

GLOSSARY/INDEX

ABI	Association of British Insurers, a body which, inter alia, sets standