meter ceased to be supported by the government's Energy Price Guarantee. However, the Domestic Gas and Electricity (Tariff Cap) Bill, implemented in 2018, continues to apply. Prices for industrial and commercial customers were supported through the Energy Bills Relief Scheme until this was superseded on 1 April 2023 by much more limited support under the Energy Bills Discount Scheme which operates until March 2024. Further decisions by government and Ofgem could have further impact on the profitability of our Customers business. The "Electricity Generator Levy", announced in November 2022 in response to high wholesale prices continues to apply; this places a 45% tax on electricity generation income above £75/MWh generated between 1st January 2023 and 31st March 2028 (5.25 years) and applies to EDF's operating UK nuclear assets as well as renewable and biomass generation not generated under a Contract for Difference with the Low Carbon Contracts Company Limited. A dedicated programme is in place to manage the delivery of Smart Meters and we continue to liaise with government to ensure the full implications of this initiative are understood.

Carbon Pricing

As the largest producer of low-carbon electricity in the country, EDF Energy benefits over the long term from the increase in the wholesale power price as a result of the application of a carbon price to the carbon emissions of fossil fueled generation. Electricity producers in Great Britain are subject to two main carbon pricing mechanisms, the UK Emissions Trading System (UK ETS) and the UK's Carbon Price Support tax set at £18/tonne until March 2025.

Nuclear liabilities risk

The Group's nuclear liabilities are in respect of costs for the management of spent fuel, nuclear decommissioning and other uncontracted nuclear liabilities. The UK Government has provided an indemnity to cover liabilities for spent AGR fuel loaded prior to the British Energy restructuring effective date of 14 January 2005 and in relation to qualifying uncontracted nuclear and decommissioning liabilities. The UK Government will also indemnify any future funding shortfall of the NLF (Nuclear Liabilities Fund). The Group continues to be responsible for funding certain excluded or non-qualifying nuclear liabilities (if any) and will not be compensated or indemnified by the NLF and the Secretary of State in relation to such liabilities. On 23 June 2021 EDF and the UK government signed an update to the Restructuring Agreements. The changes and clarifications to the Agreements confirm the recovery of qualifying costs and stipulate that once the AGR stations have finished defueling under EDF Energy responsibility, they will transfer to the NDA which will be responsible for subsequent decommissioning activities.

Retirement benefit obligations risk

An increase in real interest rates over the year together with a fall in the value growth assets have resulted in the consolidated pension schemes assets falling faster than liabilities, resulting in a reduction in the IAS 19 surplus in the year. Higher interest rates and closure to future accrual for most members have led to reduced pension cash expense for future accrual. EDF Energy and the Pension Scheme Trustees keep investment risk under review, concentrating on prudent asset allocation and liability hedging. EDF Energy, EDF SA and the Pensions Scheme Trustees have entered into a Memorandum of Understanding (MoU) setting out a framework whereby EDFG benefits from financial support backed by EDF SA in return for agreement on funding and investment/risk matters. See note 42 for more details of pension risks.

Reputation risk

EDF Energy has based its brand on its customer commitments, its reputation and building trust. Inappropriate communication made to the public and/or to stakeholders, or failure to maintain and demonstrate appropriate standards may result in degradation of the brand and could potentially damage its reputation. Management has introduced key standards of conduct to provide guidance to all staff when making decisions. A trust index is monitored along with continuous review of compliance programmes.

Cyber risk

Safety is the overriding priority for EDF Energy and it takes the risks of cyber-attack on plant computer systems and IT infrastructure very seriously. EDF Energy have implemented strong controls to protect against cyber threats and incorporated diverse protection measures within the UK's eight nuclear power stations, including redundant safety systems which do not rely on software. Information and cyber security are an important issue and EDF Energy is continually reviewing its defences in this area.

Supplier risk

EDF Energy is reliant on a number of specialist suppliers, especially in the area of nuclear fuel fabrication and storage, nuclear plant maintenance and in the construction of HPC. The loss of one or more of these key suppliers could result in increased costs or a disruption to EDF Energy's operations. EDF Energy works closely with its supply chain to effectively manage the relationships with critical suppliers.

Taxation risk

Taxation risk is the risk that the Group suffers losses arising from additional tax charges, financial penalties or reputational damage. These risks could arise from failure to comply with procedures required by tax authorities, the interpretation of tax law, or changes in tax law. The Group has mitigated this risk by the implementation of effective, well documented and controlled processes to ensure compliance with tax disclosure and filing obligations. This is further supported by the use of appropriate advice from reputable professional firms. As required by Schedule 19, Finance Act 2016 the Group's Tax Strategy is published on its website.

Non-financial and sustainability information statement

Climate-related risk

Risks and opportunities associated with climate change and the transition to a lower carbon economy are considered both strategically and operationally.

In line with The Companies (Strategic Report) (Climate Related Financial Disclosure) Regulations 2022, the following table sets out where each requirement can be found within the Strategic Report:

Requirement	Pages
a) a description of the governance arrangements of the company in relation to assessing and managing climate-related risks and opportunities;	Taking Decisions
b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities;	Taking Decisions
c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company;	Taking Decisions
d) a description of— i. the principal climate-related risks and opportunities arising in connection with the operations of the company, and ii. the time periods by reference to which those risks and opportunities are assessed;	Climate-related risk
e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company;	Climate-related risk
f) an analysis of the resilience of the business model and strategy of the company, taking into consideration of different climate-related scenarios;	Climate-related risk
g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets;	Long term strategy/SECR
h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate related opportunities and a description of the calculations on which those key performance indicators are based.	Long term strategy/SECR

Physical and transition risks and opportunities are considered in the medium and long-term through scenario analysis. Our analysis shows that the Group is in a strong position to respond to physical risks and realise the opportunities related to climate change and the low carbon transition.

Physical risk

Climate change may continue to affect the frequency and intensity of natural hazards. Extreme weather is predicted to become more common in the UK and if unmitigated, the associated risks are likely to impact EDF activities. Extreme high temperatures and flooding due to coastal storm surges and extreme rainfall are highlighted as key climate related risks to EDF's nuclear power stations.

EDF is acting to understand and mitigate physical risks from a changing climate on its existing and new nuclear assets and continues to assess risks and adequacy of measures considering evolving climate science. EDF UK has established a climate change adaptation programme for its nuclear assets, integrating adaptation risk assessment and planning into existing business management arrangements and risk mapping. See Stakeholder engagement in the paragraph communities and environment page 10 for more on how we manage risk.

Climate risk associated with existing and new nuclear power stations is assessed using the UK Climate Projections (UKCP latest version UKCP18) produced by the Met Office Hadley Centre Climate Programme. Nuclear safety case assessments for climate-related risks are tested against the most conservative RCP8.5 climate change scenario. These scenarios are based on values of radiative forcing due to combined greenhouse gas emissions and aerosols by 2100.

Safety cases for existing site licenses look at one in 10,000-year extreme weather and flooding events over the life of the stations. Periodic safety reviews provide a vehicle for consideration of updated physical risks and associated updates to adaptation measures, based on continuously evolving climate science. New nuclear stations are designed for 60 years of operation and then decommissioning and fuel storage, and climate resilience is integral to their design with studies undertaken as part of Development Consent Order and site license applications.

Transition risk

The purpose of EDF Energy is to Help Britain Achieve Net Zero, which is aligned with the UK Government's commitment to net zero greenhouse gas emissions by 2050. The purpose is a UK articulation of the EDF Group raison d'être: to build a Net Zero energy future with electricity and innovative solutions and services, to help protect and nurture the environment and drive well-being and economic development. It underpins our strategy and decision-making, and helps our activities be compatible with achieving our objectives in a sustainable and fair way.

The Group's financial statements reflect issues relating to climate change and sustainable development through the implementation of its investment and divestment strategy, through expenditure incurred specifically in response to environmental issues, particularly under applicable laws and regulations, and through the valuation methods, long term price scenarios used in the impairment assessment of the Group's assets.

In 2023, the Group continued its programme of investment and divestment in line with the UK transition to a decarbonised energy system. The alignment of strategy with the current UK Government's commitments means that decarbonisation is considered more of an opportunity than a risk. As the country's largest low-carbon electricity producer, UK policies designed to achieve Net Zero are opportunities to promote low-carbon electricity mix based on nuclear energy and renewables. Further details are described in Long-term strategy and the Section 172 (1) Statement.

To evaluate transition risks in line with 414CB of the Companies Act⁷, the Group has undertaken scenario analysis to test the implications of various pathways for global warming on existing portfolio and activities. The analysis has been conducted for the year 2035⁸, which corresponds to a medium-term strategic horizon for the Group. The scenarios chosen are the Network for Greening the Financial System (NGFS), due to their public availability and extensive use internationally. In line with TCFD

⁷ Companies Act 2006, Chapter 46, section 414CB

⁸ Assuming useful economic life of Sizewell B to 2055

recommendations⁹, the Group has based this analysis on three NGFS scenarios drawn from the three families into which climate scenarios are usually categorised:

- The Hot House World and Too Little Too Late scenarios, which result in temperature rises at the end of the century that are not compatible with the Paris Agreement;
- Paris-aligned scenarios that respect the Paris Agreement (Well-Below 2°C by 2100);
- The Paris Ambitious scenarios, which aim for global carbon neutrality by 2050 (1.5°C by 2100, with or without temporarily exceeding the target to make up for lost time).

The quantitative estimates are based on the MESSAGEix-GLOBIOM modelling of Phase 4 of the NGFS scenarios, with the choice of one scenario from each family covering a wide range of possible futures. The Below 2°C scenario, which has a broadly similar design to the Group's internal reference scenario for energy market risks, has been chosen as the central scenario. The analysis consists of assessing the financial impact for EDF of a slower transition (Hot House World) or a faster transition (Paris Ambitious), by estimating the EBITDA differential in these scenarios compared with the central scenario.

Scenarios	<p>Rapid transition: <i>Net Zero 2050 scenario</i> - ambitious climate policies leading to global carbon neutrality in 2050 and an average temperature increase of + 1.4°C in 2100, with little or no overshoot of the target. <i>Net Zero 2050</i> corresponds to an orderly transition based on the rapid implementation of decarbonisation policies and technological innovation.</p> <p>Central: <i>Below 2 °C scenario</i> - a gradual increase in the ambition of climate policies, leading to an average temperature increase of + 1.6°C in 2100. Carbon neutrality at global level is achieved after 2070. <i>Below 2 °C</i> is an orderly transition scenario with uniform climate policies across the regions.</p> <p>Slow transition: <i>Current Policies Scenario</i> - only the policies currently being implemented are being maintained, and few technological innovations are emerging, leading to a temperature rise of +3°C in 2100 and high physical risks.</p>
Model	NGFS scenarios, MESSAGEix-GLOBIOM model

EDF's modelling suggests 2035 EBITDA is potentially higher by more than £100m in the Rapid transition scenario (Net Zero 2050), compared with the Reference scenario (Below 2°C). In contrast, Slow Transition scenario (Current Policies) 2035 EBITDA is potentially more than £100m below Reference, primarily due to differences in baseload power prices. Scenario analysis relies on significant assumptions and dependencies. EDF notes that there is a range of potential outcomes, including scenarios in which power prices are lower in a Net Zero world. The NGFS scenarios illustrate that an orderly strategy for achieving carbon neutrality at global level is underpinned by a strong carbon price, which favours low-carbon electricity production and support for decarbonised uses. Strengthening and acceleration of climate policies aimed at achieving carbon neutrality are consistent with the Group's business model, and therefore represent opportunities more than risks for the valuation of its business.

The quantitative scenario analysis undertaken in line with 414CB only captures risks and opportunities for EDF's existing portfolio and activities with significant market risk exposure. Hinkley Point C's CfD provides revenue stabilisation, largely protecting it from transition risks, There are potentially further unquantified opportunities in faster decarbonisation pathways, including a) more opportunities that are aligned with EDF's strategy and skills (e.g., a larger market for new low carbon generation) and b) a political and regulatory environment that is overall more favourable toward EDF's activities.

⁹ Task force on Climate-related Financial Disclosures

The potential for risks and opportunities to materialise in any scenario is subject to uncertainty, as is the ability for EDF to respond, but the analysis reinforces the Group's confidence that the strategy has been designed to be resilient to a range of transition scenarios with a diversified portfolio of companies.

The Group is well positioned to benefit from the likely shift to electrification and in the UK, with well-established governance, strategy, and risk management processes to maintain resilience to climate-related uncertainty. This is demonstrated through the various commercial arrangements for existing assets, the Group's investment profile and established positions in low-carbon solutions (e.g. CB Heating).¹⁰ EDF recognises the importance of continually improving climate-related reporting and scenario analysis and commits to do so annually in collaboration with EDF Group.

Expenditure incurred specifically in response to environmental issues

UK Emissions Trading Scheme (UK ETS)

The European Union's Emissions Trading System (EU ETS) exists to fight climate change and reduce greenhouse gas emissions. Since Brexit, the United Kingdom has set up its own system (UK ETS - Emissions Trading Scheme). The UK ETS, which uses a bidding system, covers the same sectors as the EU ETS and operates under generally similar rules.

This system, which has been incorporated into UK law, sets an annual cap on emissions. Businesses (including EDF Energy) receive or buy emission quotas, then the following year surrender to the UK government a number of greenhouse gas emission rights corresponding to their emissions for the year elapsed. Fines are payable if there is a shortfall (£100 per tonne of CO₂, indexed with inflation from 2021 onwards, and an obligation to cover these amounts the following year).

Renewable obligation certificates

To encourage use of renewable energy produced from renewable sources the UK has set itself targets for consumption of electricity from renewable sources. Guarantee of Origin certificates prove the renewable origins of the electricity, which transits through the grid. They are sold by operators of renewable energy plants and bought by customers who want to use renewable-source electricity.

The method in which the UK operates this scheme is by requiring companies (including EDF Energy as an electricity producer who also sells electricity to customers) to surrender a certain volume of renewable energy certificates depending on the level of sales to customers.

A provision of £880m million is recognised at 31 December 2023 (2022: £833m) relating to the obligations for renewable energy certificates to be surrendered at that date (see note 29). At 31 December 2023, £315m (2022: £262m) of these obligations are covered by purchased certificates recorded as inventories (see note 24).

Valuation of assets and liabilities

Provisions for environmental risks

Provisions relating to nuclear operations comprise provisions for back-end nuclear cycle expenses (management of spent fuel and radioactive waste), provisions for plant decommissioning and provisions for unburnt fuel. Details of these provision can be found in note 29 and 30.

Provisions related to environmental schemes also include provisions for greenhouse gas emission rights, renewable energy certificates and decommissioning on non-nuclear power stations and gas storage facilities (see note 29).

¹⁰ The insights from this analysis are limited by the scenario methodologies used and are not a prediction of the future

Valuation of assets

Climate issues are taken into account in valuing long-term assets through impairment testing. The long-term scenarios used for electricity prices are consistent with the trajectories of UK and European decarbonisation targets. (see note 16).

Our approach to Human Rights

EDF Energy respects human rights. It is committed to identifying, preventing, and mitigating adverse human rights impacts resulting from or caused by our business activities before or if they occur through human rights due diligence and mitigation processes.

Respect for human rights is fundamental to the sustainability of EDF Energy and the communities in which we operate. In our Group and across our supply chain, we are committed to ensuring that people are treated with dignity and respect and we abide and require our suppliers to comply with the principles of the UN Global Compact. Our commitment to ethical business practice is outlined in our Ethics & Business Conduct Policy. Our commitment to sustainable and responsible business, including steps we plan to take to further address social issues, including modern slavery, underpins the controls that we implement and enables us to comply with the French “loi de vigilance”, which requires EDF and its subsidiaries to identify and control risks to human rights and fundamental liberties, the health and safety of people and the environment that may arise from our business activities and those of our subcontractors and suppliers. Controls to mitigate human rights risks are reviewed annually as part of our annual internal control self-assessment process and are reviewed periodically by internal audit.

Our approach to Anti-fraud and Anti-bribery

EDF Energy has a zero tolerance of fraud and bribery and controls risks relating to bribery and corruption as set out in its Anti-Fraud and Anti-Bribery Framework, Practice and Guidance document. This provides both a high level overview of the approach used by EDF Energy to manage the risks associated with fraud and bribery and detailed guidance for business units and corporate functions regarding the design of their anti-fraud and anti-bribery arrangements. This document sets the minimum standards that business units and corporate functions must achieve.

Internal controls to prevent fraud and bribery are reviewed annually as part of the Group's annual internal control self-assessment process.

Going concern

The Group has a number of treasury and risk policies to monitor and manage liquidity risk. Cash forecasts identifying the Group's liquidity requirements are produced regularly and are stress tested for different scenarios, including, but not limited to, reasonably possible increases or decreases in commodity prices.

The Group seeks to ensure that sufficient financial headroom exists. It is the Group's policy to maintain committed facilities and/or available surplus cash. The Group manages its capital and supports its credit rating through focusing on its net debt which comprises borrowings (note 27), including lease obligations, accrued interest and derivative liabilities relating to debt instruments, less cash and cash equivalents. Given that the Group is a wholly-owned subsidiary, any change in capital structure is often achieved via additional borrowings or additional equity injected from its ultimate parent company or other companies within Electricité de France, and available standing credit facilities with EDF.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, together with consideration of the ongoing financing available through EDF (including the new facility in place between Electricité de France and EDF Energy Holdings Limited as disclosed in the note 45), the Directors have formed a judgement, at the time of approving the consolidated financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This judgement has been formed taking into account the principal risks and uncertainties that the Group faces and which have been outlined in more detail elsewhere in the Strategic Report. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.



On behalf of the Board

Robert Guyler

Director

11/06/24

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2023.

Principal risks, managements objectives and policies along with future developments of the Group are discussed within the strategic report.

Directors and their interests

Directors who held office during the year, and to the date of the report, were as follows:

- Robert Guyler
- Xavier Girre
- Veronique Lacour
- Simone Rossi
- Xavier Ursat
- Sylvie Jehanno
- Etienne Dutheil
- Luc Remont
- Christophe Carval (Resigned 20 July 2023)
- Pierre Todorov (Resigned 31 March 2023)
- Brice Bohuon (appointed 07 June 2023)
- Caroline Chanavas (appointed 20 July 2023)

The persons listed above, are all non-executive Directors, with the exception of Robert Guyler and Simone Rossi who are executive Directors.

Robert Guyler and Simone Rossi are employed by and have a service contract with EDF Energy Limited. The remaining Directors are employed by the ultimate parent company, Électricité de France SA ("EDF S.A.").

There are no contracts during or at the end of the financial year in which a Director of the Company has a material interest. None of the Directors who held office during or at the end of the financial year had any interests in the shares of the Company or any Group company that are required to be disclosed in accordance with the Companies Act 2006.

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

Streamlined Energy & Carbon Reporting (SECR)

The financial impact of climate risk is disclosed in the Principal risks and uncertainties section of the strategic report.

Current year Energy Efficiency Measures

During 2023, EDF has implemented a significant number of initiatives to both reduce energy consumption and improve energy efficiency. Some of the noteworthy measures are summarised below.

Nuclear Operations

- Overall, the efficient management of our nuclear power stations in 2023 resulted in the fleet exceeding our 36TWh target by 1.28TWh ending the year having generated 37.28TWh of zero-carbon energy.
- Station life extensions at Heysham 1 and Hartlepool were agreed in 2023. These stations were due to enter defueling by March 2024 which has been extended to 31 March 2026, this results in the potential to safely generate an additional 29TWh of zero-carbon energy.

- In 2023 a project was completed to alter nuclear fuel flask identification marking to increase the efficiency of each flask movement by 1 fuel element. Over 2023 the additional fuel element included in each flask movement removed the need for 45 flask movements and their associated energy consumption and emissions.
- Sizewell B has completed a project to replace several significant plant chillers with more energy efficient units that also contain a refrigerant gas with a lower Global Warming Potential (GWP).
- Sizewell B has recently introduced a new real-time plant diagnostic tool which monitors efficiency during operation allowing targeted and timely improvement works to optimise operation.
- Sizewell B has completed a project to improve the efficiency of reactivity management resulting in an increased output of 88MWe per year of zero-carbon energy.
- Heysham 2 has installed 9 dual chargers providing 18 electric vehicle (EV) charging points for staff use.
- Heysham 2 has completed a project to provide a permanent electrical supply to the fire training facility and associated cabins. These are located away from the main power station site and previously used diesel generators.
- A Works Power Optimisation Programme for defueling stations has progressed several projects in 2023 focused on the reduction of energy demand through the rationalisation of assets not required post-generation e.g., plant containing pumps and motors.
- Full site energy assessments have been undertaken at three of the stations; Sizewell B, Dungeness B, and Hinkley Point B as part of Phase 3 of ESOS (Energy Savings and Opportunities Scheme). The energy audits have identified recommendations for energy saving opportunities which are now under review.

HPC

Generators

- In the last quarter of 2023, 3 substations were energised and a plan is in place for a further 7 to be installed.
- This year we have seen 10 stage 5 generators on site. Stage 5 generators further limit the emissions of carbon monoxide, nitrogen oxides and hydrocarbons compared to previous models.

Sewage

- The temporary sewage treatment plant has been operational all year, eliminating the need for tankers to remove liquid waste from site by road.

Waste

- The Waste Consolidation Centre (WCC) allows us to process waste on site before it is transported off site for recycling. This maximises load consolidation and efficiency. Over 2023, on average, a ratio of 6 to 1 was achieved (6 loads in to the WCC, 1 load out)
- 97% of waste was diverted from landfill from main site.

Lighting

- In 2023 a significant number of areas were provided with energy saving lighting. Timers were also installed in other areas. This reduces light pollution from site as well as improving efficiency.

Vehicles

- Utilisation of barges to transport site waste to Avonmouth to reduce road vehicle emissions.

Cultural change

- Annual initiatives for increasing awareness and understanding of Net Zero and how the workforce can and is making a difference in reducing carbon footprints, both in the project and personally. Targeted engagement activities were held in particular for Environment week in June and Net Zero week in July.

All Company

- LED upgrades continue to be rolled out across all locations, where possible.
- We continue to install Pod Point charging points across our sites for electric vehicles and are currently exceeding our EV100 commitment.
- We continue to review our office space and look for ways to improve efficiency. This includes reduction and optimisation of office space, which continues following our post-covid assessments and smarter ways of working.
- The Energy Management Team are in place with a programme of activities to reduce consumption across the estate.
- Photo voltaic installation in progress in Hove, due for completion in 2024.

Prior year Energy Efficiency Measures

During 2022, EDF has implemented a significant number of initiatives to improve energy efficiency and the key ones are summarised below.

HPC:

- Generators
 - All generators on site are managed within a permit system to ensure their number is optimal for the needs of the project.
 - We use a mix of hybrid and diesel generators.
 - A mapping system is used to chart where generators are in use and when their permit expires to ensure the most efficient generators are in use.
 - The electrical network is being expanded rapidly across site, removing the need for additional generators to supply power. Once an area is connected to the electrical network, power cables are to be connected within 3 months.
- Sewage
 - The temporary sewage treatment works has been operational since February 2022, eliminating the need for tankers to remove liquid waste from site by road.
- Lighting
 - Across site we are moving to installing timers on all external lights to minimise the amount of light pollution and energy consumption. In some areas, 97% of lights are on timers. Other areas are catching up but there is a timer shortage.
- Vehicles
 - The Waste Consolidation Centre (WCC) allows us to process waste on site before it is transported off site for recycling. This maximises load consolidation and efficiency. Over 2022, on average, a ratio of 5 to 1 was achieved (5 loads in to the WCC, 1 load out), equating to a saving of 6,003,526 liters of fuel and a CO₂ saving of 15,356 tCO₂e.

Nuclear Fleet

The overriding contribution to Net Zero from Nuclear Operations, comes from safe, reliable, low carbon nuclear generation. However, as the Nuclear fleet ages, stations cease power generation and instead become waste production sites.

EDF now has three stations in end of generation. Hinkley Point B and Hunterston B started to defuel in 2022 and Dungeness B in June 2023. Heysham 1 and Hartlepool were set to enter defueling in 2024 (However EDF Energy announced in March 2023 its intention to extend the end of generation for Heysham 1 and Hartlepool to 31 March 2026 with a +/- 1 year proviso.), Heysham 2 and Torness in 2028, and Sizewell B in 2035.

Across the fleet there are a number of projects ongoing such as tree planting. Stations are continuing to move to LED lighting, to introduce motion sensor lighting, to optimise onsite vehicles, to increase the electrical offsite fleet, and to reduce their chemical, gas and fuel inventory.

Specific examples from around the fleet include:

- Heysham 1
 - Returned to Full Power on Reactor 2. R2 was load limited following a number of fuel failures in 2016. Following the implementation of several countermeasures and ongoing fuel monitoring and improving condition, R2 was returned from 90% to 100% load in June/July this year.
 - No coastdowns performed on either reactor in 2022. This was another failed fuel countermeasure. Coastdowns limit auto rod withdrawal and introduce a tapered load reduction prior to planned shutdowns. The magnitude of lost generation will vary between each coast down and load profile, however, as an approximation, a coastdown is equal to approx. 1 day of nominal full power operation.
- Heysham 2
 - Reported defects on the station are at their lowest since 2017, this work impacts all areas of the site, creating a safer working environment both for industrial and environmental safety.
 - SF6 leaks fixed on station, and generator transformers on Unit 7, during station outage.
- Sizewell B
 - Central Chillers Commissioned with more energy efficient units and refrigerant gas, with zero Global Warming Potential (GWP).
 - The Administration building air conditioning units have been replaced with new energy efficient units using less refrigerant gas with lower GWP.
- Torness
 - 400 trees planted on land outside the fence; improvements focused on biodiversity and habitat diversification.
 - On site improvements have been made in reducing the F-gas inventory, resulting in a reduction of 450.25Te CO2 equivalent being held in systems.
- Hartlepool
 - Essential flooding safety case work completed, to enhancing the station's ability to withstand and recover from 'beyond design basis events, such as extreme natural disasters that could occur in the UK.
 - The Make-Up Water Treatment Plant (MUWTP) continuously produces high quality, demineralised water. Over the past 24 months it has benefited from £1million of investment. This work will prevent £200,000 of demineralised water being lost each year.

End of Generation and Defueling sites

Following the end of generation, Dungeness (DNB), Hinkley Point B (HPB) and Hunterston (HNB):

- All have been working to reduce the quantity of oils and chemicals held on site, which are no longer required (HNB, DNB, HPB).
- Nitrogen consumption optimisation has helped an estimated saving of £18,000 per month and further optimisation will be continued while maintaining nuclear safety and regulatory compliance (HNB).
- Work on Planned Cessation of Main Cooling Water Pumps and Gas Circulator Main Motors has progressed in 2022 and continues into 2023 to identify the opportunity to stop using the station's Main Cooling Water Pumps and Gas Circulator Main Motors (except for warming up the reactor gas for defueling). This is possible as a result of the lesser plant demands following end of generation. Depending on the site and the number of pumps being retained in service, this could lead to a saving of around £9-10,000 per day (HNB, DNB, HPB).
- Return of unused nuclear fuel. New, unused nuclear fuel built at Dungeness B, but not used following announcement of early foreclosure, has been returned to the manufacturer for reuse across the fleet. This builds on work to recover ~£25million of new fuel and will have substantial non-financial benefits in the form of reduced environmental impact attributable to additional fuel processing or treating the fuel as irradiated. Work continues into 2023 to remove unused fuel from the reactors and return it to the manufacture (DNB).

West Burton A continues to investigate ways to reduce energy consumption even as it approaches the end of its operational life, including: Physical isolation of kit, which significantly reduces energy usage; and for the remaining operational units, we continue with our works power initiative, where items of plant are shut down where possible. Savings of approximately £1m were realised for the first half of 2022.

Gas storage: EV charging units were installed on site and fully commissioned during 2022. Arrangements were made to lease our first two electric site vehicles. However, due to market supply/demand, delivery is not scheduled until Q1 2022. We have also been exploring (with grant funding from DESNZ) options for converting some of our natural gas storage cavities to compressed air energy storage facilities.

Cross Company

- LED upgrades continue to be rolled out across all locations, where possible.
- We continue to install Pod Point charging points across our sites for electric vehicles and are currently exceeding our EV100 commitment.
- As a result of Covid-19 and business efficiencies, we continue to review our office space and look for ways to improve efficiency. This includes reduction and optimisation of office space, much of which commenced in 2022 and continues into 2023.
- Energy Manager in place with programme of activities in place and a new Energy Management Platform up and running.
- Energy efficiency programme for Winter 2022 established and in place.

Breakdown of Emissions by Scope

Fuel Type	Consumption (kWh)			Emissions (tCO ₂ e)		
	2021	2022*	2023	2021	2022*	2023
Scope 1: Combustion of fuel for transport purposes	36,565,304	37,132,303	39,482,756	9,833	9,554	10,025
Scope 1: Combustion of gas	1,668,234	965,393	764,803	306	176	140
Scope 2: Purchased electricity	1,326,734,485	1,347,983,185	1,289,936,565	281,706	268,263	267,113
Scope 3: Business Travel emissions	2,900,028	4,060,976	4,360,278	713	1,002	1,057
Total	1,367,868,051	1,390,141,857	1,334,544,402	292,558	278,995	278,335

* Prior year data has been adjusted to take into account actual electricity and gas consumption.

Our direct carbon emissions under Scope 1 in 2023 were 10,165 tonnes of CO₂e (2022: 9,769 tonnes) for gas consumption from our property and fuel for transport. Our indirect carbon emissions for Scope 2 amounted to 267,113 tonnes of CO₂e (2022: 253,124 tonnes) and came from electricity purchased and consumed across our offices and assets. Our Scope 3 carbon emissions from business travel were 1,057 tonnes of CO₂e (2022: 1,002 tonnes).

As with last year, we have seen a rise in our Scope 1 emissions for fuel due to increased site activities across HPC as the project progresses. Business travel emissions are also up slightly (hire car and personal car use), as we continue to return to more face-to-face collaboration. However, are still below pre-covid emissions due to smarter and hybrid ways of working. Overall, our consumption and associated carbon emissions have continued to fall. Below are some of the key energy efficiency measures that have supported this reduction throughout 2023.

Energy Intensity Ratio

Our energy intensity ratio for SECR purposes is tCO₂e/GWh of energy used. Our total carbon intensity by GWh of energy used for 2023 is 209 tCO₂e/GWh. This is up from 195 tCO₂e/GWh in 2022 as a result of higher fuel and energy use in the HPC project. However, it's still an improvement on the intensity ratio for 2021 of 213 tCO₂e/GWh.

Methodology

We have followed the 2019 UK Government Environmental Reporting Guidance.

We have used emission conversion factors relevant to the reporting period from Department for Energy Security and Net Zero.

Buildings Electricity & Gas

The 'Buildings Electricity & Gas' includes all consumption from our EDF offices and is shown either as actual or estimated. We use a variety of tools to collate our energy data and comments have been added to this to align to the individual systems used. Where billing data could not be obtained, estimated kWh were used based on 12 months previous consumption. In total our estimated consumption was 542,024 kWh for electricity and 563,581,808 kWh for gas. Our actual consumption was 71,631,142 kWh for electricity and 764,803 kWh for gas.

Fleet Fuel

The 'Fleet Fuel' includes all fuel purchased for refueling our fleet vehicles. Fuel cards are held by employees with Arval and Shell and direct exports are completed from those suppliers for liters of diesel and petrol purchased.

The total amount of fuel in liters is multiplied by the fuel conversion factor to calculate kgCO₂e.

The total liters are multiplied by the kWh/l conversion factor to calculate kWh.

Generation on-site fuel

The 'Generation On-site Fuel' includes all fuel purchased by our power stations for use in on-site vehicles. The following assumptions have been made:

- Dungeness B and Sizewell B - the amount of fuel used for on-site vehicle is not split out from fuel used for generators and plant. The stations estimate that 2/3 of the total volume is used for on-site vehicle refueling.

The total amount of fuel used in liters is multiplied by the fuel conversion factor to calculate the kgCO₂e. The total amount of liters is multiplied by the kWh/l conversion factor to calculate the total kWh.

HPC On-site Fuel

HPC On-site Fuel includes all fuel purchases for HPC for use in on-site vehicles.

The total amount of fuel used in liters is multiplied by the fuel conversion factor to calculate the kgCO₂e. The total amount of liters is multiplied by the kWh/l conversion factor to calculate the total kWh.

Site Generation and Own Use

The 'Site Generation & Own Use' includes our gross electricity output from our power stations, our total own electricity consumption by our stations and a split of the electricity we import directly from the grid for our own consumption.

The total consumption per station is then converted to kWh by multiplying the GWh by 1,000,000. The total kWh is then multiplied by the electricity conversion factor to calculate the kgCO₂e.

Personal Mileage Expenses

The 'Personal Mileage Expenses' includes all business personal car mileage. This is extracted from the Concur expenses reporting system where employees input their mileage travelled to claim expenses.

The distance in miles is multiplied by the 2023 managed assets vehicles, average car, unknown fuel conversion factor to calculate the total kgCO₂e.

The distance in miles is multiplied by the 2023 BEIS SECR kWh pass & delivery vehicles, average car, unknown fuel conversion factor to calculate the total kWh.

Hire Car Expenses

The 'Hire Car Expenses' includes all hire car refueling data which is extracted from the expenses reporting system. Employees that use a hire car for company business are entitled to expense the fuel that is used to refuel the hire car. EDF then reimburse the employee.

The data received through expenses reporting system is the total (£) spent on fuel. The distance travelled is then required to be calculated for the conversion to kWh and kg/tCO₂e. This is calculated using HMRC data for 2023, using a factor of £0.16 per mile.

All relevant unquoted consolidated subsidiaries of the group are included in the above report. The only exception to this is Pod Point Holdings plc, which EDF Holdings Limited has a majority share, and is part of the Customers Business. As a result of Pod Point being a quoted company, and therefore having different reporting requirements for SECR, a separate report has been presented below.

SECR - Pod Point Holdings plc

We have provided emissions reporting data in line with the UK's SECR requirements.

Summary greenhouse gas emissions

Category	2023	2022	2021
Direct emissions of tCO ₂ e (Scope 1)	414	409	293
Indirect emissions of tCO ₂ e (Scope 2) Market based	61	50	6
Indirect emissions of tCO ₂ e (Scope 2) Location based	45	34	6
Indirect emissions of tCO ₂ e from supply chain (Scope 3)	14,453	17,026	13,553
Energy transferred across our network (GWh)	448	367	172
Total emissions gCO ₂ e per kWh transferred energy	33	48	81
Total units installed and shipped	50,726	69,689	66,002
Total emissions kgCO ₂ e per unit installed and shipped	310	280	210

Energy consumption

	2023(MWh)	2022 (MWh)	2021 (MWh)
Fuels for transportation			
Petrol	1,115	755	394
Diesel	566	760	698
Other / Unknown	-	65	25
Indirect energy			
Electricity (office)	28	15	17
	(100% renewable)	(100% renewable)	(100% renewable)
Electricity (fleet)	138	118	16
Heating (office)	59	48	92
	(100% renewable)	(100% renewable)	(100% renewable)
Total	1,906	1,761	1,242

For Pod Point, our Scope 1 emissions are mostly generated from the fuel used by our fleet.

Our Scope 2 emissions include electricity and gas used in our London office, as well as any electric charging of our fleet.

Our Scope 2 emissions have increased for the 2022 year owing to changes in how we account for biofuels used for our heating (as per the GHG Protocol). We have also seen an increase overall in Scope 2 emissions owing to an increase in BEV use across our fleet.

Our Scope 3 is 97% of our CO₂e emissions and includes everything else, from manufacturing, to logistics, to any third-party installation operations.

Target

We are reducing our Scope 1 emissions by moving our fleet to electric vehicles. This year, 16% of our fleet vehicles are full BEV and 73% are REX. Our target is to get to 100% full BEV by the end of 2025. 100% of the energy used in our office is on a renewable tariff (REGO backed). Our office continues to use 100% biogas for heating. Overall, our target is to reduce our Scope 1 and Scope 2 GHG emissions by half by the end of 2026.

Dividends

Dividends of £nil (2022: £ nil) were paid to the parent company and dividends of £220m (2022: £75m) were paid to the non-controlling interest during the year.

Political contributions

During the year, the Group made no political contributions (2022: £nil).

Future developments

Future developments of the Group are outlined in the Strategic Report.

Use of financial instruments

The use of financial instruments in the Group is outlined in the Strategic Report and in note 43.

Taxation policy

The Group will continue to demonstrate a responsible and honest approach to its tax management. It has adopted a tax policy which is aligned with its stated ambitions and values. The Director of Tax is responsible for implementing the tax policy and reports frequently to the Chief Financial Officer.

Specifically, the Group's tax policy includes:

- acting with integrity;
- only undertaking tax planning to ensure legitimate business activities are implemented efficiently, and not to undertake artificial schemes or arrangements;
- maintaining an open, honest and positive working relationship with HMRC; and
- where differences of view arise with regard to the interpretation and application of tax law, the Group is committed to addressing the matter in real-time and resolving the matter with HMRC in a constructive manner.

As required by Schedule 19, Finance Act 2017 the Group's Tax Strategy is published on its website.

Employee engagement and business relationship

Please see "Stakeholder Engagement" – who are they and how do we engage with them on page 8.

Equal opportunities

The Group is fully committed to ensuring that all current and potential future employees and customers are treated fairly and equally, regardless of their gender, sexuality, marital status, disability, race, colour, nationality or ethnic origin. The Group 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.

Events since the balance date

Subsequent events are disclosed in note 45 of the financial statements.

Auditor

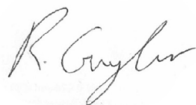
Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PwC LLP, as appointed by the members, are deemed to be re-appointed as auditors of the Company for the financial year ending 31 December 2024 in accordance with the provisions of the Companies Act 2006. The Directors have been authorised to fix the remuneration of the auditors.

On behalf of the Board



Robert Guyler

Director

11/06/24

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have 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 group's and company's auditors are aware of that information.

On behalf of the Board



Robert Guyler

Director

11/06/24

Independent auditors' report to the members of EDF Energy Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- EDF Energy Holdings Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheet as at 31 December 2023; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statement of changes in equity, and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the reasonableness of management's assessment by reviewing any significant assumptions within the base case going concern model
- performing a comparison of the individual business unit forecasts to those used elsewhere in the Group, such as asset impairment assessments
- assessing the appropriateness of the severe but plausible downside scenarios presented by management and considering the appropriateness of any mitigations management have implemented
- agreeing inter-group facilities to the underlying agreements and ensuring that these were appropriately reflected within the assessment
- assessing the appropriateness of the funding plan set out for the ongoing construction of Hinkley Point C, including assessing the ability of the Electricité de France group to continue to fund the build, as well as agreeing committed facilities back to underlying agreements

- reviewing the disclosures relating to going concern, with these considered to be consistent with the assessment prepared by management

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Office of Gas and Electricity Markets (Ofgem) and the Office of Nuclear Regulation (ONR) site license requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws, regulation and fraud;
- Evaluation of Management's controls to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements;
- Identifying and testing journal entries, in particular any journal entries with unusual combination of account codes with credits to revenue where the debit entry is not to an expected account.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 June 2024

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 (Restated*) £m
Revenue	4	18,501	13,700
Fuel, energy and related purchases	6	(12,352)	(10,733)
Materials and contracting costs		(525)	(498)
Personnel expenses	9	(619)	(611)
Other operating expenses		(1,150)	(580)
Other operating income		23	33
Net impairment of financial and contract assets	7	(393)	(186)
Operating profit before depreciation, amortisation, impairment, loss on derivatives and exceptional costs		3,485	1,125
Loss on derivative commodity contracts	5	(10)	(1)
Depreciation and amortisation	5	(741)	(781)
Net impairment of non-current assets	5; 16	(10,711)	(353)
Net exceptional costs	12	(66)	(105)
Other gains		-	1
Operating loss		(8,043)	(114)
Finance income	10	1,203	1,893
Finance costs	11	(1,165)	(1,858)
Loss before tax on ordinary activities		(8,005)	(79)
Taxation on loss on ordinary activities	13	943	(188)
Share of (loss)/ gain of associates	21	(34)	2
Loss for the year		(7,096)	(265)
Loss attributable to:			
Equity holders of the parent	40	(4,536)	(238)
Non-controlling interest	32	(2,560)	(27)
		(7,096)	(265)

* In order for the presentation of the Consolidated Income Statement to be consistent with the ultimate parent company (Électricité de France SA) disclosure and with IFRS requirements, the Consolidated Income Statement has been restated.

Net impairment of financial and contract assets disclosure has been shown separately in the Consolidated Income Statement resulting in a £186m decrease in Other operating expenses and £186m increase in Net impairment on financial and contract assets. Overall, there is no impact to Loss before tax.

A reclassification of expenses within the Income statement has been made in Materials and contracting costs, Personnel expenses and Other operating expenses for 2022. This has no impact on the net loss for the prior or current year. Refer note 1 for more details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Loss for the year		(7,096)	(265)
Items from continuing activities that will not be reclassified subsequently to profit or loss:			
Net actuarial loss on defined benefit pensions	42	(634)	(1,808)
Income tax effect		157	441
Items from continuing activities that may be reclassified subsequently to profit or loss:			
Net gain/(loss) on cash flow hedges:			
Gain/(loss) on cash flow hedges	39	2,046	(2,355)
Income tax effect		(511)	588
Net cost of hedging:			
Cost of hedging	39	7	(7)
Net gain on Fair Value Through Other Comprehensive Income:			
Gain on Fair Value Through Other Comprehensive Income		1	-
Total comprehensive expense		(6,030)	(3,406)
Total comprehensive expense attributable to:			
Equity holders of the Company		(3,372)	(3,110)
Non-controlling interest	32	(2,658)	(296)
		(6,030)	(3,406)

The income tax effect on defined benefit pensions includes a deferred tax credit of £147m (2022: credit of £429m) and a current tax credit of £11m (2022: credit of £12m).

The net gain/(loss) on cash flow hedges includes a deferred tax charge of £511m (2022: credit of £588m).

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023

	Note	2023 £m	2022 (Restated*) £m
Non-current assets			
Goodwill	15	4,376	6,351
Intangible assets	18	148	222
Property, plant and equipment	19	18,794	23,094
Right-of-use assets	33	175	55
Financial assets	20	3,157	3,106
Interest in associates	21	340	372
NLF and Nuclear Liabilities receivable	22	10,326	11,075
Post-employment benefits asset	42	117	584
Derivative financial instruments	28	39	330
Deferred tax asset	31	444	-
		37,916	45,189
Current assets			
Cash and cash equivalents	23	3,464	2,589
Inventories	24	2,016	2,027
Financial assets	20	177	41
Trade and other receivables	25	3,297	3,719
Derivative financial instruments	28	259	654
NLF and Nuclear Liabilities receivable	22	1,060	1,341
		10,273	10,371
Assets classified as held for sale	17	103	-
Total assets		48,292	55,560
Current liabilities			
Other liabilities	26	(4,211)	(5,247)
Borrowings	27	(313)	(1,263)
Derivative financial instruments	28	(762)	(3,502)
Provisions	29	(1,813)	(2,098)
Obligations under leases	33	(13)	(14)
Current tax liability		(209)	(113)
		(7,321)	(12,237)
Liabilities directly associated with assets classified as held for sale	17	(79)	-
		(7,400)	(12,237)
Net current assets/(liabilities)		2,976	(1,866)
Total assets less current liabilities		40,892	43,323

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

		2023	2022
	Note	£m	(Restated*) £m
Non-current liabilities			
Other liabilities	26	(344)	(407)
Borrowings	27	(2,122)	(1,582)
Derivative financial instruments	28	(533)	(487)
Provisions	29	(11,517)	(11,926)
Deferred tax liability	31	-	(613)
Obligations under leases	33	(72)	(46)
		(14,588)	(15,061)
Total liabilities		(21,988)	(27,298)
Net assets		26,304	28,262
Equity			
Share capital	35	17,116	14,081
Share premium reserve	36	199	199
Capital reserve	37	9	9
Merger reserve	38	(2)	(2)
Hedging reserve	39	(741)	(2,283)
Retained earnings	40	1,992	7,280
Equity attributable to equity holders of the Company		18,573	19,284
Non-controlling interest	32	7,731	8,978
Total equity		26,304	28,262

*The balance sheet has been restated following the review of the renewable obligation certificates accounting policy, please see note 1 for more information. Additionally there has been prior year reclass in the financial assets note, please see note 20 for more information.

The accounts of EDF Energy Holdings Limited (registered number: 06930266) on pages 53 to 139 were approved by the Board of Directors on 11/06/24 and were signed on its behalf by:



Robert Guyler

Director

11/06/24

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 (Restated*) £m
Net cash from operating activities	41	2,331	1,706
<i>Investing activities</i>			
Purchase of property, plant and equipment		(4,986)	(3,968)
Proceeds from disposal of property, plant and equipment		2	1
Purchase of other intangible assets	18	(46)	(43)
Proceeds from disposal of intangible assets		-	1
Loans to parent company	20	-	(2,235)
Interest received		245	99
Loan to associates		(153)	(170)
Loan repayment from associates		39	-
Net cash used in investing activities		(4,899)	(6,315)
<i>Financing activities</i>			
Dividends paid to non-controlling equity holders		(220)	(75)
Principal and interest elements of lease payments	33	(20)	(16)
Proceeds received from borrowings in the year		864	1,891
Repayment of borrowings		(1,274)	-
Proceeds on share issue to parent undertaking	35	3,035	2,287
Capital contribution from non-controlling interest		1,255	1,336
Interest paid		(197)	(75)
Net cash generated from financing activities		3,443	5,348
Net increase in cash and cash equivalents		875	739
Cash and cash equivalents at 1 January 2023		2,589	1,850
Cash and cash equivalents at 31 December 2023		3,464	2,589

* The cash flow statement has been restated following the review of the renewable obligation certificates accounting policy, please see note 1 for more information.

Reconciliation to the consolidated cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated cash flow statement at the end of the financial year as follows:

		2023	2022
	Note	£m	£m
Cash and cash equivalents at 31 December	23	3,464	2,593
Bank overdrafts	27	-	(4)
Balances per Consolidated cash flow statement		3,464	2,589

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium reserve	Capital reserve	Hedging reserve	Merger reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2022	11,795	199	9	(509)	(2)	8,761	20,253	7,874	28,127
Loss for the year	-	-	-	-	-	(238)	(238)	(27)	(265)
Other comprehensive loss for the year	-	-	-	(1,774)	-	(1,098)	(2,872)	(269)	(3,141)
Total comprehensive loss for the year	-	-	-	(1,774)	-	(1,336)	(3,110)	(296)	(3,406)
Equity dividends paid (Note 14)	-	-	-	-	-	-	-	(75)	(75)
Issue of capital	2,286	-	-	-	-	-	2,286	1,330	3,616
Other changes in equity (Note 32)	-	-	-	-	-	(145)	(145)	145	-
At 31 December 2022	14,081	199	9	(2,283)	(2)	7,280	19,284	8,978	28,262
Loss for the year	-	-	-	-	-	(4,536)	(4,536)	(2,560)	(7,096)
Other comprehensive income/(loss) for the year	-	-	-	1,542	-	(378)	1,164	(98)	1,066
Total comprehensive loss for the year	-	-	-	1,542	-	(4,914)	(3,372)	(2,658)	(6,030)
Equity dividends paid (Note 14)	-	-	-	-	-	-	-	(220)	(220)
Issue of capital	3,035	-	-	-	-	-	3,035	1,255	4,290
Other changes in equity (Note 40)	-	-	-	-	-	(374)	(374)	376	2
At 31 December 2023	17,116	199	9	(741)	(2)	1,992	18,573	7,731	26,304

1. General information

EDF Energy Holdings Limited (the “Company” or the “parent company”) is a private company limited by shares. It is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company’s registered office is shown on page 1. The nature of the operations of EDF Energy Holdings Limited and its subsidiaries (the “Group”) and their principal activities are set out in the Strategic and Directors’ Reports on pages 2 to 47. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policies in note 2. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the balance sheet date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions in scope of IFRS 16 and measurements which are similar to fair value but are not fair value such as value in use under IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements are presented in pounds and all values are rounded to the nearest millions (£000,000), except when otherwise indicated.

Changes in accounting policies and income statement reclassification

Changes in accounting policies

Renewable obligations certificates (ROC) were originally recorded as Intangible Assets under IAS 38 and during the financial year 2023, the accounting policy has been revised to classify ROC as Inventories under IAS 2 for the following reasons:

- By recording ROC as inventories, it will provide more reliable and relevant information due to its liquid/current nature as the certificates are utilised within 12 months of its purchase.
- The cost of renewable obligation is recognised within 'Fuel, energy and related purchases', as it is a direct input cost of supplying customers.

This amendment has no impact on total assets or retained earnings. Valuation of the ROC is not impacted by the change in accounting policy.

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

	As originally reported	Prior period amendment	As restated
	£m	£m	£m
Balance sheet at 01 January, 2022			
Non-Current Assets			
Intangible assets	560	(282)	278
Current Assets			
Inventories	2,094	282	2,376
Balance sheet at 31 December, 2022			
Non-Current Assets			
Intangible assets	560	(338)	222
Current Assets			
Inventories	1,689	338	2,027
Balance sheet at 31 December, 2023			
Non-Current Assets			
Intangible assets	463	(315)	148
Current Assets			
Inventories	1,702	315	2,017

Prior year reclassification in Income statement:

The reclassification of expenses within the Income statement for 2022 in Materials and contracting costs, Personnel expenses and Other operating expenses is as follows:

	As originally reported	Prior period amendment	As restated
	£m	£m	£m
Income statement at 31 December 2022			
Materials and contracting costs	(867)	369	(498)
Personnel expenses	(666)	55	(611)
Other operating expenses	(156)	(424)	(580)

Adoption of new and revised International Financial Reporting Standards

From 1 January 2023, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- Amendments to IAS 1 'Presentation of Financial Statements', disclosure of accounting policies and materiality judgements; and
- Amendments to IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors', distinguishing changes in accounting estimates from changes in accounting policies
- Amendments to IAS 12 'Income Taxes':
 - Deferred tax related to assets and liabilities arising from a single transaction; and
 - International tax reform, pillar two model rules.
- IFRS 17 'Insurance Contracts'.

IFRS 17 'Insurance Contracts'

IFRS 17 defines the recognition, measurement, presentation and disclosure principles for insurance contracts that fall within the standard's scope of application.

The Group has not noted any material impact resulting from application of this standard.

Amendments to IAS 12 "Income taxes" – Deferred tax related to assets and liabilities arising from a single transaction

As of 1 January 2023, entities are required to recognise deferred taxes on transactions that give rise upon initial recognition to equal amounts of taxable and deductible temporary differences. The amendments to IAS 12 are intended to clarify the treatment of deferred taxes associated with leases and decommissioning obligations. They require recognition of a deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences on such transactions. The Group already recognised deferred tax in line with the updated guidance, and therefore no adjustments were required.

Amendments to IAS 12 "Income taxes" – International Tax Reform — Pillar Two Model Rules

This amendment to IAS 12 published by the IASB in May 2023 contains:

- An exception to IAS 12 requirements, such that deferred taxes related to the Pillar 2 rules are not to be recognised and related disclosures are not required;
- A requirement to disclose in the notes to the financial statements, particularly in the transitional period when Pillar 2 legislation has been adopted but has not yet come into force, all known or reasonably estimable qualitative and quantitative information about the entity's exposure to the additional taxes resulting from Pillar 2.

Other amendments

The following amendments, applicable since 1 January 2023, have no impact on the Group's financial statements:

- IAS 1 "Presentation of financial statements" – Disclosure of accounting policies;
- IAS 8 "Accounting policies, changes in accounting estimates and errors" – Definition of accounting estimates.

New standards, amendments and interpretations published but not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions hence they have not been presented in detail in these financial statements.

2. Material accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company made up to 31 December each year. A list of main subsidiaries and associates is presented in note 10 of the Company only accounts.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company and using consistent accounting policies as the Company, except that the year-end of Sizewell C (Holding) Limited and Sizewell C Limited year end is 31 March each year. However, for the consolidated financial statements, the financial information of these subsidiaries are included for the same reporting year as the parent company. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control. Control is achieved where the Group is exposed or has rights to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated on consolidation. The carrying value of subsidiaries includes the equity investments and long- term loans to subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement at acquisition is made on an acquisition-by-acquisition basis.

Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group ceases to control a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including an apportionment of goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of.

Parent company financial statements

The Company Balance Sheet, Company Statement of Changes in Equity and related notes are presented in the Annual Report on pages 140 to 153 under FRS 101. No income statement is presented for EDF Energy Holdings Limited in accordance with the exemptions allowed by the Companies Act 2006.

Going concern

The Group has a number of treasury and risk policies to monitor and manage liquidity risk. Cash forecasts identifying the Group's liquidity requirements are produced regularly and are stress tested for different scenarios, including, but not limited to, reasonably possible increases or decreases in commodity prices.

The Group seeks to ensure that sufficient financial headroom exists. It is the Group's policy to maintain committed facilities and/or available surplus cash. The Group manages its capital and supports its credit rating through focusing on its net debt which comprises borrowings (note 27), including lease obligations, accrued interest and derivative liabilities relating to debt instruments, less cash and cash equivalents. Given that the Group is a wholly-owned subsidiary, any change in capital structure is often achieved via additional borrowings or additional equity injected from its ultimate parent company or other companies within the Electricité de France, and available standing credit facilities with EDF.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, together with consideration of the ongoing financing available through EDF (including the new facility in place between Electricité De France and EDF Energy Holdings Limited as disclosed in the note 45), the Directors have formed a judgement, at the time of approving the consolidated financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This judgement has been formed taking into account the principal risks and uncertainties that the Group faces and which have been outlined in more detail elsewhere in the Strategic Report. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Goodwill

Goodwill arising on acquisition is recognised as an asset and is measured as the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. As part of the acquisition accounting exercise, customer contracts are identified which represent an asset to the Group (i.e., contract is in the money on acquisition date) or a liability to the group (i.e., contract is out of the money at acquisition date). An asset or liability is calculated as the fair value of the customer contract on the acquisition date, and these are credited/charged to the income statement as the contract matures. Customer contract assets are recognised within intangible assets on the balance sheet and liabilities are included within provisions.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised either when the performance obligation in the contract has been performed or as control of the performance obligation is passed to the customer.

Energy Supply: Revenue is recognised on the basis of electricity and gas supplied during the year and is attributable to the supply of electricity and gas and meter reading and related services, over a period of time. This includes an estimate of the sales value of units and terms supplied to customers between the date of the last meter reading and the year end, and the invoice value of other goods sold and services provided. Any unbilled revenue is included in trade and other receivables, net of provision for expected credit losses, to the extent that it is considered recoverable.

Power Generation: Power generation revenue represents the value of power generated and sold through a Power Purchase Agreement (PPA). The PPA came into effect in 2009 and facilitates the sale of output to its off-taker British Gas Trading Ltd. Revenue is recognised in the period in which it is earned with payment typically received in the following month. This revenue is included with sales to external customers, disclosed in note-4.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred are recognised in the income statement in the period in which they become receivable. These are offset against costs to which they relate.

Exceptional items

Exceptional items are those items that, in the judgement of the Management, need to be disclosed separately by virtue of their nature, size or incidence. Items that are considered exceptional in nature are provided in note 12.

Taxation

The income tax expense included in the consolidated income statement consists of current and deferred tax.

Current tax

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 by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is provided or recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax arising from (1) the initial recognition of goodwill, (2) the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences, or (3) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, is not provided for.

Deferred tax assets are recognised to the extent it is more likely than not that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Unrecognised deferred tax assets are also re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currency translation

The functional and presentational currency of the Group is pounds sterling. Transactions in foreign currency are initially recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts to mitigate the risks. (See below for details of the Group's accounting policies in respect of such derivative financial instruments).

Intangible assets

Intangible assets are initially recognised at cost and are amortised on a straight-line basis over its useful economic life. It is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Amortisation is calculated based on the following useful life:

IT Software	- 3-8 years
Licence	- 9 years
Customer contract	- 2-4 years
Customer relationship	- 15 years
Brand	- 20 years

Assets in the course of construction are carried at cost, less any recognised impairment loss. Amortisation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Borrowing costs incurred relating to the construction or purchase of fixed assets are capitalised as below. Depreciation is calculated on a straight-line basis, less any residual value, over the estimated total useful life of the asset and charged to income as follows:

Non-nuclear generation assets	- Up to 40 years
Nuclear Power Station:	
- Advanced Gas-cooled Reactors (AGR) power stations	- 40 to 41 years
- Pressurised Water Reactor ("PWR") power station	- 60 years
- Overhaul of generation assets	- 18 months up to 3 years
Freehold land	- Not depreciated
Other buildings	
- freehold	- Up to 40 years
- leasehold	- Lower of lease period or 40 years
Equipment and fittings	- 3 to 10 years
Other plant and equipment	- 18 months to 15 years

Leased assets except for low value and short term leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Expenditure on major inspection and overhauls of production plant is capitalised, within other plant and equipment, when it meets the asset recognition criteria and is depreciated over the period until the next outage. For AGR power stations, this depreciation period is two to three years, for the PWR power station it is 18 months.

Disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.

Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The Group tests goodwill for impairment by allocating it to a single group of cash-generating units (CGUs) comprising the whole of the EDF Energy consolidated business.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement except for impairment on goodwill where any previously recognised impairment is irreversible.

Leases

Group as a Lessee

At contract inception, the Group assesses whether a contract is or contains a lease. A contract is treated as a lease if it conveys the rights to control the use of an identified asset for a period of time in exchange for consideration. Identified arrangements that do not have the legal form of a lease contract but nonetheless convey the right to control the use of an asset or group of specific assets to the purchaser are treated by the Group as leases and analysed by reference to IFRS 16.

The Group recognises a lease liability which represents the lease payments to be made and a right-of-use asset representing the right to use the underlying asset for all leases apart from short-term leases (12 months or less) and leases of low value assets. Payment on short-term leases and low value assets are recognised on a straight-line basis over the lease term in the income statement.

Right-of-use asset

IFRS 16 requires leases to be recognised in the lessee's balance sheet when the leased asset is made available, in the form of a "right-of-use" asset. This is presented on the face of the balance sheet. Right of use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the initial measurement of the lease liability, any lease payment made at or before the commencement dates less any lease incentives received, any initial direct costs and an estimate of the costs to be incurred in dismantling and removing the underlying asset, restoring the site or restoring the underlying asset to the condition required by the terms of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-current assets' policy.

Lease Liabilities

At commencement of a lease the Group recognises a lease liability measured at the present value of the lease payments to be made over the lease term. The discount rate used is the incremental borrowing rate at the date of the lease commencement. The lease liability is split between current and non-current lease liabilities. Lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is re-measured if there is a modification such as a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost plus

post- acquisition changes in the Group's share of net assets of the associate less any impairment in the value of individual investments.

Losses of the associates in excess of the Group's interest in those associates are not recognised, only to the extent that the Group has not incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill within the carrying amount of the investment. Any deficiency of the cost of acquisition below the Group's share of the fair value of the net identifiable assets of the associate at the date of acquisition (i.e., discount on acquisition) is credited in the income statement in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. If there is an indication of impairment the Group calculates the amount of impairment and the difference between the recoverable amount of the associate and its carrying value, the loss is then recognised in the income statement.

Upon loss of significant influence over the associate the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. The cost of raw materials, consumables and goods for resale is calculated using the weighted average cost basis. Work-in-progress and finished goods are valued using the cost of direct materials and labour plus attributable overheads based on a normal level of activity. Net realisable value represents the estimated selling price less any further costs expected to be incurred in completion and disposal.

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

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 inventory and charged to the consolidated income statement in proportion to the amount of fuel burnt.

Pressurised Water Reactor ("PWR")

All front-end fuel costs are variable and are capitalised into inventory and subsequently charged to the consolidated income statement 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 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 from AGR stations in the year.

The loading related cost and the rebate/surcharge is capitalised into inventory and charged to the consolidated income statement 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 a cost per tonne of uranium, payable on loading of fuel to the PWR reactor. Back-end fuel costs are capitalised into inventory on loading and charged to the consolidated income statement in proportion to the amount of fuel burnt.

Renewable Obligation Certificates

The Group participates in the Renewables Obligation Certificates (“ROC’s”) scheme administered by Ofgem. As there are no specific rules under IAS dealing with its accounting treatment, the Group classifies ROCs as Inventories because they are a direct input cost to the process of supplying customers. ROCs purchased by the Group are recognised at their acquisition cost and the cost is charged to the Income statement as the obligations arise. ROCs are surrendered to meet Ofgem obligation. Any estimated shortfall is calculated based on the relevant buyout price at the reporting date.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Unburnt fuel at shutdown

Due to the nature of the nuclear fuel process, costs have been committed in relation to the unburnt fuel in the reactors at station closure. The costs of this unburnt fuel (final core) are fully provided 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 using a pre-tax discount rate. The unwinding of the discount each year is charged to finance costs in the income statement. Any adjustment to the provision is recorded through property, plant and equipment and depreciated over the remaining station life.

Nuclear Liabilities Fund (“NLF”) funding arrangements

Under the arrangements in place with the Secretary of State at the Restructuring Effective Date (“RED”), the NLF will fund, subject to certain exceptions, the Group’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 Group 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 Group makes fixed decommissioning obligations payable to the NLF which have been recorded as a liability on the consolidated 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 consolidated income statement include the unwinding of the discount of NLF liabilities required to discharge one year’s discount from the liability.

NLF and nuclear liabilities receivables

The UK 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 recognised NLF receivable represents the aggregate value of the Nuclear Liabilities Fund and the UK Government indemnity such that the receivable equals the present value of the associated qualifying nuclear liabilities. The nature of the process, whereby the Group 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 UK Government indemnity is also provided to cover services for spent AGR fuel loaded pre RED. 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 to take account of the timing of payments. Each period the financing charges in the income statement include the revalorisation of these receivables required to match the revalorisation of the nuclear liabilities.

Nuclear liabilities

Nuclear liabilities represent provision for the Group'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 in decommissioning 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 UK Government policy and regulatory framework. Given that UK Government policy and the regulatory framework on which the Group's assumptions have been based is 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 are made in respect of the following:

Back end fuel costs

The treatment of back end fuel costs in the consolidated income statement has been dealt with under the accounting policies for fuel costs above. 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 accruals are based on long-term cost forecasts which are reviewed regularly and adjusted where necessary and are included within provisions.

Decommissioning of nuclear power stations

The financial statements include provision for the full cost of decommissioning the Group'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 which takes account of the timing of payments. The financing charges in the income statement include the revaluation of liabilities required to discharge one year's discount from provisions made in prior years and restate these provisions to current price levels.

Onerous contracts provision

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Retirement benefit costs

The cost of providing benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs include current service, past service cost and gains or losses on curtailments and settlements which are included in personnel expenses. It also includes net interest expense which is included in finance costs.

The retirement benefit obligation recognised on the balance sheet represents the deficit or surplus in the Group's defined benefit schemes. Any surplus arising from this calculation is limited to the present value of any economic benefits available in the form of refunds from the scheme or reductions in future contributions to the schemes.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability or a financial asset and of allocating the interest expense over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or asset or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets

The Group's financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the groups business model for managing of financial assets and
- (b) the contractual cash flow characteristics of financial asset

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) is recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets measured at amortised cost

Financial assets are classified as measured at amortised cost if both the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets are classified as measured at fair value through other comprehensive income if both the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and

- (b) the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Recognition of expected credit losses

The Group recognises a loss allowance for expected credit losses (ECLs) on a financial asset that is measured at amortised cost. The Group applies IFRS 9's simplified approach to measure expected credit losses on trade receivables, using provision matrices established on the basis of credit loss histories. The expected credit losses are assessed considering all reasonable and supportable information, including that which is forward-looking. The amount of credit losses (or reversal) is recognised in profit or loss, as an impairment gain or loss at the reporting date.

De-recognition of financial assets

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with substantially all the risks and rewards of ownership to a third party. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying value, the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

Financial liabilities and equity

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method, except for:

- (a) financial liabilities at fair value through profit or loss – these include derivatives that are liabilities which are subsequently measured at fair value.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when continuing involvement applies.
- (c) financial guarantee contracts to which (a) or (b) does not apply are subsequently measured as the higher of – the amount of loss allowance determined, or the amount initially recognised less the cumulative amount of income recognised.

- (d) commitments to provide a loan at below market interest rate to which (a) or (b) does not apply are subsequently measured as the higher of – the amount of loss allowance determined, or the amount initially recognised less the cumulative amount of income recognised.
- (e) contingent consideration recognised as an acquirer in a business combination which is measured at fair value through profit or loss.

Gains or losses on financial liabilities held through profit and loss are recognised in the statement of profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments

The Group enters into financial instruments to manage its exposure to fluctuations in foreign exchange rates, interest rates and commodity prices (including gas, coal, carbon certificates and electricity), including FX forwards, interest rate swaps, cross currency swaps and forward sales and purchases of energy or commodities. Further details of derivative financial instruments are disclosed in note 43.

Some contracts classified as “own use” are excluded from application of IFRS 9. Forward purchase and sale contracts for physical delivery of energy or commodities are considered to fall outside the scope of application of IFRS 9 when they are entered into as part of the Group’s normal business activity (“own use”). This is demonstrated to be the case when all the following conditions are fulfilled:

- a physical delivery takes place under all such contracts;
- the volumes purchased or sold under these contracts correspond to the Group’s operating requirements;
- the contracts cannot be considered as options as defined by the standard. In the specific case of electricity sale contracts, the contract is equivalent to a firm forward sale or can be considered as a capacity sale.

The Group considers that transactions negotiated with a view to balancing the volumes between electricity purchase and sale commitments are part of its normal business as an integrated electricity operator and are thus outside the scope of IFRS 9.

Derivatives and other financial instruments are measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivatives and other financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Changes in the fair values of derivative financial instruments that are designated as hedges of future cash flows are recognised directly in equity with any ineffective element being recognised immediately in the income statement, as explained further below.

The fair value of derivative financial instruments is also adjusted to account for counterparty risk. This is done through a credit value adjustment (CVA) or a debit value adjustment (DVA) depending on whether the financial instrument is an asset or liability. Where the financial instrument is an asset, a credit value adjustment is made which reflects the credit risk of the counterparty and where the financial instrument is a liability a debit value adjustment is made which accounts for the credit risk of the Group.

The use of derivatives and other financial instruments is governed by the Group’s policies and approved by appropriate management. The Group does not use derivatives and other financial instruments for speculative purposes.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges.

At inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on an on-going basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and is included within loss/gain on derivative commodity contracts for commodity contracts, and finance income or finance costs for financing instruments.

Amounts previously recognised in other comprehensive income and accumulated in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including short term deposits with a maturity date of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value from the date of acquisition and restricted cash. The Group operates a cash concentration arrangement which physically offsets cash balances and overdrafts between subsidiary companies. Cash pooling has been presented on a gross basis where the overdraft position of the cash pool is disclosed in the borrowings note-27.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale is presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the statement of financial position.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, described in note 2, the Directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

HPC – accounting for uncertain tax benefit of capital allowances

Due to the nature of the HPC project, judgement has been applied in analysing which assets qualify for capital allowances and at what rate those allowances are available. Depending on the nature of the expenditure tax relief can be obtained in the year of spend, spread out over a number of years, or not be obtained at all. The methodology used is based on experience of capital allowance claims relating to construction projects for nuclear and non-nuclear power stations; however, the HPC project is the first of a kind in the United Kingdom and hence there is no direct comparable against which the capital allowance claims can be benchmarked by EDF Energy or HMRC. As such we do not believe it is practicable to quantify the uncertainty at this point in time. A deferred tax asset of £222m (2022: £997m liability) in respect of accelerated capital allowances for HPC has been accounted for and is included the amounts disclosed in Note 31.

SZC – Capitalisation of costs pre FID

Management is required to make judgements in relation to the capitalisation of costs. This relates to both when amounts may begin to be capitalised, where there may be doubt about planning consent or the ultimate completion of the asset, and in relation to the nature of costs incurred. Judgement has been exercised in the year including in relation to:

- the assessment of assets in the course of construction, where judgement is exercised to determine, costs that are directly attributable to the assets under construction.
- when a project moves from the research phase (where costs must be expensed) to the development phase and hence may be capitalised as the future economic benefit of the project becomes probable and the principles of IAS 38 are considered and applied.

It is the strategy of EDF to construct low carbon nuclear new build power stations in the UK using the EPR technology. This technology is already being deployed at the power stations at Flamanville in France, at Taishan in China and at Hinkley Point C (HPC). Using the same technology, although adapted for UK regulatory requirements and site specifics, SZC will benefit from a series effect on standardisation of design, on construction and on operation. As a result of this replication approach, continued Shareholder investment and the Project achievements the Company feel it is appropriate to capitalise the pre-development costs of £1,284m as property, plant and equipment.

SZC – control assessment

For the application of IFRS 10, the Group uses judgment to assess control. At 31 December 2023, the UK Government owned 50.6% of the project and EDF owned the other 49.4%. Sizewell C is still fully consolidated in the Group's accounts, even though it now holds only a minority stake, as EDF has retained its rights in key project decisions. This situation could change between now and the final investment decision as a result, for example, of modifications to the project's governance in 2024, the outcome of the current equity funding processes, offers received from investors, and Sizewell C's growing independence of EDF for completion of the project.

Nuclear operations

The nuclear fleet is considered a single Cash Generating Unit (CGU) due to the interdependency of cash inflows as well as the level at which management monitors operations and takes decisions around continuing or disposing of the assets and operations.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end. This is calculated by reference to data received through the third party settlement systems, as described further below, together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on actual meter readings at the reporting date. A change in these assumptions of 2% would impact revenue by £32m.

Revenue is valued at average pence per unit, and any unbilled revenue is treated as an unbilled debtor. This figure is adjusted based on a judgement of the likelihood of collecting the outstanding debt based on historical data. At the year-end, unbilled energy income for the supply business was £1,606m (2022: £1,205m). Further detail on revenue is disclosed in note 4.

Nuclear decommissioning and spent nuclear fuel provisions

The consolidated financial statements include provision for the full cost of decommissioning the Group'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. Expected future costs of decommissioning are monitored to ensure that the provision remains at an adequate level. Further information about decommissioning and spent nuclear fuel provisions can be found in note 29. As the decommissioning provision is sensitive to a number of different assumptions including timing, cost and discount rate, changes in assumptions relating to these factors could affect the carrying amount of the provision. A +1% change in discount rate would result in a reduction to the provision of £1.4bn and a -1% change would result in an increase of £2.2bn. Any changes to the qualifying liabilities would result in an equal movement to the NLF receivable.

Pension

The pension surplus/(deficit) is calculated by independent qualified actuaries, based on certain actuarial assumptions. These actuarial assumptions are made to model potential future costs and benefits and include: life expectancy, rates of returns on plan assets, inflation, discount rate and expected retirement age. These assumptions are reviewed on an annual basis and may change based on current market data. Further information is available about pensions in note 42.

Goodwill and fixed asset impairment

The Group performs impairment testing of goodwill on an annual basis and on other assets where there is an indication of potential impairment. The impairment review involves a number of assumptions including discount rates, output values, asset lives and forward power prices. The long-term nature of the Group's assets and the unique and early stage nature of the Group's Nuclear New Build projects, increase the level of uncertainty involved. A goodwill impairment of £1,975m (2022: £434m) was recognised in the year and a fixed asset impairment of £8,736m (2022: (£239m)), was also recognised. Further detail on the assumptions used and sensitivity analysis in the calculation can be found in note 16.

Generation – useful economic lives of the nuclear operations fleet

The useful economic lives of the nuclear operations fleet are reviewed on at least an annual basis. This review is based on the lifetime management process which assesses the station lifetime based on current technical advice, economic assessment and engagement with key stakeholders. The group aligns the useful economic (UEL) lives with the station technical lifetime expectation.

As explained in the strategic report, the AGRs were designed with a nominal 25-year lifetime, and Sizewell B with a 40 year lifetime. However, with the aggregation of technical information, and operational and safety experience, it has been possible to revise the expected AGR lifetimes. Prior to EDF Energy ownership, the AGRs had been extended by an average of 10 years. Since British Energy was acquired by EDF, the AGRs have been further extended by an average of six years. The last extensions were formally declared following NDA approval in February 2016. Hartlepool and Heysham 1 were extended by a further five years, and Heysham 2 and Torness were extended by seven years.

In 2023, the Company declared a 2-year extension in the expected lifetimes of Hartlepool and Heysham 1 to 2026 (previously 2024) due to the slower degradation of their graphite cores. As the long term operation project is progressing, the useful economic life of Sizewell B has been reassessed and extended by 20 years to 2055 based on the operations to date, an international benchmark and the modern design of Sizewell B. Torness and Heysham 2 are expected to cease generation in 2028.

The impact of the 2-year life extension for Hartlepool and Heysham 1 in the year resulted in a reduction in the 2023 depreciation charge of £104m, a reduction in Nuclear Liabilities of £264m with an equal reduction in the Nuclear Liabilities receivable and an increase of £51m in the Unburnt fuel provision with an equal increase in Unburnt fuel asset.

Provisions for impairment of receivables

Allowances are made against expected credit losses on trade receivables and unbilled revenue. Expected credit losses are estimated based on applying a percentage provision rate to the aged debt book at the reporting date. The provision rates are based on the comparison of historical rates of collection compared to billing data and forward-looking information. The financial impact of this provision is disclosed in note 25.

The most significant variables in the expected credit loss provisioning calculation are the type and age of debt; separate recovery rates are calculated for each group of receivables. The Company reviews default rates regularly for each group of receivables.

A sensitivity analysis has been performed on the percentage of provision coverage. A 1% increase in the residential provision coverage will lead to an additional bad debt charge of £32m.

4. Revenue

An analysis of the Group's revenue is as follows:

	2023 £m	2022 £m
Sales to external customers (i)	18,501	13,700
Total revenue	18,501	13,700

The disaggregation of the Group's revenue is as follows:

	2023 £m	2022 £m
Revenue from energy supply contracts	18,501	13,684
Revenue from wholesale market services and other	-	16
Total revenue	18,501	13,700

(i) Since the beginning of the EBSS scheme on 1 October 2022, the Group has received funding of £1,314m from the Government. £664m of this balance primarily relates to funding received in 2023 (2022: £650m), out of which £1m is disclosed as restricted cash (2022: £223m), (note 23) and a corresponding liability is recognised on the Group's balance sheet (note 26) until the final reconciliation as the EBSS scheme ended on 31st March 2023. The Group has recognised £2,350m (2022: £1,084m) of revenue from the Government in 2023 for the EPG and EBRS scheme of which a total of £31m (2022: £226m), is recognised as a trade receivable on the balance sheet at the year-end date. EBRS scheme closed on 31st March 2023. See note 25 for more details. Further the Group has received funding of £25m in relation to the EDBS scheme in 2023.

5. Loss for the year

	2023	2022 (*Restated)
	£m	£m
Loss for the year was derived at after charging/(crediting) the following:		
Research and development costs	19	17
Personnel expenses (note 9)	619	611
Auditors' remuneration for audit services (see below)	5	4
Net foreign exchange losses (note 11)	6	4
Impairment of non- current asset (note 16)	10,711	353
Amortisation of intangible assets (note 18)	118	103
Depreciation of property, plant and equipment (note 19)	608	667
Depreciation of right-of-use asset (note 33)	15	10
Cost of inventories recognised as expense (note 24)	359	542
Loss on derivative commodity contracts	10	1
Fair value loss/(gain) on foreign currency derivatives (note 11 and 10)	8	(11)
Movement in onerous contract provision (note 29)	(46)	(35)
Electricity generator levy expense (EGL)	348	-

* Personnel expenses and Cost of inventories recognised as expense have been restated for 2022. Refer note 9 and note 24 for details.

The analysis of Auditor's remuneration is as follows:

	2023	2022
	£m	£m
Fees payable for the audit of the Company's and the Group's accounts	1.3	0.7
For the audit of the Company's subsidiaries pursuant to legislation	3.4	2.6
Total audit fees	4.7	3.3
Other non-audit services	-	0.2
Total non-audit fees	-	0.2
Total fees	4.7	3.5

6. Fuel, energy and related purchases

	2023 £m	2022 £m
Purchase of energy	8,963	7,705
Distribution and transmission	2,224	1,986
Renewable obligation certificates	1,139	1,057
CO ₂ emission certificates	26	29
Other energy related purchases	-	1
Industry levy claim (i)	-	(45)
Total fuel, energy and related purchases	12,352	10,733

- (i) Under Ofgem's regulatory framework, relevant costs incurred as a result of taking on customers from suppliers that have exited the energy market, will be recoverable through the industry levy. This claim has been accounted for in accordance with IAS 20 Government grants and offset against energy costs.

7. Net impairment of financial and contract assets

	2023 £m	2022 £m
Net movement in the expected credit loss (note 25)	308	122
Impairment losses recognised on trade receivables (i)	85	64
Total impairment on financial and contract assets	393	186

- (i) Receivables are generally written off once a period has elapsed since the final bill.

8. Directors' remuneration

In 2023, two Directors and one non-executive director received remuneration for services to the Group and their remuneration is disclosed below. The remaining Directors are remunerated by the ultimate parent company and do not receive any emoluments for services to the Group.

	2023 £m	2022 £m
Aggregate remuneration	2	2
Total remuneration	2	2

	2023 Number	2022 Number
Members of defined benefit pension scheme	1	1

	2023 £m	2022 £m
Remuneration payable to the highest paid Director was as follows:		
Aggregate remuneration	1	1
Total remuneration	1	1

The aggregate remuneration includes basic salary and amounts received under annual incentive schemes.

The remuneration of all Directors disclosed above will also be included in the financial statements of EDF Energy Limited for the year ended 31 December 2023.

The highest paid director is a member of the Company's defined benefit pension scheme and had accrued entitlements of £20,856 (2022: (restated) £20,347) under the scheme at the end of the year. There is no accrued lump sum.

9. Personnel expenses

Staff costs arising in the year, including Directors' emoluments were as follows:

	2023 £m	2022 (Restated) £m *
Wages and salaries	553	602
Social security costs	77	74
Other pension costs	120	123
Less: Capitalised costs	(131)	(188)
Total Personnel expenses	619	611

Not included in the above are payroll costs of £85m (2022: £55m) which have been capitalised in property, plant and equipment and £135m (2022: £113m) which have been recovered from the NLF.

* Comparative figures have been restated as result of reclassification between personal expenses and other operating expenses, please see note-1 for more information.

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

	2023	2022
	Number	Number
Generation business unit	5,196	5,125
Customers business unit	3,492	3,510
Nuclear New Build business unit	1,573	1,263
Technical Services business unit	257	318
Corporate and Steering functions	704	693
Total monthly average employees	11,222	10,909

10. Finance income

	2023	2022
	£m	£m
Interest on short term deposits	287	79
Other finance income	73	26
Pension scheme interest	33	44
Unwinding of discount on NLF receivable	810	1,733
Fair value gains on foreign currency derivatives	-	11
Total finance income	1,203	1,893

11. Finance costs

	2023	2022
	£m	£m
Interest on bank loans and overdrafts	194	37
Interest on bonds	8	25
Interest expense on leases	3	3
Unwinding of discount on provisions	68	33
Unwinding of discount on Nuclear Liabilities	813	1,740
Fair value losses of foreign currency derivatives	8	-
Foreign exchange losses	6	4
Other interest costs	67	16
Total finance costs	1,167	1,858
Less: Amounts capitalised	(2)	-
Total financing costs	1,165	1,858

Capitalised interest relates to interest expenses on leases entered in to for the purpose of constructing Nuclear New Build assets. The interest is capitalised within Assets under Construction in Property, Plant and Equipment.

12. Net exceptional costs

	2023 £m	2022 £m
Customers business unit	13	-
Generation business unit	(86)	(32)
Nuclear New Build business Unit	139	137
Total exceptional costs	66	105

In 2023, Customers business unit incurred £13m redundancy costs.

In 2023, included in the Generation business unit costs are past service pension credits in relation to capped inflationary increases £80m. The remaining £6m relates to partial release of Dungeness Capacity Market penalty provision in 2023. These are considered as one off credit in nature. In 2022, included in the Generation business unit costs are partial release of Dungeness Capacity Market provision £36m partly offset by increase in restructuring costs in line with station closure plans £4m.

In 2023, reflecting activities arising from the Nuclear New Build business unit, are one off expenses of £139m arising from the revised costing on the project. Also in 2022 a separate one off expense of £137m was incurred arising from the revised schedule for completion. These have been incurred by the EDF Energy Holdings Group and are not eligible for capitalization.

13. Tax on loss on ordinary activities

(a) Tax charge / (credited) in the consolidated income statement:

	2023 £m	2022 £m
Current tax		
UK corporation tax charge / (credit) on loss made in the year	493	(144)
Adjustments in respect of previous years' reported tax charges / (credits)	-	(49)
Total current tax charge / (credit) for the year	493	(193)
Deferred tax		
Current year (credit) / charge	(1,374)	376
Adjustments in respect of previous years' reported tax (credits) / charge	(62)	2
Effect of increased tax rate on opening liability	-	3
Total deferred tax (credit) / charge in the year	(1,436)	381
Income tax (credit) / charge reported in the income statement	(943)	188

(b) The tax on loss before tax for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%).

The charge/ (credit) for the year can be reconciled to the loss in the income statement as follows:

	2023	2022
	£m	£m
Loss before tax	(8,005)	(79)
Tax at the UK corporation tax rate of 23.5% (2022: 19.00%)	(1,881)	(15)
Effect of:		
Non-deductible impairment	928	-
Non-deductible Electricity Generator Levy	82	-
Non-deductible expenses and non-taxable income	72	157
Current year effect of deferred tax rate change	(82)	90
Impact of increased tax rate on opening deferred tax balance	-	3
Adjustment to prior-year corporation tax charge/ (credit)	-	(49)
Adjustment to prior-year deferred tax (credit) / charge	(62)	2
Income tax (credit) / charge reported in consolidated income statement	(943)	188

(c) Other factors affecting the tax (credit) / charge for the year

The accounting for deferred tax follows the accounting treatment of the underlying item on which deferred tax is being provided and hence is booked within equity if the underlying item is booked within equity.

In the current year a deferred tax charge of £364m (2022: credit of £1,020m) has been recognised in equity. This consists of a credit of £147m (2022: credit of £429m) in respect of pension movements and a charge of £511m (2022: credit of £588m) which relates to fair value movements arising on derivative instruments.

A current tax credit of £11m (2022: credit of £12m) has also been recognised in equity in respect of pension movements.

The closing deferred tax balance at 31 December 2023 has been calculated at 25% (2022: 25.00%). This is the average tax rate at which the reversal of the net deferred tax liability is expected to occur.

14. Dividends

	2023	2022
	£m	£m
Amounts recognised as distributions to equity holders in the period:		
Dividends paid by subsidiary to non-controlling interests	220	75
Total dividends	220	75

The dividend paid by subsidiary to non-controlling interest pertains to Nuclear Operations Business in 2023 and 2022, and Nuclear New Build Business in 2022.

15. Goodwill

	£m
At 31 December 2021	6,785
Impairment	(434)
At 31 December 2022	6,351
Impairment	(1,975)
At 31 December 2023	4,376

EDF Energy's gross goodwill amounted to £6.8 billion, in which there has been no change since December 2021. In 2023 a goodwill impairment charge of £1,975m (2022: £434m) was recognised, details of the goodwill impairment can be found in note 16.

16. Impairment of non-current assets

Breakdown of impairments recognised

	2023 £m	2022 £m
Impairment of property, plant and equipment	8,736	(239)
Impairment of goodwill	1,975	434
Impairment of Interest in associates	-	158
Total impairment charge	10,711	353

Impairment of property, plant and equipment

		2023 £m	2022 £m
Nuclear New Build	HPC	8,782	-
Gas storage	Reversal of impairment (Hill Top)	(46)	-
Nuclear operations	- Torness Land	-	103
	- Reversal of impairment	-	(342)
Total Impairment of property, plant and equipment		8,736	(239)

Nuclear Operations assets (plants in operation)

The recoverable value of EDF Energy's nuclear assets in operation is determined by discounting future cash flows over the assets' useful life. At 31 December 2023, this activity includes the Sizewell B PWR plant, assuming that it will remain in operation until 2055, the Torness and Heysham 2 AGR plants until March 2028, and the two AGR plants at Hartlepool and Heysham 1, where the end of operations has been delayed by two years to March 2026.

The forward market price forecasts on the short-term are significantly lower than the price levels used in impairment tests at the 2022 year-end. In addition to this unfavourable effect, there was an increase in the discount rate (from 6.9% to 7.7%), partly offset by an increase in long-term prices, the lower impact of the Electricity Generator Levy on low-carbon electricity producers (45% on revenues above £75/MWh between January 2023 and March 2028), and more significantly the favourable impact of the 2-year extension to the operating lifetimes of the Hartlepool and Heysham 1 plants. The test result thus

showed there is no need for impairment

Sensitivity tests were conducted on the assumptions to which this operating cash generating unit (CGU) is particularly sensitive, i.e., a -5% downturn in electricity prices or nuclear power output across the whole horizon or a 50bp increase in the discount rate. These sensitivities did not lead to any impairment, individually or in combination, all other things being equal.

Customers assets

The Sales and Supply operating cash generating unit was affected by the UK's energy market crisis in 2022. In 2023 there was a gradual return to normal market prices and margins recovered, particularly in the B2B (Business to Business) CGU. The taxation mechanisms applicable to energy producers (to protect consumers) continued in 2023 and will remain in force until 2028.

The recoverable value of the Sales and Supply CGU is lower than in 2022, largely due to the passage of time as 2023 was a year of substantial cash inflows and an exceptional gain on optimisation of nuclear power generation. This effect was partly counterbalanced by a 0.5% improvement in margins in the B2C (Business to Customer) CGU due to implementation of new regulations that protect suppliers from short-termism practices from competitors, over the whole duration of the test. This CGU remains relatively insensitive to price scenarios as wholesale energy costs are generally passed on to consumers over time.

Sensitivity analyses were conducted with major reductions in long-term margin rates and losses of market share. These analyses showed that this CGU is sensitive to these parameters, especially as it has few fixed assets (mainly information systems).

Impairment of interest in associates

	2023 £m	2022 £m
Bradwell Power Holding Company Limited	-	88
General Nuclear System Limited	-	70
Total impairment of interest in associates	-	158

Investment in the project Bradwell (Bradwell Power Holding Company Limited & General Nuclear System Limited) owned 80% by CGN was impaired in 2022 as it is no longer certain that the project will go ahead. See note 21 for further details.

Impairment testing of goodwill and HPC

EDF Energy's gross goodwill amounted to £6.8 billion including Pod Point at 31 December 2023 and mainly results from the takeover of British Energy in 2009. The Group tests goodwill for impairment by allocating it to a single group of cash-generating units (CGUs) comprising the whole of the EDF Energy consolidated business. At 31 December 2022, the updated impairment test led to recognition of partial impairment amounting to £434m.

On 23 January 2024, the Group announced that the schedule and cost for construction of the two nuclear reactors at Hinkley Point C had been revised, to update assumptions regarding the cost of civil engineering work and extension of the electromechanical work (MEH) phase, and the resulting consequences for the other islands. Three scenarios have been analysed:

- The first scenario around which the project is organised is targeting becoming operational in 2029. This schedule is based on a target productivity for the electromechanical work, which action plans are being drawn up to achieve.
- A second scenario (base case), which assumes certain risks inherent in the ramp-up of the electromechanical work and the testing schedule do materialise, would see Unit 1 operational in 2030.

- Finally, given the complexity of the project, an unfavourable scenario assuming a further 12-month risk materialises could lead to Unit 1 being operational in 2031.

The costs of completing the project are now estimated at between £31 billion and £34 billion in 2015 values. The cost of civil engineering and the longer duration of the electromechanical phase (and its impact on other work) are the two main reasons for this cost revision. If the risk of an additional delay of 12 months mentioned above in the final scenario does materialise it would result in an estimated additional cost of around £1 billion in 2015 values.

Scenarios were weighted for the test, such that they converge towards the baseline scenario which assumes that electricity generation by HPC Unit 1 will now start in 2030 instead of June 2027 as previously (and 2031 in the case of Unit 2 instead of June 2028 previously). This scenario incorporates the risk of an additional one-year deferral compared to the 120-month timetable scenario used for organisation and management of the project.

The recoverable value of EDF Energy is determined by discounting future cash flows over the assets' useful life, taking into consideration the two reactors with a 60-year operating lifetime currently under construction at the Hinkley Point site. Future cash flows from these plants are determined by reference to the Contract for Difference (CfD) between the Group and the UK Government. The CfD sets stable, predictable prices for EDF Energy for an initial period of 35 years from the date the two EPRs are first commissioned (this duration has been shortened by around 18 months due to the revised schedule): if market prices fall below the CfD exercise price, EDF Energy will receive an additional payment and vice versa. The CfD exercise price for HPC is set at £92.50/MWh (in 2012 sterling) and is indexed on UK inflation via the consumer price index (CPI) (£126/MWh in current sterling based on inflation rates available at 31 March 2023). Thus, for the operation period under the CfD, future cash flows include a long-term inflation assumption (initially 2.2%, then an average of 2.1% from 2050).

For the 25 years of operation after the CfD period, for which no forecasts exist for long-term UK electricity market prices, future cash flows include a very long-term inflation assumption of 2.1% and a price assumption based on the CfD exercise price of £92.50/MWh (in 2012 sterling), which is the best estimate of market price levels over this horizon in the absence of corresponding price scenarios.

The WACC determined for HPC is a hybrid rate that reflects the specificity of the cash flows being first regulated by the CfD, then exposed to market prices in subsequent years. The rate applicable to the project is 6.8% at 31 December 2023, 10bp higher than the 6.7% used in 2022. The WACC used to test EDF Energy goodwill takes account of the WACC applicable to each of the businesses (HPC, Nuclear assets (plants in operation), Sales and Supply). Given the respective importance of cash flows from each CGU, the overall WACC for EDF Energy goodwill is 6.9% at 31 December 2023, compared to 6.7% at 31 December 2022.

Based on these new fundamental assumptions and updates to other key assumptions such as the 10bp increase in WACC and the most recent foreign exchange and inflation data, the impairment test of the HPC project at 31 December 2023 identified impairment of £8,782 million at that date. This impairment is reversible if there is evidence of a significant recovery in the value of the asset, other than the effect of the passage of time on discounted cash flows.

Regarding the value of EDF Energy's goodwill, although EDF Energy's other parts of the business (Nuclear plants in operation, Sales and Supply) still show substantial headroom, it was lower than the previous year due to a market environment that was less favourable to their business. These effects therefore led to recognition of partial additional impairment of £1,975 million on EDF Energy's goodwill (including Pod Point) at 31 December 2023. This impairment is irreversible by nature.

Sensitivity analysis:

The book value of the HPC project, like the book value of EDF Energy's goodwill, remains sensitive to any unfavourable variation in assumptions. A 30bp increase in discount rates would have a negative impact of £(2) billion on recoverable value, while an equivalent decrease would have a favourable impact of £2.3 billion. A 20bp decrease in inflation rates after 2030 would have a negative impact of £(1.2) billion on recoverable value, while an equivalent increase would have a favourable impact of £1.3 billion.

17. Assets held for sale

At the end of December 2023, the Group decided to sell EDF Energy (Gas Storage) Limited and the criteria of IFRS 5 for reporting the disposal group as held for sale was met. This is on the basis that the disposal group is available for immediate sale in its present condition that is subject only to terms that are usual and customary for sales of the disposal groups, and the sale is highly probable. Immediately before the initial reclassification of the asset as held for sale, an impairment test has been performed in accordance with IAS 36 *Impairment of Assets* which resulted in the reversal of prior impairment to reflect the fair value at 31 December 2023. Subsequently, the assets and liabilities comprising the disposal group were classified as held for sale at 31 December 2023.

Details of the assets and liabilities of the disposal group at 31 December 2023 are shown below:

	£m
Non-current assets:	
PP&E	41
Deferred tax assets	15
Current assets:	
Inventories	18
Trade and other receivables	29
Assets classified as held for sale	103
Current liabilities:	
Other liabilities	(50)
Non-current liabilities:	
Provisions	(25)
Lease liabilities	(4)
Liabilities directly associated with assets classified as held for sale	(79)
Net assets classified as held for sale	24

The carrying value of the net assets classified as held for sale of £24m is based on its estimated fair value less costs to sell.

The transaction that resulted in the reclassification of assets held for sale at 31 December 2023 is expected to be completed during 2024.

18. Intangible assets

	IT software	Licence	Customer contracts	Customer relationship	Brand	Assets in the course of construction	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 January 2022 (*restated)	912	39	57	13	214	43	1,278
Additions	12	-	21	-	-	10	43
Disposals	(13)	-	-	-	-	-	(13)
Transfers	38	-	-	-	-	(38)	-
Reclass	-	-	-	-	-	5	5
At 31 December 2022 (*restated)	949	39	78	13	214	20	1,313
Additions	10	-	16	-	-	20	46
Disposals	(124)	-	-	-	-	-	(124)
Transfers	22	-	-	-	-	(22)	-
Asset held for sale reclass (note 17)	-	(39)	-	-	-	-	(39)
At 31 December 2023	857	-	94	13	214	18	1,196
Accumulated amortisation							
At 1 January 2022 (*restated)	(731)	(37)	(28)	(3)	(201)	-	(1,000)
Charge for the year	(82)	-	(20)	(1)	-	-	(103)
Disposals	12	-	-	-	-	-	12

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

At 31 December 2022 (*restated)	(801)	(37)	(48)	(4)	(201)	-	(1,091)
Charge for the year	(94)	-	(24)	-	-	-	(118)
Disposals	124	-	-	-	-	-	124
Asset held for sale reclass (note 17)	-	37	-	-	-	-	37
At 31 December 2023	(771)	-	(72)	(4)	(201)	-	(1,048)
Carrying amount							
At 31 December 2022 (*restated)	148	2	30	9	13	20	222
At 31 December 2023	86	-	22	9	13	18	148

*Management have reviewed the accounting policy for Renewable Obligations Certificates (ROC), in which ROC will be accounted for as inventories under IAS-2 going forward, please see note-1 for more information and impact assessment.

19. Property, plant and equipment

	Land and buildings	Network assets	Non-Nuclear Generation assets	Nuclear power stations	Other plant and equipment	Equipment and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost								
At 1 January 2022	545	10	1,632	9,519	1,256	158	15,827	28,947
Additions	-	-	-	-	-	4	3,964	3,968
Disposals	-	-	(3)	(1,142)	(87)	(17)	-	(1,249)
Revaluation of final core	-	-	-	-	-	-	-	-
Transfer	-	1	-	124	163	5	(293)	-
Reclass	-	-	-	(87)	-	-	(3)	(90)
At 31 December 2022	545	11	1,629	8,414	1,332	150	19,495	31,576
Additions	-	-	-	-	-	-	5,048	5,048
Disposals	(1)	(1)	-	-	(154)	(14)	-	(170)
Revaluation of final core	-	-	-	53	-	-	-	53
Transfers	-	2	-	113	279	4	(398)	-
Reclass	(2)	-	(5)	-	-	-	(7)	(14)
Asset held for sale reclass (note 17)	-	-	(17)	-	(316)	-	(2)	(335)
At 31 December 2023	542	12	1,607	8,580	1,141	140	24,136	36,158

	Land and buildings	Network assets	Non-Nuclear Generation assets	Nuclear power stations	Other plant and equipment	Equipment and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Accumulated depreciation and impairment								
At 1 January 2022	(422)	(7)	(1,632)	(6,362)	(743)	(130)	(5)	(9,301)
Charge for the year	(1)	-	-	(456)	(198)	(12)	-	(667)
Disposals	-	-	3	1,142	86	16	-	1,247
Reclass	-	-	(342)	342	-	-	-	-
Impairment (charge)/reversal (note 16)	(103)	-	342	-	-	-	-	239
At 31 December 2022	(526)	(7)	(1,629)	(5,334)	(855)	(126)	(5)	(8,482)
Charge for the year	(2)	(1)	-	(412)	(185)	(8)	-	(608)
Disposals	-	-	-	1	154	13	-	168
Impairment reversal/(charge) (note 16)	-	-	46	-	-	-	(8,782)	(8,736)
Asset held for sale reclass (note 17)	2	2	14	-	276	-	-	294
At 31 December 2023	(526)	(6)	(1,569)	(5,745)	(610)	(121)	(8,787)	(17,364)
Carrying amount								
At 31 December 2022	19	4	-	3,080	477	24	19,490	23,094
At 31 December 2023	16	6	38	2,835	531	19	15,349	18,794

19. Property, plant and equipment (continued)

Assets in the course of construction mainly relate to nuclear new build activities, of which the amount capitalised in relation to Hinkley Point C is £14,103m at 31 December 2023 (2022: £18,806m). The recoverability of the balance of assets in the course of construction relating to HPC at 31 December 2023 is dependent upon the forecast profitability of HPC, where an impairment charge of £8,782m related to the project has been incurred further is disclosed in note 16.

A right-of-use depreciation charge of £15m is capitalised within additions for the year relating to the amortisation of the restoration provision within the right-of-use asset. Refer note 33 for more information.

The net assets of Gas Storage business are classified as held for sale of £41m, where as a result a £46m impairment reversal has been recognised. Please see note 17 for more information.

Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 December 2023 was £1.6m (2022: £0.3m). The rate used to determine the amount of borrowing costs eligible for capitalisation is the EIR (Effective interest rate) of each specific borrowing.

20. Financial assets

	Non-current		Current	
	2023	2022	2023	2022 * (Restated)
Loans receivable carried at amortised cost				
Loans to associates (i),(ii) (iii)	357	306	60	-
Loans to parent company (iv)	2,800	2,800	117	41
Loans to third party	-	1	-	-
Provision against loan to third party	-	(1)	-	-
Total financial assets	3,157	3,106	177	41

* Prior year figures have been represented as the £41m interest accrual was related to loans to parent company rather than loans to associates and moved from non-current to current.

(i) In 2023, an additional £130m loan was advanced to EDF Energy Renewables Limited at 3.5% (2022: 2%) plus SONIA in relation to working capital funding, which will mature in 2028.

(ii) In 2023, a further amount of £12m (€15m) (2022:£10m (€11.7m)) was advanced to EDF Renewables Ireland at 3-month EURIBOR plus 2% in relation to any matters related to the advancement of future development in Ireland, with the total balance of £58m (€66m) maturing in January 2024.

(iii) In 2023 the loan facility to Dalkia UK was £15m (2022: £23.4m). The interest rate on the facility increased to 5.7% in 2023 (2022:1.2%). The facility will mature in 2025.

(iv) In 2022, an loan of £2,235m was advanced to EDF S.A at compounded daily SONIA plus 0.4644% as part of the financial support package given to the EDF Group of the Electricity Supply Pension, which will mature in 2101. In January 2024, the facility has been changed and the maturity date is changed to 23 December 2071. Movement in the year is in relation to accruals on interest receivable.

21. Interest in associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with IFRS.

	Energy Services Limited		Bradwell Power Group		EDF Energy Renewables group	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m
Non-current assets	185	205	331	335	1,387	1,305
Current assets	160	289	6	8	537	511
Non-current liabilities	(20)	(23)	-	-	(689)	(599)
Current liabilities	(221)	(381)	(68)	(74)	(508)	(365)
Net assets	104	90	269	269	727	852
Equity attributable to owners of the company	52	45	179	179	243	250
Non-controlling interest – Group share of equity	52	45	90	90	286	322
Non-controlling interest – Other	-	-	-	-	198	280
Sales	639	693	4	4	221	259
Profit/(loss) for the year	14	10	(9)	-	(48)	72
Group's share of profit/(loss) for the year	7	5	(2)	-	(36)	-
Dividend received from associate during the year	-	-	-	-	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	Energy Services Limited		Bradwell Power Holding Company Limited		EDF Energy Renewables group	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m
Net assets of associate	104	90	269	269	727	852
Group's ownership interest	52	45	88	90	286	322
Impairment of Associate (i)	-	-	(88)	(88)	-	-
Carrying amount of the Group's interest	52	45	-	2	286	322

Aggregate information of associates that are not individually material:

	2023 £m	2022 £m
The Group's share of loss from operations	(3)	(3)
Aggregate carrying amount of the Group's interest in associates	2	73
Impairment of Associate (i)	-	(70)

- (i) Investment in the project Bradwell owned 80% by CGN was impaired in 2022 as it is no longer certain that the project will go ahead.

Total of all associate balances:

	2023 £m	2022 £m
The Group's share of (loss)/profit from operations	(34)	2
Aggregate carrying amount of the Group's interest in associates	340	372

Details of the Group's associates at 31 December 2023 are detailed below:

Name of associate	Principal Activity	Ownership Rights %	Voting Rights %
Lewis Wind Power Holdings Limited(1)	Holding company	24.50%	24.50%
Stornoway Wind Farm Limited(1)	Renewable energy generation	24.50%	24.50%
Clash Gour Windfarm Holdings Limited(1)	Holding company	49.00%	49.00%
Dallas Windfarm Limited(1)	Renewable energy generation	49.00%	49.00%
Altyre II Windfarm Limited(1)	Renewable energy generation	49.00%	49.00%
Dunphail Windfarm Limited(1)	Renewable energy generation	49.00%	49.00%
Dunphail II Windfarm Limited(1)	Renewable energy generation	49.00%	49.00%
Dunphail Windfarm Partnership LLP(1)	Renewable energy generation	49.00%	49.00%
EDF Energy Renewables Limited(8)	Renewable energy generation	49.00%	49.00%
Fallago Rig II Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
Near Na Gaoithe Offshore Wind Limited(1)	Renewable energy generation	24.50%	24.50%
Rowan Onshore Windfarms Limited(8)	Renewable energy generation	24.99%	24.99%
Fairfield Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Boundary Lane Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Walkway Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Teesside Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

EDF Renewables Solar limited(8)	Renewable energy generation	49.00%	49.00%
NNG Windfarm Holdings limited(1)	Renewable energy generation	24.50%	24.50%
Longpark Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Roadie Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Burnhead Moss Wind Farm Limited(8)	Renewable energy generation	24.99%	24.99%
EDF Energy Renewables Holdings Limited(8)	Holding company	24.99%	24.99%
Barmoor Wind Power Limited(8)	Renewable energy generation	24.99%	24.99%
Park Spring Wind Farm Limited(8)	Renewable energy generation	24.99%	24.99%
Corriemoillie Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Dorenell Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Beck Burn Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Pearie Law Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Cemmaes Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Llangwryfyon Windfarm Limited(8)	Renewable energy generation	24.99%	24.99%
Great Orton Windfarm II Limited(8)	Renewable energy generation	24.99%	24.99%
High Hedley Hope Wind Limited(8)	Renewable energy generation	24.99%	24.99%
Stranoch Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
EDF Renewables Community Investment Limited(8)	Renewable energy generation	49.00%	49.00%
Longfield Solar Energy Farm Limited(8)	Renewable energy generation	49.00%	49.00%
Porth Wen Solar Limited(8)	Renewable energy generation	49.00%	49.00%
Gwynt Glas Offshore Wind Farm Limited(8)	Renewable energy generation	49.00%	49.00%
Beechgreen Energy farm Limited(8)	Renewable energy generation	49.00%	49.00%
Pivot Power Limited(8)	Renewable energy generation	49.00%	49.00%
Pivot Power (Holding) Limited(8)	Renewable energy generation	49.00%	49.00%
Pivot Power Battery Co. Limited(8)	Renewable energy generation	49.00%	49.00%
Pivot Power Wire Co Limited(8)	Renewable energy generation	49.00%	49.00%
Pivoted Power LLP(8)	Renewable energy generation	49.00%	49.00%
Kirkheaton Wind Limited(8)	Renewable energy generation	24.99%	24.99%
EDF ER Development Limited(8)	Renewable energy generation	49.00%	49.00%

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

Camilty Windfarm Limited(15)	Renewable energy generation	49.00%	49.00%
Cloich Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
Heathland Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
Newcastleton Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
Tinnisburn Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
Wauchope Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
West Benhar Windfarm Limited(8)	Renewable energy generation	49.00%	49.00%
Camilty Windfarm Partnership LLP(15)	Renewable energy generation	49.00%	49.00%
Cloich Windfarm Partnership LLP(8)	Renewable energy generation	49.00%	49.00%
Heathland Windfarm Partnership LLP(8)	Renewable energy generation	49.00%	49.00%
Newcastleton Windfarm Partnership LLP(8)	Renewable energy generation	49.00%	49.00%
Tinnisburn Windfarm Partnership LLP(8)	Renewable energy generation	49.00%	49.00%
Wauchope Windfarm Partnership LLP(8)	Renewable energy generation	49.00%	49.00%
West Benhar Windfarm Partnership LLP(8)	Renewable energy generation	49.00%	49.00%
EDF Renewables Ireland Ltd(9)	Renewable energy generation	49.00%	49.00%
EDF Renewables Ireland Energy farm Holding Limited(9)	Renewable energy generation	49.00%	49.00%
Curraghmartin Solar Limited(9)	Renewable energy generation	49.00%	49.00%
Stamullen Solar Limited(9)	Renewable energy generation	49.00%	49.00%
TDC Community Solar Park Limited(9)	Renewable energy generation	49.00%	49.00%
Willville Solar Limited(9)	Renewable energy generation	49.00%	49.00%
Blusheens Solar Limited(9)	Renewable energy generation	49.00%	49.00%
Ballycarren Solar Limited(9)	Renewable energy generation	49.00%	49.00%
Coolroe Solar Limited(9)	Renewable energy generation	49.00%	49.00%
EDF EN Services UK Limited(8)	Renewable energy generation	49.00%	49.00%
Ashgreen Energyfarm Limited(8)	Renewable energy generation	49.00%	49.00%
EDF Renewables Hydrogen Limited(8)	Renewable energy generation	49.00%	49.00%
Springwell Energyfarm Limited(8)	Renewable energy generation	30.63%	30.63%
Rosefield Energyfarm Limited(8)	Renewable energy generation	24.99%	24.99%
EDF Energy Services Limited	Development of generation and supply	50.00%	49.00%

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

The Barkantine Heat and Power Company Limited(2)	Generation and supply of heat and electricity	50.00%	49.00%
Imtech Engineering Services North Ltd(3)	Development of generation and supply	50.00%	49.00%
Imtech Engineering Services London and South Ltd(3)	Development of generation and supply	50.00%	49.00%
Imtech Aqua Lt(3)	Development of generation and supply	50.00%	49.00%
Imtech Aqua Building Services Ltd(3)	Development of generation and supply	50.00%	49.00%
Imtech Aqua Controls Ltd(3)	Development of generation and supply	50.00%	49.00%
ESSCI Technical Facilities Management Limited(2)	Development of generation and supply	50.00%	49.00%
Inviron Property Limited(5)	Development of generation and supply	50.00%	49.00%
Imtech Aqua Maintenance Ltd(5)	Development of generation and supply	50.00%	49.00%
Capula Group Limited(6)	Development of generation and supply	50.00%	49.00%
Capula Limited(6)	Development of generation and supply	50.00%	49.00%
ESSCI Ireland Limited(2)	Development of generation and supply	50.00%	49.00%
Breathe Asset Management Services Ltd(2)	Management of energy assets	50.00%	49.00%
Bradwell Power Holding Company Limited(4)	Holding company	33.50%	33.50%
Bradwell Power Generation Company Limited(4)	Development of generation and supply	33.50%	33.50%
General Nuclear System Limited(4)	Development of generation and supply	33.50%	33.50%
Solar Advanced Systems Limited(8)	Dormant company	49.00%	49.00%
The Ethical Renewable Company Limited(8)	Dormant company	49.00%	49.00%
Shelloch Windfarm Limited(15)	Dormant company	49.00%	49.00%
Troston Windfarm Limited(16)	Dormant company	49.00%	49.00%
Wicklow Windfarm Holdings Limited(9)	Renewable energy generation	38.22%	38.22%
Codling Holdings Limited(13)	Renewable energy generation	19.11%	19.11%
Codling Wind Park Limited(13)	Renewable energy generation	19.11%	19.11%
Codling Wind Park III Limited(13)	Renewable energy generation	19.11%	19.11%
Western Star Wind Limited(14)	Renewable energy generation	24.50%	24.50%
Emerald Offshore Wind Limited(14)	Renewable energy generation	24.50%	24.50%
Dalkia Group Limited(2)	Development of generation and supply	50.00%	49.00%
Dalkia Engineering Holding Limited(2)	Development of generation and supply	50.00%	49.00%
Dalkia Energy Services Ltd(2)	Energy management services	50.00%	49.00%
Dalkia UK Holding Limited(2)	Development of generation and supply	50.00%	49.00%

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

Dalkia Operations Holding Limited(10)	Holding company	50.00%	49.00%
DK Low Carbon Solutions Ltd(3)	Development generation supply	50.00%	49.00%
Dalkia Engineering Ltd(3)	Development of generation and supply	50.00%	49.00%
Dalkia Facilities Holdings Limited(5)	Holding company	50.00%	49.00%
Dalkia Facilities Limited(7)	Development of generation and supply	50.00%	49.00%
Environmental Engineering Limited(10)	Holding company	50.00%	49.00%
Dalkia Operations Limited(10)	Development of generation and supply	50.00%	49.00%
DK WHS Limited(10)	Development of generation and supply	50.00%	49.00%
Dalkia Scotshield Limited(11)	Development of generation and supply	50.00%	49.00%
Power and Nuclear UK Limited(10)	Dormant company	50.00%	49.00%
Leven Energy Services Limited(10)	Development of generation and supply	50.00%	49.00%
Dalkia Facilities Northern UK Limited(10)	Development of generation and supply	50.00%	49.00%
MSS Clean Technology Limited(10)	Technical services	50.00%	49.00%
Environmental Engineering (UK) Limited(10)	Development of generation and supply	50.00%	49.00%
Medical & Scientific Structures Limited(10)	Dormant company	50.00%	49.00%
Dalkia Ireland Limited(12)	Development of generation and supply	50.00%	49.00%

All associates are all held indirectly except EDF Energy Renewables Limited and EDF Energy Services Limited.

- 1 Atria One, 144 Morrison Street, Edinburgh, Scotland, EH3 8EX
- 2 Twenty, Kingston Road, Staines-Upon-Thames, England, TW18 4LG
- 3 G&H House, Hooton Street, Carlton Road, Nottingham, England, NG3 5GL
- 4 5th Floor Rex House, 4-12 Lower Regent Street, London, United Kingdom, SW1Y 4PE
- 5 3160 Solihull Parkway, Birmingham Business Park, Birmingham, England, B37 7YN
- 6 Orion House, Unit 10 Walton Industrial Estate, Stone, Staffordshire, ST15 0LT
- 7 5th Floor, John Stow House, Bevis Marks, London, England, EC3A 7JB
- 8 Alexander House 1 Mandarin Road, Rainton Bridge Business Park, Houghton Le Spring, Sunderland, England DH4 5RA
- 9 3 Dublin Landings, North Wall Quay, Dublin, D01 C4E0, Ireland
- 10 1 Old Park Lane, Urmston, Manchester, England, M41 7HA
- 11 1 Rutherglen Links, Rutherglen, Glasgow, Scotland, G73 1DF
- 12 Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2, Dublin, Ireland
- 13 Units 15/16 The Courtyard, Carmanhall Road Sandyford Dublin 18, Sandyford, Dublin, Ireland
- 14 Woodbine Hill, Youghal Co. Cork, Youghal, Cork, Ireland
- 15 1st Floor, Sackville House, 143-149 Fenchurch Street, London, England, EC3M 6BL
- 16 2nd Floor, Sackville House, 143-149 Fenchurch Street, London, England, EC3M 6BL

Unless stated otherwise, the registered address of the associates listed above is 90 Whitfield Street, London, W1T 4EZ.

22. NLF and nuclear liabilities receivable

	At 31 December 2023			At 31 December 2022		
	Non-Current	Current	Total	Non-Current	Current	Total
	£m	£m	£m	£m	£m	£m
Nuclear liabilities receivable	275	86	361	330	103	433
NLF receivable	10,051	974	11,025	10,745	1,238	11,983
Total NLF and Nuclear liabilities receivable	10,326	1,060	11,386	11,075	1,341	12,416

The NLF receivable asset represents amounts that will be reimbursed by the NLF in respect of the qualifying nuclear liabilities recognised at the balance sheet date.

The nuclear liabilities receivable asset represents amounts due under the historical British Nuclear Fuels Limited contracts which will be reimbursed by the UK Government.

23. Cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and in hand	614	707
Restricted cash	1	223
Short-term deposits	1,271	33
Cash pooling with parent company	1,578	1,626
Total cash and cash equivalents	3,464	2,589

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Restricted cash of £1m (2022: £223m) represent funds received in advance under the Energy Bill Support Scheme as at 31 December 2023. The amount is held within a restricted bank account and the amount is not available to finance Group's day-to-day operations until rebate is provided to customers.

Short-term deposits are made for varying periods up to 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents equates to the carrying amount.

The Group participates in a cash management program with Electricite de France SA, whereby the Group agrees to pool surplus liquidity with Electricite de France SA. The purpose of the cash pooling arrangement is to allow for the optimal management of credit and investment of cash surpluses between the Group and Electricite de France SA. The terms of the agreement are similar to a typical bank account in that the Group retains control of the funds and the centralising company (Electricite de France) shall not interfere with the Company's payment instructions and is responsible for ensuring that the funds are available as and when required by the Group. Cash pooling has been presented on a gross basis where the overdraft position of the cash pool is disclosed in note-27.

The Group cash balance includes £18m (2022: £14m) of cash which must be maintained as a minimum cash balance in some entities, in accordance with contractual obligations with financial institutions.

24. Inventories

	2023 £m	2022 £m * (Restated)
Raw materials and consumables	189	275
Renewable obligations certificates	315	338
Nuclear fuel	1,239	1,124
Other nuclear fuel and uranium	370	386
Work in progress	6	12
Provision on inventories of raw material	(103)	(108)
Total inventories	2,016	2,027

The cost of inventories recognised as an expense during the year in respect of continuing operations was £359m (2022 restated: £542m). The cost of inventories recognised as an expense has been increased by £4m (2022: £12m) in respect of the write-downs of inventory to net realisable value.

Inventories of £1,291m (2022: £1,224m) are expected to be held for a period of over 12 months largely relating to nuclear fuel inventory.

* Management have reviewed the accounting policy for Renewable Obligations Certificates (ROC), in which ROC will be accounted for as inventories under IAS-2 going forward, please see note-1 for more information and impact assessment.

25. Trade and other receivables

	2023 £m	2022 £m
Trade receivables (i)	2,052	2,351
Receivable from Government (ii)	-	226
Expected credit loss (iv)	(652)	(357)
Unbilled revenue (iii)	1,606	1,205
Other debtors	226	229
Value added tax debtor	-	8
Advance payments	65	56
Amounts owed by other group companies	-	1
Total trade and other receivables	3,297	3,719

- i. The majority of trade receivables are non-interest bearing and are generally on 14-day terms for residential customers. Interest is applied to major accounts when the accounts become overdue. For further information relating to related party receivables, refer to note 44. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables do not contain a financing component and are stated at their nominal value. At each reporting period an assessment is made to determine whether there has been a significant

increase in the credit risk of the trade receivables. The carrying amount of residential receivables in 2023 was £498m (2022: £505m) and business receivables in 2023 was £595m (2022: £505m), this represents the receivable and provision of billed debt.

- ii. This represents amount receivable in relation to the Energy Price Guarantee (EPG) and Energy Bill Relief Scheme (EBRS).
- iii. Unbilled revenue receivable is presented net of expected credit loss of £43m (2022: £21m).
- iv. Movement in the expected credit losses on trade receivables:

	2023 £m	2022 £m
At 1 January	357	235
Amounts recovered during the year	(2)	(1)
Increase in allowance recognised in the income statement	310	123
Unbilled debtor adjustment	(13)	-
At 31 December	652	357

The Group applies IFRS 9's simplified approach to measure expected credit losses on trade receivables, using provision matrices established using an unbiased probability-weighted amount based on a range of possible outcomes and reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions.

The ageing of debt is as follows:

2023 Ageing	Gross trade receivables overdue £m	Expected credit loss £m	Net trade receivables overdue £m
Not yet due	705	(82)	619
Overdue by up to 6 months	649	(137)	516
Overdue by 6-12 months	250	(134)	116
Overdue by more than 12 months	448	(299)	149
Total	2,052	(652)	1,400

2022 Ageing (restated*)	Gross trade receivables overdue £m	Expected credit loss £m	Net trade receivables overdue £m
Not yet due	359	(48)	311
Overdue by up to 6 months	408	(82)	326
Overdue by 6-12 months	165	(66)	99
Overdue by more than 12 months	385	(162)	223
Total	1,317	(358)	959

Expected credit losses have been established against these balances to the extent that they are not considered recoverable, and in accordance with the Group's policy on measurement of loss allowances. See note 2 for further details on measurement of loss allowances and credit risks.

* Prior year disclosures are restated to reflect the ageing of the expected credit loss against not yet due receivables. The ageing buckets have been revised to align with group disclosures.

26. Other liabilities

	2023 £m	2022 £m
Trade creditors (i)	3,156	3,944
Other payables	328	398
Value added tax creditor	62	-
Accruals	562	564
Contract liabilities (ii)	1	223
Nuclear liabilities (note 30)	86	103
NLF liabilities	16	15
Total other liabilities due within one year	4,211	5,247
Contingent consideration	1	1
Nuclear liabilities (note 30)	275	330
NLF liabilities	55	65
Unfunded pension scheme	13	11
Total other liabilities due after one year	344	407
Total other liabilities	4,555	5,654

(i) Trade creditors are non-interest bearing and are normally settled on 30 to 60-day terms, with the exception of energy purchases which are usually settled on market terms within 14 days. Other payables are non- interest bearing.

(ii) Contract liabilities of £1m (2022: £223m) represent restricted funds received in advance under the Energy Bill Support Scheme (EBSS) until the final reconciliation as the EBSS scheme ended on 31st March 2023.

27. Borrowings

	2023 £m	2022 £m
Current		
Cash pooling with parent company- overdraft	160	-
Bank overdraft	-	4
EDF SA loan (ii)	-	549
€800m Eurobond due June 2023 (iii)	-	710
HMG Grant for SZC (viii)	100	-
EDF Energy UK Loan (v)	53	-
Total borrowings due within one year	313	1,263
Non-current		
£101m Bradwell B land deposit (iv)	101	101
EDF Energy UK Loan (v)	683	41
Triodos bank loan (vi)	3	5
EDF SA Pension loan (vii)	1,335	1,335
HMG Grant for SZC (viii)	-	100
Total borrowings due after one year	2,122	1,582
Total borrowings	2,435	2,845

- (i) £160m represents the overdraft position of the cash pooling between EDF Energy Limited and its subsidiaries.
- (ii) On 31 March 2017, the company entered into a £400m facility with EDF SA which has been renegotiated in subsequent years and was increased in 2022 to £1,000m. During 2023, the drawn amount of £549m was settled and the facility was extended and reduced to £200m on the 18 December 2023. The facility has an interest rate of 1.23% plus mid swap SONIA and matures on 18 December 2024. The facility is currently undrawn.
- (iii) On 27 June 2013, a ten-year Eurobond was entered into for €800m with fixed interest rate of 2.8% and which was subsequently converted to sterling via a cross currency swap with EDF SA of value £682m with fixed interest payable at 3.6%. The bond was carried at the sterling equivalent of EUR 800m at the balance sheet date. In 2023, the bond was settled and replaced by a £683m loan with EDF Energy (UK) Limited (see iv).
- (iv) On 1 March 2017, Bradwell B paid deposits of £21m to Northern Power Limited and £80m to EDF Energy Development Company Limited to purchase land. These deposits incur interest at a fixed rate of 3.76% per annum over a 30-year period and is unsecured, which is paid by the Group. This deposit matures on 1 March 2047.
- (v) During 2023, EDF Energy UK Limited provided a GBP Loan to EDF Energy Holdings Limited of £683m (equivalent to EUR 800m at the start date). This arrangement at EDF Energy UK level replaces the previous Eurobond arrangement in 2022. This loan has annual interest at 6.87% and matures on 30 June 2028.

In December 2020 EDF Energy (UK) Limited entered into a facility with the Group to fund the future development of EDF Renewables Ireland Limited, which has been extended in subsequent years. This facility matures in January 2024. At December 2022, £41m (EUR 48m) was drawn against this facility. In 2023, a further net £12m (EUR 15m) was advanced. This loan attracts interest at 3-month EURIBOR plus 2%.

- (vi) Pod Point Asset One Ltd secured a loan with Triodas bank to support the installation of EV charge points. £3.5m received on 13 March 2021 has annual interest at 3.546% and matures on 31 December 2025. £1.2m received on 1 July 2022 has annual interest at 4.969% and matures on 30 December 2027. £1.5m received on 29 September 2023 has annual interest at 6.366% and matures on 30 June 2028. Total loan repayment during the period amounts to £2.8m.
- (vii) During 2022, EDF SA provided a pension loan facility of £1,335m to the Group. This loan has annual interest at 0.92% plus Sonia. The facility will mature in December 2101. In January 2024, the facility has been changed and the maturity date is changed to 23 December 2071.
- (viii) In 2022, HMG officially committed towards the SZC project on 29 November 2022, where £100m was received as a grant towards the SZC project in 2022 and is repayable in March 2024.

28. Derivative financial instruments

	2023 £m	2022 £m
Current		
Derivatives that are designated in a cash flow hedge:		
- Commodity purchase contracts	(495)	(2,880)
- Cross currency swaps	-	27
Derivatives at fair value through profit and loss (FVTPL):		
- Commodity purchase contracts	(8)	(2)
- Foreign currency forward contracts	-	7
Total current derivative financial instruments	(503)	(2,848)
- Current assets	259	654
- Current liabilities	(762)	(3,502)
Non-current		
Derivatives that are designated in a cash flow hedge:		
- Commodity purchase contracts	(490)	(158)
Derivatives at fair value through profit and loss (FVTPL):		
- Commodity purchase contracts	(4)	-
- Foreign currency forward contracts	-	1
Total non-current derivative financial instruments	(494)	(157)
- Non-current assets	39	330
- Non-current liabilities	(533)	(487)

Further details of derivative financial instruments are provided in note 43. The change in fair value of derivatives related to commodity purchases classified at fair value through the income statement is separately disclosed on the face of the consolidated income statement.

29. Provisions

The movements in provisions during the current year are as follows:

	1 January 2023	Arising in the year	Utilised in the year	Released in the year	Transferred in the year	Unwinding of discount	31 December 2023
	£m	£m	£m	£m	£m	£m	£m
Obligations under UK emissions trading	8	-	(8)	-	-	-	-
Renewable obligation certificates	833	1,183	(1,136)	-	-	-	880
Decommissioning on non-nuclear stations	95	-	(20)	(12)	(25)	3	41
Restructuring costs	31	15	(20)	-	-	-	26
Nuclear liabilities (note 30)	11,921	-	(570)	(1,182)	-	777	10,946
Provision for unburnt fuel at station closure	1,002	50	-	-	-	52	1,104
Onerous contracts	61	-	-	(46)	-	-	15
Other contracts	73	160	(24)	-	-	-	209
Restoration provision	-	104	-	-	-	5	109
Total provisions	14,024	1,512	(1,778)	(1,240)	(25)	837	13,330

	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
	£m	£m	£m	£m	£m	£m
Obligations under UK emissions	-	-	-	8	-	8
Renewable obligation certificates	880	-	880	833	-	833
Decommissioning on non-nuclear stations	18	23	41	14	81	95
Restructuring costs	20	6	26	14	17	31
Nuclear liabilities (note 30)	852	10,094	10,946	1,119	10,802	11,921
Provision for unburnt fuel at station closure	-	1,104	1,104	-	1,002	1,002
Onerous contracts	10	5	15	59	2	61

Other contracts	33	176	209	51	22	73
Restoration provision	-	109	109	-	-	-
Total provisions	1,813	11,517	13,330	2,098	11,926	14,024

Provisions related to environmental scheme include the following:

- The provisions for obligations under UK emissions which represent the certificates required to cover the Group's carbon emissions for the 2022/23 period and is utilised in 2023.
- The provision for renewable obligations certificates is required to cover the Group's obligations to supply its customers with prescribed amounts of electricity generated from renewable energy sources.

The decommissioning provision for non-nuclear generation assets relate to Cottam, West Burton A power station. This provision has been calculated on a discounted basis with the discount unwound over the remaining period to decommissioning till 2047.

The restructuring provision covers the costs of severance related to restructuring which has been announced to impacted employees. It is expected to be utilised in 2024 and beyond.

Due to the nature of the nuclear fuel process, certain costs have been committed in relation to the 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 provision. Any adjustment to the provision is recorded through property, plant and equipment and depreciated over remaining station life. A review of the provision was carried out in the year resulting in an increase in the assumption of average unburnt reactor cores from 38.4% to 39.3%.

Onerous contract provision covers the unavoidable losses incurred on fixed-price wind electricity purchase contracts. An amount of £44m of the provision has been released following re-estimation during the year.

Provision for other contracts comprise provision for legal costs and estimated future costs of dilapidation on leased properties. Also, included in other contracts is a provision transfer of £25m relating to Gas Storage assets classified as held for sale at the end of December 2023. Refer note 17 for further information.

The Group has land restoration obligations following the end of its construction activities, on leasehold land, which are based on the Group's landscape management plans in compliance with its lease arrangements. During the current year, a £104m provision for land restoration has been recognised based on the best estimate of the expenditure required to settle the present obligation.

30. Nuclear liabilities

Restructuring Agreements were originally entered into on 14 January 2005 as part of the restructuring of the former British Energy Group of companies (hereafter referred to as "the EDF Energy Nuclear Generation Group") carried out from 2002 under the authority of the UK Government in order to stabilise the financial situation of the EDF Energy Nuclear Generation Group.

By virtue of these restructuring agreements:

- the Nuclear Liabilities Fund ("NLF"), an independent trust set up by the UK Government as part of the restructuring, agreed (at the direction of the Secretary of State) to fund, to the extent of its assets: (i) qualifying uncontracted nuclear liabilities (including liabilities in connection with the management of spent fuel at the Sizewell B power station); and (ii) qualifying costs of decommissioning in relation to the existing nuclear power stations owned and operated by EDF Energy Nuclear Generation Limited;

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

- the Secretary of State agreed to fund:(i) qualifying uncontracted nuclear liabilities (including liabilities in connection with the management of spent fuel at the Sizewell B power station) and qualifying costs of decommissioning, in each case in relation to the existing nuclear power stations owned and operated by EDF Energy Nuclear Generation Limited, to the extent that they exceed the assets of NLF; and (ii) subject to a cap of £2,185 million (in December 2002 monetary values, adjusted accordingly), qualifying contracted liabilities for the EDF Energy Nuclear Generation Group's spent fuel (including in particular liabilities for management of AGR waste from spent fuel loaded prior to 15 January 2005); and
- EDF Energy is responsible for funding certain excluded or disqualified liabilities (mainly liabilities incurred in connection with the event of an unsafe or careless operation of the power stations) and the potential associated obligations of its subsidiaries to the NLF and the Secretary of State are guaranteed by the principal members of the EENGG.

On 23 June 2021 EDF and the UK government signed an update to the Agreements, confirming that:

- EDF will conduct the defueling activities (with a related incentive mechanism) in their entirety, and will recover all related qualifying costs from the Nuclear Liabilities Fund (NLF), and
- formally stipulating that after the defueling phase, ownership and responsibility for the AGR plants will be transferred to the NDA, which will then take charge of decommissioning and bear the associated costs.

The signature of these agreements has no accounting consequences for decommissioning provisions or the receivable representing reimbursements to be made by the NLF and the UK government at December 2023. Nuclear decommissioning liabilities and the associated assets will be de-recognised during the agreement's operational implementation phase.

	Radioactive waste				
	Spent fuel £m	Transport & Disposal £m	Retrieval & Processing £m	De- commissioning £m	Total £m
At 1 January 2022	1,177	1,189	537	10,497	13,400
Charged to profit and loss account:					
Unwinding of the discount	166	154	68	1,352	1,740
Updated cash flows	103	85	(80)	88	196
Discount rate update	(184)	(485)	(195)	(1,481)	(2,345)
Operating costs	18	2	1	-	21
Payments in the period	(141)	-	-	(517)	(658)
At 31 December 2022	1,139	945	331	9,939	12,354
Charged to profit and loss account:					
Unwinding of the discount	83	62	22	646	813
Updated cash flows	(10)	83	29	(939)	(837)
Discount rate update	(30)	(73)	(30)	(225)	(358)
Operating costs	13	2	-	-	15
Payments in the period	(119)	-	-	(561)	(680)
At 31 December 2023	1,076	1,019	352	8,860	11,307

Nuclear liabilities are included in the balance sheet as follows:

	2023 £m	2022 £m
Other liabilities:		
- amounts due within one year (note 26)	86	103
- amounts due after more than one year (note 26)	275	330
Provision for liabilities		
- amounts due within one year (note 29)	852	1,119
- amounts due after more than one year (note 29)	10,094	10,802
	11,307	12,354

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 is fixed (subject to indexation by RPI) at RED and will be funded by the UK Government under the UK 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.

Radioactive waste (Transport and Disposal)

Radioactive waste (Transport and Disposal) 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.

Radioactive waste (Retrieval and Processing)

Radioactive waste (Retrieval and Processing) comprises the provision of services relating to the management and processing of high- and intermediate-level radioactive waste products, including the costs of construction and operation of a radioactive waste packaging plant. 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 ongoing technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. 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, excepting certain costs associated with the transfer of the AGR stations to the NDA following completion of defueling.

Updated cost estimates

Provisions for decommissioning of nuclear plants result from the Group management's best estimates. They cover the full cost of decommissioning and are measured on the basis of existing techniques and methods that are most likely to be used for application of current regulations.

The Integrated Plan (IP) 24 was approved by the Non-NDA Nuclear Liabilities Assurance team (NLA) in December 2023, which updated the cost estimates for AGR Defueling, AGR Deconstruction, Sizewell B Decommissioning and the Uncontracted Liabilities. The cost estimates from IP24 (based on NDA approved closure dates) together with the additional spent fuel management costs associated with Sizewell life extension from 2035 to 2055 form the basis of the nuclear liabilities as at 31st December 2023.

As the decommissioning provision is sensitive to a number of different assumptions including timing, cost and discount rate, it is reasonably possible that changes in assumptions relating to these factors within the next year could materially affect the carrying amount of the provision, any changes to the qualifying liabilities would result in an equal movement to the NLF receivable.

Updated discount rate applicable to nuclear liabilities

During 2023, an assessment of long-term bond yields and inflationary assumptions resulted in a change to the discount rate used in the present value calculation of the liabilities from a real, pre-tax discount rate of 2.9% used in 2022, to 3.1% used in 2023.

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 to reflect the time value of money and the amounts accrued to date:

	Radioactive waste				2023	2022
	Spent fuel	Transport & Disposal	Retrieval & Processing	Decomm- issioning	Total	Total
	£m	£m	£m	£m	£m	£m
Undiscounted	3,294	5,027	1,800	17,780	27,901	28,023
Discounted	1,403	1,063	362	8,862	11,690	12,755
Accrued to date	1,076	1,019	352	8,860	11,307	12,354

The difference between the undiscounted and discounted amounts reflects the fact that the costs concerned will not fall due for payment for a number of years.

The discounted liabilities are estimated using the forecast of Sizewell B's lifetime fuel requirements (currently estimated at 60 years, in line with an end of generation in 2055). However, the Group has only a present liability for fuel that has already been loaded to the reactor, and the differences between the discounted amounts and those accrued to date reflect the discounted spent fuel management costs for fuel that has yet to be loaded to Sizewell's reactor but is expected to be before its closure in 2055.

Under the terms of the historical 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 2, the undiscounted payments in current prices are expected to become payable as follows:

	Spent fuel	Radioactive waste – Transport & Disposal	Radioactive waste – Retrieval & Processing	Decomm- issioning	2023 Total	2022 Total
	£m	£m	£m	£m	£m	£m
Within five years	505	195	56	4,255	5,011	5,869
6 – 10 years	224	249	83	3,226	3,782	3,852
11 – 25 years	439	171	22	2,052	2,684	2,685
26 – 50 years	1,141	602	170	1,937	3,850	3,479
51 years and over	985	3,810	1,469	6,310	12,574	12,138
	3,294	5,027	1,800	17,780	27,901	28,023

31. Deferred tax

The following are the major deferred tax assets and (liabilities) recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated capital allowances £m	Retirement benefit obligations £m	Fair value of derivative instruments £m	Losses £m	Other £m	Total £m
At 1 January 2022	(1,346)	(568)	168	474	20	(1,252)
Credit/(charge) to income:						
- current year	(190)	(10)	1	(174)	(3)	(376)
- adjustments in respect of previous years' reported tax credits/(charges)	35	3	-	-	(40)	(2)
- effect of increased tax rate on opening balance	(5)	-	-	2	-	(3)
Credit/(charge) to equity:						
- current year	-	435	591	-	-	1,026
- effect of increased tax rate on opening balance	-	(2)	1	-	-	(1)
- adjustments in respect of previous years' reported tax credits/(charges)	-	(1)	(4)	-	-	(5)
At 31 December 2022	(1,506)	(143)	757	302	(23)	(613)
Credit/(charge) to income:						
- current year	1,263	(30)	1	152	(12)	1,374
- adjustments in respect of previous years' reported tax charges	84	-	-	(31)	9	62
Credit/(charge) to equity:						
- current year	-	147	(511)	-	-	(364)
Assets held for sale	(15)	-	-	-	-	(15)
At 31 December 2023	(174)	(26)	247	423	(26)	444

The Group has unrecognised tax losses of £7m (2022: £7m). The losses give rise to a deferred tax asset of £2m (2022: £2m) which has not been recognised as it is uncertain whether future taxable profits will be available against which these losses can be utilised. These losses can however be carried forward indefinitely for offset against future profits, should they arise.

The amendment to IAS 12 in respect of decommissioning, restoration and similar liabilities has no impact on the accounts.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2023	2022
	£m	£m
Deferred tax liabilities	(201)	(1,651)
Deferred tax assets	645	1,038
At 31 December	444	(613)

Of the total deferred tax balance, deferred tax assets of £124m are expected to be recovered within twelve months after the reporting period.

32. Non-controlling interest

There are three material and one immaterial non-controlling interest (NCI) in the Group. Material NCI includes Lake Acquisitions Limited which is 80% (2022: 80%) owned by the Group. NNB Holding Company (HPC) Limited is 67.7% (2022: 66.5%) owned by the Group, NNB Holding Company (SZC) Limited is 49.4% (2022: 80%) owned by the group. Ownership percentages also reflect the voting rights. Pod Point was acquired in 2020 which is 53.79% (2022: 53.83%) owned by the Group, is deemed to be an immaterial NCI. The principal activities of the aforementioned companies take place in the United Kingdom.

Summarised consolidated financial information in respect of Lake Acquisitions Limited, NNB Holding Company (HPC) Limited, NNB Holding Company (SZC) Limited and their subsidiaries is set out below. The summarised financial information below represents amounts before intra-group eliminations with the rest of the Group.

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

	Lake Acquisitions Limited		NNB Holding Company (HPC) Limited		NNB Holding Company (SZC) Limited	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m
Non-current assets	19,373	21,709	14,820	18,603	1,511	861
Current assets	2,738	2,778	162	109	176	129
Total assets	22,111	24,487	14,982	18,712	1,687	990
Current liabilities	341	420	756	564	123	57
Non-current liabilities	13,073	14,208	1,061	577	4	1
Equity attributable to owners of the company	8,697	9,859	13,164	17,571	1,560	932
Total equity and liabilities	22,111	24,487	14,981	18,712	1,687	990
Turnover	3,393	2,960	2	-	-	-
Profit/(Loss) attributable to owners of the company	342	574	(5,512)	(321)	1	(2)
Profit/(Loss) attributable to the non-controlling interests	86	144	(2,627)	(161)	1	(1)
Profit/(Loss) for the year	428	718	(8,139)	(482)	2	(3)
Total other comprehensive income/(loss) attributable to owners of the company	(390)	(1,075)	-	-	-	-
Total other comprehensive loss attributable to the non-controlling interests	(97)	(269)	-	-	-	-
Total other comprehensive loss	(487)	(1,344)	-	-	-	-
Dividends paid to non-controlling interests	220	60	-	-	-	-
Net cash inflow/(outflow) from operating activities	1,424	889	183	(7)	4	-
Net cash outflow from investing activities	(386)	(272)	(3,838)	(3,509)	(552)	(251)
Net cash (outflow)/ inflow from financing activities	(1,097)	(302)	3,732	3,439	545	341
Net cash (outflow)/inflow	(59)	315	77	(77)	(3)	90

The cumulative non-controlling interest position for the Group is shown below:

	Lake Acquisitions Limited		NNB Holding Company (HPC) Limited		NNB Holding Company (SZC) Limited	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m
Balance at beginning of year	1,982	2,167	6,404	5,413	601	292
Profit/(loss) arising during the year	86	144	(2,628)	(161)	1	(1)
Other comprehensive loss: actuarial gains on pension scheme, net of tax	(98)	(269)	-	-	-	-
Total other comprehensive income /(loss)	(12)	(125)	(2,628)	(161)	1	(1)
Acquisition of non-controlling interest	-	-	(5)	-	222	144
Capital injection	-	-	993	1,152	422	181
Dividends paid	(220)	(60)	-	-	-	(15)
Balance at end of year	1,750	1,982	4,764	6,404	1,246	601

Aggregate information of NCI that are not individually material:

	2023	2022
	£m	£m
The NCI's share of loss from operations	(20)	(8.5)
Aggregate carrying amount of NCI	(21)	(9)
Total of all NCI balances:		
The NCI's share of loss from operations	(2,561)	(27)
The NCI's share of other comprehensive income	(98)	(269)
Aggregate carrying amount of NCI	7,732	8,978

33. Leases

Group as lessee

The Group applies the recognition exemptions for short-term leases and leases for which the underlying asset is of low value. The weighted average incremental borrowing rate applied in discounting the lease liability is 4.97% (2022: 2.77%).

Set out below are the carrying amounts of right-of-use assets and the movements during the period:

	Land	Buildings	Other PPE (including vehicles)	Total
	£m	£m	£m	£m
Cost				
At 1 January 2022	11	64	11	86
Additions	2	6	6	14
Disposals	-	(4)	(5)	(9)
At 31 December 2022	13	66	12	91
Additions*	111	43	9	163
Disposals	-	(13)	(5)	(18)
At 31 December 2023	124	96	16	236
Accumulated depreciation and impairment				
At 1 January 2022	(3)	(19)	(6)	(28)
Charge for the year	(1)	(9)	(4)	(14)
Disposals	-	2	4	6
Impairment				
At 31 December 2022	(4)	(26)	(6)	(36)
Charge for the year	(16)	(14)	(6)	(36)
Disposals	-	6	5	11
At 31 December 2023	(20)	(34)	(7)	(61)
Carrying amount				
At 31 December 2022	9	40	6	55
At 31 December 2023	104	62	9	175

* The Group has land restoration obligations following the end of its construction activities, on leasehold land, which are based on the Group's landscape management plans in compliance with its lease arrangements. During the current year, a £104m provision for land restoration has been recognised based on the best estimate of the expenditure required to settle the present obligation and is included within the additions during the year.

Set out below are the carrying amounts of lease liabilities and movement during the period:

	2023 £m	2022 £m
As at 1 January	60	67
Additions	48	7
Early terminations	(6)	-
Interest	3	2
Payments	(20)	(16)
As at 31 December	85	60

	2023 £m	2022 £m
Current	13	14
Non-current	72	46
Total	85	60

Further maturity analysis can be found in note 43.

The following amounts are recognised in profit or loss:

	2023 £m	2022 £m
Depreciation for right-of-use assets	36	14
Capitalised depreciation expenses	(21)	(4)
Net depreciation expense	15	10
Interest expense of lease liabilities	3	3
Capitalised interest expense	(2)	(1)
Net interest expense of lease liabilities	1	2
Total amount recognised in income statement	16	12

Amounts recognised in the statement of Cash flows:

	2023 £m	2022 £m
Total Cash outflows for leases	20	16

Low value and short-term leases

There were no low value or short-term leases as at 31 December 2023.

34. Commitments and contingent liabilities

Capital and other commitments

At 31 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £4,722m (2022: £5,425m).

At 31 December 2023, the Group had entered into operating purchase commitments amounting to £362m (2022: £335m).

At 31 December 2023, the Group had contracted to purchase power, gas and other fuel to the value of £18,295m (2022: £17,393m).

At 31 December 2023, the Group had entered into contractual commitments to the purchase of nuclear fuel amounting to £549m (2022: £380m).

Contingent liabilities

The Group has given letters of credit and guarantees to the value of £736m (2022: £851m) in relation to HMRC obligations, performance of contractual obligations and credit support for energy trading and use of distribution systems.

Various companies within the Group have given guarantees and an indemnity to the Secretary of State for Business, Innovation and Skills, and the Nuclear Liabilities Fund in respect of their compliance with, among other agreements, the Nuclear Liabilities Funding Agreement. They have also provided a debenture comprising fixed and floating charges in respect of any decommissioning default payment.

As a result of the acquisition of EDF Development Company Limited the Group is party to a conditional sale and purchase contract for land owned at Bradwell with Bradwell Power Generation Company Limited.

The contract contains a call or put option which will be exercised if certain conditions are met. The contract will expire on 28 February 2047 if the conditions to exercise the option have not been met.

The amended and restated NLFA affirmed that EDF Energy Nuclear Generation Limited (ENGL) will carry out activities relating to the defueling of the stations. This includes preparation for defueling, some pre-deconstruction activities, as well as the development of the Transfer and Deconstruction Programme. ENGL will recover the qualifying costs generated by these activities from the NLF when the contractual conditions are met. Additionally, performance in the discharge of these liabilities is subject to an incentivisation mechanism, whereby if ENGL meets all of its targets, then it will in aggregate receive payments from the NLF of up to £100m (subject to indexation), or if it exceeds its targets, then aggregate penalty charges of up to £100m (subject to indexation) will be payable to the NLF.

The structure for the incentivisation penalty/receipt is based upon individual station targets/milestones as well as a fleet wide defueling target. ENGL will perform an annual assessment against these targets/milestones and will recognise a related asset / liability as and when appropriate based on expected performance.

35. Share capital

Authorised, issued, called up and fully paid

	2023 Number	2022 Number	2023 £m	2022 £m
Ordinary shares of £1.00 each	17,116,464,321	14,081,496,274	17,116	14,081

In 2023, 3,034,968,047 shares (2022: 2,286,935,000 shares) were issued at par for consideration of £3,035m (2022: £2,287m).

36. Share premium reserve

	2023 £m	2022 £m
Share premium reserve	199	199

37. Capital reserve

	2023 £m	2022 £m
Capital reserve	9	9

The capital reserve relates to share schemes which gave eligible employees the rights to purchase shares in EDF S.A., the ultimate parent company, on preferential terms. There have been no new schemes launched since 2008.

38. Merger reserve

	2023 £m	2022 £m
Merger reserve	(2)	(2)

The merger reserve arose during 2014 when the Group carried out restructures to bring UK renewable assets under EDF Energy Renewables and all gas storage assets under the same entity. This resulted in the recognition of a merger reserve as all entities were under common control.

39. Hedging reserve

The following is the analysis of the split as at the reporting date:

	2023	2022
	£m	£m
Cash flow hedging reserve	(741)	(2,283)

Set out below is the reconciliation of the hedging reserve and includes both cash flow hedge movements and cost of hedging movements:

	2023	2022
	£m	£m
Balance at start of the year	(2,283)	(509)
Net gains/(losses) arising on changes in fair value:		
- Commodity purchase contracts	5,646	(1,121)
- Cross currency swaps	(5)	1
- Cost of hedging reserve	-	(7)
Net (losses)/gains transferred to loss for the year:		
- Commodity purchase contracts	(3,593)	(1,235)
- Cross currency swaps	(2)	-
- Cost of hedging reserve	7	-
Deferred tax on net (gains)/losses in cash flow hedge	(511)	588
Total movement in the year	1,542	(1,774)
Balance at end of the year	(741)	(2,283)

The hedging reserve represents the cumulative effective portion of gains or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be re-classified to profit or loss account only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item in accordance with the Group's accounting policy.

The maturity analysis of the amounts included within the hedging reserve is as follows:

	2023 £m	2022 £m
Less than one year	(495)	(2,893)
Between one to five years	(493)	(146)
Total fair value losses of instruments in a cash flow hedge:	(988)	(3,039)
Deferred taxation	247	756
Balance at end of the year	(741)	(2,283)

During the year a loss of £3,593m (2022: loss of £1,235m) was recycled from the hedging reserve and included within fuel, energy and related purchases in relation to contracts which had matured.

40. Retained earnings

	2023 £m	2022 £m
Balance at start of the year	7,280	8,761
Loss for the year attributable to the equity holders of the parent	(4,536)	(238)
Actuarial gains, net of tax	(378)	(1,098)
Other changes in equity (i)	(374)	(145)
Balance at end of the year	1,992	7,280

(i) represents reallocation of retained earnings to non-controlling interest on account of goodwill and equity contribution.

41. Notes to the cash flow statement

	2023 £m	2022 (Restated*) £m
Loss from operations	(8,005)	(79)
Adjustments for:		
Loss on derivatives	10	1
Depreciation of property, plant and equipment	623	678
Amortisation of intangible assets	118	103
Onerous contract provision release	(44)	-
Impairment	11,104	353
Loss/(profit) on disposal of PPE	2	(1)
Provision for Renewable Obligation Certificates (ROCs)	1,183	1,107
Non-nuclear decommissioning provision release	(13)	-
Investment income	(1,203)	(1,893)
Finance costs	1,165	1,858
Decrease in provisions	(42)	(745)
Difference between pension funding contribution paid & cost charged	(52)	(106)
Exceptional Costs	66	105
Operating cash flows before movement in working capital	4,912	1,381
(Increase)/ decrease in inventories (excluding ROCs)	(13)	405
Payment of ROCs and carbon	(1,114)	(1,112)
Decrease/ (Increase) in trade and other receivables	69	(1,339)
(Decrease)/ Increase in other liabilities (excl. nuclear liability)	(1,138)	2,033
Cash generated by operations	2,716	1,368
Income taxes (paid)/received	(385)	338
Net cash from operating activities	2,331	1,706

* The cash flow statement has been restated following the review of the renewable obligation certificates accounting policy, please see note 1 for more information.

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Obligation under leases (note 33)	Borrowings (note 27)	Total liabilities from financing activities
At 31 December 2021	67	916	983
Increase	9	1,891	1,900
Decrease	(16)	-	(16)
Change in fair value	-	38	38
At 1 January 2023	60	2,845	2,905
Increase	45	864	909
Decrease	(20)	(1,274)	(1,294)
At 31 December 2023	85	2,435	2,520

42. Retirement benefit schemes

The Group sponsored a single funded defined benefit pension scheme for qualifying UK employees - the EDF Group of the Electricity Supply Pension Scheme (EDFG). This Scheme was administered by a separate board of Trustees which is legally separate from the Group.

Under the EDFG rules, employees in the final salary section were entitled to annual pensions on retirement at ages 60 or 63 (depending on the date of joining the scheme), of 1/60th of pensionable salary for each year of service for the BEGG ESPS Final Salary section and 1/80th of final pensionable salary for each year of service plus a lump sum of 3/80th's of final pensionable salary for each year of service for the EEGS ESPS Final Salary section. Benefits were also paid on death or other events such as withdrawal from active service. All benefits were ultimately paid in accordance with the scheme rules.

The latest full actuarial valuation of the Scheme was carried out by qualified actuaries as at 31 March 2022. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Virgin Media Limited/NTL Pension Trustees II decision handed down by the High Court in June 2023, considered the implications of section 37 of the Pension Schemes Act 1993 which required that the rules of a salary-related contracted-out scheme cannot be altered unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to a contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. It is not known at this stage, whether the case will be appealed but, as matter currently stand, the case has the potential to cause significant issues in the pension industry. The Group Trustee's will monitor the possible implications, but at present it is not possible to estimate the potential impact on this matter.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of EDFG was carried out by qualified actuaries as at 31 March 2022 and showed a surplus of £1,250m. The valuation as at 31 March 2022 was completed at the end of March 2023. The Group pays additional contributions and contributions in respect of ongoing benefit accrual. The Group expects to make contributions amounting to £33m in 2024.

a) Risks associated with the pension scheme

The defined benefit pension Scheme typically exposes the Group to actuarial risks as detailed below:

Risk of asset volatility

The scheme liabilities are calculated using a discount rate based on corporate bond yields. If the return on assets underperforms corporate bonds, then this will lead to an increased deficit or reduced surplus. The Scheme holds an allocation of growth assets (equities and pooled funds with underlying holdings of equities) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Risk of changes in bond yields

A decrease in corporate bond yields will increase the value of the Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's corporate bond holdings and an increase in the value of the Scheme's matching portfolios (which are set to hedge changes in Gilt yields).

Inflation risk

Most of the Scheme's defined benefit obligations are linked to inflation hence an increase in inflation rates will lead to an increase in liabilities, although this will be partially offset by an increase in the value of the scheme's matching portfolios.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member hence an increase in life expectancy will increase the liabilities.

b) Risk management

The company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme. By investing in assets such as swaps, which perform in line with the liabilities of the Scheme is protected against inflation being higher than expected.

c) Assumptions used in the valuation of the pension surplus

The principal financial assumptions used to calculate the pension liabilities under IAS 19 were:

	2023	2022
	% p.a.	% p.a.
Discount rate for service costs	4.50	4.70
Discount rate for defined benefit obligation	4.50	4.75
Rate of increase in salaries DBO assumption	2.75	2.65
Rate of increase in salaries Service assumption	2.70	2.65
RPI inflation DBO assumption	2.90	2.90
RPI inflation Service Cost assumption	2.85	2.85
Rate of increase of pensions in deferment Pre-2001 joiners	2.95	2.95
Rate of increase of pensions in deferment Post-2001 joiners	2.75	2.75

The table below shows details of assumptions around mortality rates used to calculate the IAS 19 liabilities:

	2023	2022
Life expectancy for current male pensioner aged 60	26	27
Life expectancy for current female pensioner aged 60	28	29
Life expectancy at 60 for future male pensioner currently aged 40	27	28
Life expectancy at 60 for future female pensioner currently aged 40	30	30

Mortality assumptions have been determined based on standard mortality tables, specifically the SAPS S3 "All" tables for male members and SAPS S3 "Mid" tables for female members. Future improvements in mortality rates are assumed to be in line with the CMI 2022 Core Projections Model subject to a 1.25% p.a. long-term rate of improvement. Increasing the life expectancy by one year would increase the DBO at 31 December 2023 by approximately £195m. Reducing the life expectancy by one year would reduce the DBO at 31 December 2023 by approximately £200m.

d) Financial impact of defined benefit pension schemes

The amount recognised in the consolidated balance sheet in respect of the Group's funded defined benefit retirement benefit plans is as follows:

	2023	2022
	£m	£m
Present value of defined benefit obligations ("DBO")	(5,995)	(5,666)
Fair value of scheme assets	6,112	6,250
Surplus in scheme	117	584

There was an additional amount of £13m (2022: £11m) included within other liabilities that relate to unapproved pension scheme amounts. The movement of £2m is recognised in actuarial reserves.

The recognition of a surplus is determined by IAS 19 and applying IFRIC 14. The Group considers that under the Pension scheme rules, the Group has an unconditional right to a refund of surplus after all pension payments have been made. As such the surplus has been recognised as the amount that the Group has a right to receive as a refund.

The costs associated with the Scheme are as follows:

	Total 2023 £m	Total 2022 £m
Service cost	14	27
Past service cost (including curtailments)	(80)	-
Interest cost on DBO	259	162
Interest income on scheme assets	(292)	(206)
Total pension costs	(99)	(17)

The movements in the present value of defined benefit obligations in the current year were as follows:

	2023 £m	2022 £m
At 1 January	5,666	8,732
Current service cost	14	27
Interest cost on DBO	259	162
Actuarial gains from change in demographic assumptions	(104)	(143)
Actuarial losses/(gains) from change in financial assumptions	266	(3,810)
Actuarial losses from experience	247	1,071
Net benefits paid	(274)	(374)
Contributions by employees	1	1
Past service cost (including curtailments)	(80)	-
At 31 December	5,995	5,666

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

	2023 £m	2022 £m
At 1 January	6,250	11,024
Interest income on scheme assets	292	206
Actuarial loss	(225)	(4,694)
Contributions by employer	68	87
Net benefits paid	(274)	(374)
Contributions by employees	1	1
At 31 December	6,112	6,250

Breakdown of scheme assets:

	2023	2022
	£m	£m
Equities by region:		
United Kingdom	31	7
Europe	60	3
North America	168	11
Asia Pacific	18	1
Japan	15	2
Emerging Markets	3	1
Other	2	(1)
Total Equities:	297	24
Bonds by rating:		
AAA	213	175
AA	4,460	1,674
A	68	73
BBB	151	226
Non-investment grade *	369	678
Private debt *	183	225
Other*	139	86
Total Bonds:	5,583	3,137
Real Estate *	529	630
Private Equity *	591	541
Systematic Multi-Asset Fund *	145	146
Cash	241	1,406
Derivatives*	(1,414)	140
Other *	140	226
Total scheme assets	6,112	6,250

* The following scheme assets are unquoted.

As at 31 December 2023, the scheme held repurchase transactions. The net value of these transactions is included in the value of bonds in the table above. The value of the funding obligation for the repurchase transactions is £1,543m at 31 December 2023 (2022: £2,628m).

Equity and bond classifications above represent those investments where the underlying exposure is exclusively within those asset classes. Investments in diversified funds and private equity and debt funds are included within the “other” category above. The assets of the pension scheme do not include any financial instruments which have been issued by the Company nor any property or other assets which are in use by the Company in either the current or prior year.

The investment strategy is determined by the Scheme Trustees.

f) Profile of the pension scheme

Current year

The Defined Benefit Obligation (DBO) includes benefits for current employees, former employees and current pensioners. Broadly, about 11% of the DBO is attributable to current employees, 31% to deferred pensioners and 58% to current pensioners.

The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is approximately 17 years.

Prior year

The Defined Benefit Obligation (DBO) includes benefits for current employees, former employees and current pensioners. Broadly, about 10% of the DBO is attributable to current employees, 40% to deferred pensioners and 50% to current pensioners.

The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the consolidated scheme as a whole, the duration is approximately 18 years.

g) Sensitivity of pension defined benefit obligations to changes in assumptions:

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and inflation rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, holding all other assumptions constant.

	2023 £m
Impact of a 25bp increase in discount rate	(241)
Impact of a 25bp decrease in discount rate	252
Impact of a 25bp increase in inflation rate	234
Impact of a 25bp decrease in inflation rate	(225)

In calculating the sensitivities, the present value of the obligation has been calculated using the projected unit credit method at the end of the reporting period which is consistent with how the defined benefit obligation has been calculated and recognised on the balance sheet.

There have been no changes in the methodology for the calculation of the sensitivities since the prior year.

43. Financial Instruments

The table below shows the carrying value of Group financial instruments by category:

	Note	31 December 2023			31 December 2022		
		Current £m	Non- current £m	Total £m	Current £m	Non- current £m	Total £m
Financial assets							
Derivatives at fair value through profit and loss:							
- Commodity purchase contracts		5	3	8	-	-	-
- Foreign currency forward contracts		-	-	-	8	1	9
Derivatives designated in cash flow hedge:							
- Commodity purchase contracts		254	36	290	619	329	948
- Cross currency swap		-	-	-	27	-	27
Cash and cash equivalents (i)	23	3,464	-	3,464	2,589	-	2,589
Loan receivables at amortised cost (ii)		177	3,157	3,334	-	3,147	3,147
Trade and other receivables (iii)		3,232	-	3,232	3,651	-	3,651
NLF and Nuclear liabilities receivable	22	1,060	10,326	11,386	1,341	11,075	12,416

- (i) The fair value of cash and cash equivalents approximate the carrying value due to the short maturity.
- (ii) The fair value of loan receivables approximates the carrying amounts since these loans are considered payable on demand from a market participant perspective even if no fixed repayment terms are set. Non-financial assets in note 20 have been excluded from the analysis above.
- (iii) The fair value of trade receivables measured at amortised cost approximate the carrying value.

	Note	31 December 2023			31 December 2022		
		Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Financial liabilities							
Derivatives at fair value through profit and loss:							
- Commodity purchase contracts		(13)	(7)	(20)	(2)	-	(2)
- Foreign currency forward contracts		-	-	-	(1)	-	(1)
Derivatives designated in cash flow hedge:							
- Commodity purchase contracts		(749)	(526)	(1,275)	(3,495)	(491)	(3,986)
Borrowings at amortised cost (iv)	27	(313)	(2,122)	(2,435)	(1,263)	(1,582)	(2,845)
Other liabilities at amortised cost (v)		(4,149)	(344)	(4,493)	(5,246)	(407)	(5,653)
Lease obligations	33	(13)	(72)	(85)	(14)	(46)	(60)
Contingent consideration (v)		-	(1)	(1)	-	(1)	(1)

(iv) The fair value of variable interest rate borrowings approximates its carrying amount as the interest rates charged are considered market related.

(v) The fair value of current other liabilities and contingent consideration approximates the carrying value due its relatively short maturity. Non-financial liabilities in note 26 have been excluded from the analysis above.

Derivatives at fair value through profit and loss reflect the change in fair value of those foreign currency forward contracts and commodity purchase forward contracts that are intended to reduce the level of foreign currency and price risk exposures. Derivatives designated in cash flow hedge reflect the change in fair value of those foreign currency forward contracts, commodity purchase forward contracts and a cross currency swap, designated as cash flow hedges to hedge highly probable forecast transactions. The line item of the consolidated balance sheet where the hedging instruments are reported is 'Derivative financial instruments'.

Fair value of assets and liabilities

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes of similar instruments.
- The fair value of derivative instruments is calculated using quoted prices.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	2023 £m	2022 £m
Level 2*			
Derivatives at fair value through profit and loss:	28	(12)	(2)
- Commodity purchase contracts (i)			
- Foreign currency forward contracts (ii)	28	-	8
Derivatives designated in cash flow hedge:	28	(985)	(3,038)
- Commodity purchase contracts (i)			
- Cross currency swap (iii)	28	-	27

* There have been no transfers between levels during the period.

- (i) The fair value of commodity purchase contracts is determined based on quoted wholesale market prices and constitutes level 2 on the fair value hierarchy.
- (ii) The fair value of foreign currency forward contracts is determined based on adjusted quoted market prices and constitutes level 2 on the fair value hierarchy.
- (iii) The fair value of the cross currency swap is determined using a discounted cash flow. Future cash flows are estimated based on observable forward rates and contract forward rates, discounted at a rate that reflects the credit risk of the counterparties and constituted level 2 on the fair value hierarchy.

Hedging activities

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivatives are commodity price risk, interest rate risk and foreign currency risk.

The Group has the following commodity price purchase contracts designated in a cash flow hedge:

		Net notional			Total	Fair value (£m)
		< 1 year	1-5 years	> 5 years		
31 December 2023						
Electricity	Millions of MWh's	5	6	-	11	(762)
Gas	Millions of therms	553	26	-	579	(223)
31 December 2022						
Electricity	Millions of MWh's	-	3	-	3	(2,455)
Gas	Millions of therms	667	58	-	725	(583)

The Group uses cash flow hedging principally for the following purposes:

- to hedge future cash flows related to expected sales and purchases of electricity and gas using forwards.

The possible sources of hedge ineffectiveness arise from timing differences or cancellation of expected sales and purchase of commodities or a change in credit risk of either counterparties.

The fair values of derivatives designated in a cash flow hedge are as follows:

		Assets	Liabilities	Fair value
		£m	£m	£m
31 December 2023				
Commodity purchase contracts	Commodity price risk	290	(1,275)	(985)
31 December 2022				
Commodity purchase contracts	Commodity price risk	948	(3,989)	(3,041)
Cross currency swap	Foreign currency risk	27	-	27

Financial risk management objectives

The Group is exposed to a variety of financial risks including capital risk, commodity price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group seeks to minimise the effect of these risks using financial instruments to hedge risk exposures. The use of derivative financial instruments is governed by the Group's approved risk management policies and consistent with the Group's risk mandate. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes. The accounting treatment for financial instruments entered into is detailed in note 2.

Capital risk management

The Group manages its capital through focusing on its net debt which comprises borrowings including lease obligations, derivative liabilities and accrued interest and deducting cash and cash equivalents.

Given that the Group is a wholly-owned subsidiary, any changes in capital structure are achieved through additional borrowings from other companies within the EDF S.A. group or from capital injection from its immediate parent company. The Group is not subject to any externally imposed capital requirements.

Commodity price risk management

Commodity price risk arises from the necessity to forecast customer demand for gas and electricity effectively and to procure the various commodities at a price competitive enough to allow a favourable tariff proposition for our customers. Due to the vertically-integrated nature of the Group, the electricity procured from the generation business provides a natural hedge for the electricity demand from the retail business.

The residual exposure to movements in the price of electricity, gas, coal and carbon is partially mitigated by entering into contracts on the forward markets, and the exposure to fluctuations in the price of uranium is mitigated by entering into fixed price contracts.

Risk management is monitored for the whole of EDF Energy through sensitivity analysis in line with the Group's risks mandate. The commodity price risk exposure is detailed in the sensitivity analysis below:

	Loss before tax		Hedge reserve	
	2023 £m	2022 £m	2023 £m	2022 £m
Increase/(Decrease) of 10% in electricity price	-	-	(77)	(246)
Increase/(Decrease) of 10% in gas price	-	-	(22)	(58)
Increase/(Decrease) of 10% CO ₂ emission certificates price	1	-	-	-

There have been no changes in the method of preparing the sensitivity analysis.

Interest rate risk management

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate instruments and through the use of a cross currency swap agreement. The Group's policy is to use derivatives to reduce exposure to short-term interest rate fluctuations and not for speculative purposes. The cross currency swap is designated in a hedging relationship as a cash flow hedge.

The interest rate profile of interest-bearing borrowings and lease obligations were as follows:

	2023 £m	2022 £m
Floating rate borrowings	1,548	594
Fixed rate borrowings	887	2,251
Floating rate lease obligations	85	60

The weighted average interest rates for all borrowings and lease obligations were as follows:

	2023	2022
Weighted average fixed interest rate %	6.7%	2.5 %
Weighted average floating interest rate %	5.5%	4.1 %
Interest rate sensitivity		

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date, assuming that the rate change took effect at the start of the reporting period and remained in place for the full period, and assuming the closing borrowing and cash position was in place throughout the year. There has been no change in the method of preparing the sensitivity analysis during the year.

At 31 December 2023, the Group has no cross currency swap (2022: one), where the swap was settled in June 2023 in respect of hedging of the Eurobond (€800m) so interest rate impact on the hedge reserve. If interest rates moved by 100bps, the Loss before tax would be £15m higher (2022: £5.9m higher loss).

Foreign currency risk management

The Group is exposed to exchange rate fluctuations as a result of Euro denominated debt and commodity purchase contracts. Foreign currency exposures arising from Euro denominated commodity contracts are managed using foreign currency forward contracts. The Group's policy is to enter into cross currency interest rate swaps and foreign currency forward contracts to convert all foreign currency denominated debt and obligations into GBP.

At the balance sheet date, the following foreign currency derivatives were outstanding:

	Notional amount to be received				Notional amount to be given				Fair value
	<1yr £m	1-5yrs £m	>5yrs £m	Total £m	<1yr £m	1-5yrs £m	>5yrs £m	Total £m	£m
At 31 December 2023									
Foreign currency forwards	58	86	-	144	65	97	-	162	-
At 31 December 2022									
Foreign currency forwards	501	16	-	517	507	17	-	524	8
Cross currency swap	720	-	-	720	695	-	-	695	27

Sensitivity analysis

If exchange rates increased by 10%, the loss before tax would be £22 m lower (2022: £27m higher loss). The cross currency swap was settled in June-2023 hence no exchange rate impact on the hedge reserve.

Counterparty and credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group has no significant concentration of external credit risk, with exposure spread over a large number of external counterparties and customers. Due to the nature of the Group's trading with other EDF S.A. group companies in Europe, there are large trading balances with other Group companies, however these are not considered to be a risk.

The Group's counterparty credit risk is measured, monitored, managed and reported in accordance with the Group's credit risk policy. The policy sets out the framework that dictates the maximum credit exposure that the Group can incur to each of its counterparties based on their public credit rating (or where counterparty is not publicly rated, a rating calculated using an in-house scoring model). The Group uses a variety of tools to mitigate its credit exposure, for example, requesting parent company guarantees, letters of credit or cash collateral, agreeing suitable payment terms and netting provisions.

The majority of energy trading exposure is held against investment grade counterparties. For commercial customers with poor credit ratings, the Group on occasion will receive security deposits which can be used in the event of default by the customer. The Group also faces counterparty risk through the ability of key suppliers to deliver to contract. Such suppliers are subject to credit risk reviews and continual monitoring.

Balances are written off when recoverability is assessed as being remote. The assessment considers the age of debt balances and takes account of the credit worthiness of some customers and considers whether they remain ongoing customers. Amounts overdue but not written off are fully or partially provided for in accordance with the Group's positioning policies. Money recovered relating to balances previously provided against or written off is credited to the income statement on receipt.

The maximum credit risk exposure is derived from the carrying value of financial assets in the financial statements, in addition to the credit risk arising from the provision of support and guarantees as detailed in the table below.

	2023	2022
	£m	£m
Guarantee provided by subsidiary relating to performance of contractual obligations	452	461

Liquidity risk management

Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due because it has inadequate funding or is unable to liquidate its assets. The Group manages liquidity risk by preparing cash flow forecasts and by ensuring it has sufficient funding to meet its forecast cash demands.

Uncommitted borrowing facilities are maintained with several banking counterparties and EDF SA to meet the Group's normal and contingency funding requirements. On 31 December 2023, the Group had available £800m (2022: £840m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met representing both inter-group and external funding.

The tables below detail the contracted maturity for all financial liabilities, based on undiscounted contractual cash flows, which includes both principal and interest payments:

	<1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
At 31 December 2023					
Commodity purchase contracts	(762)	(535)	(2)	-	(1,299)
Borrowings	(457)	(135)	(1,066)	(7,675)	(9,333)
Other liabilities	(4,149)	(87)	(204)	(53)	(4,493)
Lease obligations	(17)	(14)	(33)	(54)	(118)
Contingent consideration	-	(1)	-	-	(1)
At 31 December 2022 (restated*)					
Commodity purchase contracts	(3,500)	(488)	-	-	(3,988)
Foreign currency forwards	(1)	-	-	-	(1)
Borrowings *	(1,434)	(195)	(263)	(7,764)	(9,656)
Other liabilities	(5,247)	(117)	(279)	(11)	(5,654)
Lease obligations *	(18)	(15)	(27)	(35)	(95)
Contingent consideration	-	(1)	-	-	(1)

* Prior year disclosures are restated to include contractual interest payments, in addition to principal payments and the ageing buckets are updated to reflect internal management reporting.

44. Related parties

During the year, the Group entered into the following transactions with related parties who are not members of the Group:

		Sales to related parties £m	Purchases from related parties £m	Interest paid to related parties £m	Interest received from related parties
Transactions with associates	2023	-	(192)	-	-
	2022	-	(329)	-	-
Transactions with other EDF S.A.	2023	33	(429)	(136)	280
Group companies	2022	-	(418)	(74)	-
Derivatives with other EDF S.A	2023	2,633	(8,257)	-	-
Group companies	2022	3,189	(8,213)	-	-

At the year end, Group companies had the following outstanding balances with related parties who are not members of the Group:

		Amounts owed by related parties £m	Amounts owed to related parties £m
Transactions with associates	2023	417	(167)
	2022	347	(153)
Transactions with other EDF S.A. Group companies	2023	4,931	(2,652)
	2022	4,969	(1,276)
Derivatives with other EDF S.A Group companies	2023	298	(1,315)
	2022	991	(3,993)

EDF Energy Holdings Limited trades with other group companies which are part of the EDF S.A. Group. The prices for derivative contracts with related parties reflect the prevailing market prices at each contract's inception. The amounts outstanding at year end are unsecured and will be settled in cash. No guarantees have been given or received.

The Group enters into derivative contracts to sell and purchase commodities at normal market prices with another EDF S.A. group company. The Group also enters into foreign exchange forwards and swaps as well as interest rate swaps with other EDF S.A Group companies.

The table above includes loans, bonds and overdraft payable to other EDF S.A. Group subsidiaries of £2,332m (2022: £2,741m) and loans receivable from EDF S.A. Group companies of £2,800m (2022: £2,800m). For details, refer note 20.

Transactions with key management personnel

	2023 £m	2022 £m
Short-term benefits	4.7	4.5
Post-employment benefits	0.2	1.6
Other long-term employee benefits	-	0.1
Total transactions with key management personnel	4.9	6.2

Key management personnel comprise members of the Executive Committee, a total of eight individuals at 31 December 2023 (2022: eight). The Executive Committee is a cross-business unit committee of senior staff who take part in the decision-making for the Group.

45. Events after the balance sheet date

On 20 February 2024, it was announced that an agreement was reached to sell the subsidiary, EDF Energy (Gas Storage) Limited to Kistos Holdings plc during 2024. The sale transaction was completed on 15 April 2024. This agreement signals EDF UK's exit from thermal operations in the UK, a decision that has been driven by EDF UK's clear strategy 'Helping Britain achieve net zero together', led by investment in Nuclear and Renewables generation.

In February 2024, EDF acquired the solar panel and battery installers, Contact Solar.

In March 2024, the management was notified of the agreement between the UK and French Competent Authorities on the treatment of the trademark royalty paid for the accounting periods ending 31 December 2012 to 31 December 2018. Electricité de France and EDF Energy accepted the agreed outcome on 14 May 2024. Tax has been amended to reflect the adjusted treatment.

In May 2024, EDF Energy Holdings Limited signed a credit facility (£4.25bn) with Electricité de France for the period starting January 2025 until September 2025.

In May 2024, the Board approved a reduction of Company's share capital amount by £10 Bn by the cancellation of 10 Bn ordinary shares of £1 each in the Company.

In May 2024, the Group acquired 100% equity stake in GE Steam Power Limited and 100 % equity stake in GE Oil & Gas Marine & Industrial UK Limited.

46. Parent undertaking and controlling party

EDF Energy (UK) Limited holds a 100% interest in EDF Energy Holdings Limited and is considered to be the immediate parent company.

At 31 December 2023, Electricité de France, a company incorporated in France, is regarded by the Directors as the Group'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 Électricité de France, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

COMPANY BALANCE SHEET AT 31 DECEMBER 2023

	Note	2023 £m	2022 (*Restated) £m
Non-current assets			
Financial Assets	9	737	442
Investments in subsidiary and associate undertakings	10	14,942	18,082
		15,679	18,524
Current assets			
Trade and other receivables	11	13	12
Cash and cash equivalents	12	718	192
		731	204
Total assets		16,410	18,728
Current liabilities			
Other liabilities	13	(19)	(138)
Borrowings	14	(100)	(549)
		(119)	(687)
Non-current liabilities			
Borrowings	14	(736)	(142)
Provisions	15	(141)	-
		(877)	(142)
Total liabilities		(996)	(829)
Net current assets		612	(483)
Net assets		15,414	17,899
Equity			
Share capital	16	17,116	14,081
Share premium	17	199	199
(Accumulated losses)/Retained earnings		(1,901)	3,619
Total equity		15,414	17,899

*The balance sheet has been restated following the recognition of a liability which was omitted in the prior year, Refer note 13 for more information.

The Company reported a loss for the financial year ended 31 December 2023 of £5,520m (2022 (restated): profit of £705m).

The Company financial statements of EDF Energy Holdings Limited, registered number 06930266, on pages 140 to 153 were approved by the Board of Directors and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R. Guyler', written in a cursive style.

Robert Guyler

Director

11/06/24

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £m	Share premium £m	Retained earnings/ (Accumulated losses) £m	Total Shareholders' funds £m
At 1 January 2022	11,795	199	2,914	14,908
Profit for the year (*Restated)	-	-	705	705
Dividend paid	-	-	-	-
Shares issued (note 16)	2,286	-	-	2,286
At 31 December 2022 (*Restated)	14,081	199	3,619	17,899
Loss for the year	-	-	(5,520)	(5,520)
Dividend paid	-	-	-	-
Shares issued (note 16)	3,035	-	-	3,035
At 31 December 2023	17,116	199	(1,901)	15,414

*The statement of changes in equity has been restated following the recognition of a liability of £137m which was omitted in the prior year. Refer note 13 for more information.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. General information

EDF Energy Holdings Limited is a private company limited by shares. It is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the contents page 1.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework'. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. In addition to the accounting policies stated in the consolidated accounts above, the accounting policies which follow set out those policies which apply in preparing the Company financial statements for the year ended 31 December 2023.

2. Material accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the asset. The financial statements are presented in pounds sterling as that is the currency for the primary economic environment in which the company operates.

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS101:

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where relevant, equivalent disclosures have been given in the group accounts which are available on the pages above.

Going concern

As set out in the Strategic 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.

Income Statement

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own income statement or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

Interest income

Interest income is recognised as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Finance cost

Finance costs of debt are recognised in the income statement over the term of such instruments, at a constant rate on the carrying amount.

Foreign currency transactions and balances

The functional and presentational currency of the Company is pounds sterling. Transactions in foreign currency are initially recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Taxation

The income tax expense included in the income statement consists of current and deferred tax.

Current tax

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 by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is provided or recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax arising from (1) the initial recognition of goodwill, (2) the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences, or (3) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, is not provided for.

Deferred tax assets are recognised to the extent it is more likely than not that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Unrecognised deferred tax assets are also re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Investment in subsidiaries

Subsidiary undertakings are those entities controlled by the company, and where the substance of the relationship between the company and the entity indicates that the entity is controlled by the company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Considerations in the assessment of control include:

- the purpose and design of the entity;
- what the relevant activities are and how decisions about those activities are made;
- whether the rights of the company give it the current ability to direct the relevant activities;
- whether the company is exposed, or has rights, to variable returns from its involvement with the entity; and
- whether the entity has the ability to use its power over the investee to affect the amount of the investor's returns.

The company continues to assess whether it controls an entity if facts and circumstances indicate that there changes to the elements of control.

Investment in subsidiaries is recorded at cost and is subsequently assessed for indicators of impairment. If such factors exist, a detailed impairment test is carried out. Impairment is recognised in the income statement when the recoverable amount of the company's investment is lower than the carrying amount of the investment.

Upon disposal of the investment in the entity, the company measures the investment at its fair value. Any difference between the fair value of the company's investment and the proceeds of disposal is recognised in the income statement.

Investments in associates

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for at cost less, where appropriate, allowances for impairment.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments. Detailed information regarding the Company's accounting policies for financial instruments can be found in the Group accounting policies note 2.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including short term deposits with a maturity date of three months or less from the date of acquisition, restricted cash and cash pooled with Group companies.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3. Critical accounting judgement and key source of estimation uncertainty

In the application of the Company's accounting policies, described in note 1, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investment in subsidiary and associate undertakings

The Company performs impairment testing of investment in subsidiaries and associates where there is an indication of potential impairment. The impairment review involves a number of assumptions including discount rates and cash flow forecast. These assumptions are reviewed annually to ensure they are reliable. Further detail on impairment is disclosed in note 8.

EDF Energy Lake Limited: Sensitivity tests were conducted on the assumptions to which this operating cash generating unit (CGU) is particularly sensitive, i.e., a -5% downturn in electricity prices or nuclear power output across the whole horizon or a 50bp increase in the discount rate. These sensitivities did not lead to any impairment, individually or in combination, all other things being equal.

EDF Energy Limited: is a combination of Sales and Supply business, Thermal and corporate activities. Sensitivity analyses were conducted with major reductions in long-term margin rates, losses of market share and discount rate. These sensitivities did not lead to any impairment, individually or in combination, all other things being equal.

EDF Energy Topco (NNB) Private Limited is the holding of NNB Generation Company (HPC) Limited. The investment in subsidiary value is sensitive to any unfavourable variation in assumptions. A 30bp increase in discount rates would have a negative impact of £(2) billion on recoverable value, while an equivalent decrease would have a favourable impact of £2.3 billion. A 20bp decrease in inflation rates after 2030 would have a negative impact of £(1.2) billion on recoverable value, while an equivalent increase would have a favourable impact of £1.3 billion.

Critical judgements in applying accounting policies

There are no critical judgments that the Directors have made in the process of applying the accounting policies of the Company, that are deemed to have a significant effect on the amounts recognised in the financial statements.

4. Operating loss

In 2023 an amount of £14,000 (2022: £14,000) was paid to PricewaterhouseCoopers LLP for audit services relating to audit of the individual entity statutory accounts of the Company. This charge was borne by another Group company. In 2023, amounts payable to PricewaterhouseCoopers LLP by the Company in respect of non-audit services were £nil (2022:£nil).

The Company had no employees in 2023 (2022: none).

5. Directors' emoluments

None of the Directors received any remuneration for services to the Company during the year (2022: £nil).

6. Investment income

	2023	2022
	£m	£m
Dividends received from subsidiaries	800	190
Interest receivable from other Group companies	56	10
Total investment income	856	200

A dividend of £800m (2022: £190m) was received from EDF Energy Lake Limited.

7. Finance costs

	2023	2022
	£m	£m
Interest payable on loans and facilities from other Group companies	72	169

8. Impairment

	2023	2022
	£m	£m
EDF Energy Topco (NNB) Private Limited (i)	6,165	-
EDF Energy Lake Limited	-	(853)
Northern Power Limited	-	42
Associates	-	157
Total impairment charge / (reversal)	6,165	(654)

(i) Investment in EDF Energy Topco (NNB) Private Limited was impaired in 2023 following the cost and schedule review of New nuclear build project.

9. Financial assets

	2023	2022
	£m	£m
Loans to subsidiaries (i) (ii)	737	442
Total financial assets	737	442

(i) During 2023, EDF Energy Holdings Limited provided a GBP Loan to EDF Energy Limited of £683m. This loan has annual interest at 6.87% and matures on 30 June 2028.

In 2023, the drawn amount of £399m under the £1bn facility between EDF Energy Holdings Limited and EDF Energy Limited was settled.

(ii) In 2023, a further amount of £12m (€15m) was advanced to EDF Energy Limited at 3-month EURIBOR plus 1.5% in relation to any matters related to the advancement of future development in the renewables business in Ireland, which will mature in January 2025.

10. Investments in subsidiary and associate undertakings

Carrying value	Subsidiaries £m	Associates £m	Total £m
At 1 January 2022	14,804	159	14,963
Additions during the year	2,465	-	2,465
(Impairment) / reversal during the year	811	(157)	654
At 31 December 2022	18,080	2	18,082
Additions during the year	3,021	4	3,025
Impairment during the year (Note 8)	(6,165)	-	(6,165)
At 31 December 2023	14,936	6	14,942
Carrying Value			
At 31 December 2023	14,936	6	14,942
At 31 December 2022	18,080	2	18,082

The additions to investment in subsidiaries related to the subscription of £2,898m (2022: £2,287m) additional shares in EDF Energy Topco (NNB) Private Limited, and £123m (2022: £178m) shares in NNB Holding Company (SZC) Limited.

The principal subsidiary undertakings at 31 December 2023, which are incorporated in the United Kingdom and are registered and operate in England and Wales, or Scotland (unless otherwise stated), are as follows:

Name of subsidiary	Principal activity	Holding %
EDF Energy Nuclear Generation Limited ⁽¹⁾	Power generation	80%
EDF Energy Nuclear Generation Group Limited ⁽²⁾	Holding company	80%
Lake Acquisitions Limited*	Holding company	80%
EDFG Trustee Limited*	Dormant company	80%
Lochside Insurance Limited* (Guernsey) ⁽³⁾	Insurance company	80%
Cheshire Cavity Storage 1 Limited*	Gas storage facilities	100%
West Burton Property Limited*	Dormant company	100%
EDF Energy Limited	Sale of electricity	100%
EDF Energy Customers Limited*	Electricity retailing	100%
EDF Energy Lake Limited	Holding company	100%
EDF Energy (Thermal Generation) Limited*	Power generation	100%
EDF Energy (Gas Storage) Limited*	Gas storage facilities	100%
EDF Energy R&D UK Centre Limited	Research and development of generation and supply	100%

EDF ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

EDF Development Company Limited	Ownership and management of land	100%
Northern Power Limited ⁽²⁾	Power generation	100%
Sizewell C (Holding) Limited	Holding company	49.4%
Sizewell C Limited*	Development of generation and supply	49.4%
EDF Energy Topco (NNB) Private Limited ⁽⁶⁾	Holding company	100%
NNB Top Company HPC (B) Limited*	Holding company	100%
NNB Top Company HPC (A) Limited*	Holding company	100%
NNB Top Company HPC (C) Limited*	Holding company	100%
NNB Holding Company (HPC) Limited*	Holding company	67.7%
NNB Generation Company (HPC) Limited*	Development of generation and supply	67.7%
NNB Finance Company (HPC) Limited*	Financial activities	67.7%
EDF Energy (TSO) Limited	Technical services	100%
Pod Point Group Holdings PLC ^{(4)*}	Holding company	53.79%
Pod Point Holding Limited ⁽⁴⁾	Holding company	53.79%
Pod Point Limited ⁽⁴⁾	Provision of charging infrastructure for electric vehicles	53.79%
Open Charge Limited ⁽⁴⁾	Financial activities	53.79%
Pod Point Asset One Limited ⁽⁴⁾	Provision of charging infrastructure assets for electric vehicles	53.79%
Pod Point Norge AS (Norway) ⁽⁵⁾	Dormant company	53.79%
GEAST UK Limited	Holding company	100%
CB Heating Limited*	Development of generation and supply	100%

* Indirectly held

(1) Registered Address: Javelin House, Building 1420, Charlton Court, Gloucester Business Park, Gloucester, England, GL3 4AE

(2) Registered Address: 6 Atlantic Quay Glasgow G2 8JB

(3) Registered Address: PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET

(4) Registered Address: 222 Gray's Inn Road, London, England, WC1X 8HB

(5) Registered Address: Engebrets vei 3 0275 Oslo

(6) Registered Address: 112, Robinson Road, #05-01, Robinson 112, Singapore 068902

Unless stated otherwise, the registered address of the subsidiary undertakings listed above is 90 Whitfield Street, London, W1T 4EZ.

As at 31 December 2023 the following subsidiaries of the Company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies:

Company	Registration number
EDF Energy Lake Limited	09200461
Lake Acquisitions Limited	06612465
NNB Top Company HPC (C) Limited	13815312
NNB Top Company HPC (B) Limited	09284753
NNB Top Company HPC (A) Ltd	09284749
EDF Energy Nuclear Generation Group Limited	SC270184
EDF Development Company Limited	06222043
Northern Power Limited	SC155131
Cheshire Cavity Storage 1 Limited	06438979

Details of the Company's associates at 31 December 2023 are detailed in note 21 of the Group accounts.

11. Trade and other receivables

	2023	2022
	£m	£m
Amounts owed by other Group companies	13	12

The amounts owed by other Group companies are owed by subsidiaries of the Company. They are non-interest bearing and are repayable on demand. The Directors consider that the carrying amount of receivables approximates to their fair value.

12. Cash and cash equivalents

	2023	2022
	£m	£m
Cash pooling with ultimate parent	68	192
Short-term deposits	650	-
Total cash and cash equivalents	718	192

The Company participates in cash pooling with EDF S.A. The balance of cash pooled with the ultimate parent as at 31 December 2023 is £68m (2022: £192m). Interest is earned on cash pool balance at a rate of overnight SONIA less 0.125%.

Short-term deposits are made for varying periods up to 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents equates to the carrying amount.

13. Other liabilities

	2023 £m	2022 (*Restated) £m
Accruals	1	1
Other payables	18	137
	19	138

The Directors consider that the carrying amount of other liabilities approximates to their fair value.

*The prior year balance has been restated following the recognition of a one-off liability of £137m arising from the revised schedule for completion announced in 2022 which was omitted in the prior year.

14. Borrowings

	2023 £m	2022 £m
Current borrowings		
HMG Grant for SZC	100	-
Loan from immediate parent	-	549
Non-current borrowings		
Loan from immediate parent	736	142
Total Borrowings	836	691

In 2023 a loan £683m was received from EDF Energy UK Limited with an interest rate of 6.8% and matures on June 2028. In 2022, HMG officially committed towards the SZC project on 29 November 2022. £100m had been received as grant towards the SZC project, which is repayable in 2024.

15. Provisions

	2023£m	2022 £m
Other contracts	141	-
	141	-

In 2023, reflecting activities arising from the Nuclear New Build business unit, a provision of £141m has been recognised arising from the revised costing on the project. These have been incurred by the EDF Energy Holdings Group and are not eligible for capitalization.

16. Share capital

Allotted, called up and fully paid	2023 Number	2022 Number	2023 £m	2022 £m
Ordinary shares of £1.00 each	17,116,464,321	14,081,496,274	17,116	14,081

In 2023, 3,034,968,047 shares (2022: 2,286,935,000 shares) were issued at par for consideration of £3,035m (2022: £2,287m).

17. Share premium

	2023 £m	2022 £m
Share premium reserve	199	199

18. Related parties

The Company has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other wholly owned members of the Group, which would otherwise be required for disclosure under IAS 24. During the year, interest of £72m (2022: £11.9m) was payable to the Company's ultimate parent EDF S.A. in relation to commitment fees on the available, undrawn facilities. Interest of £56.7m (2022: £10.1m) was received from EDF S.A. in relation to the cash pool.

19. Parent undertaking and controlling party

EDF Energy (UK) Limited holds a 100% interest in EDF Energy Holdings Limited and is considered to be the immediate parent company.

At 31 December 2023, EDF 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 Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.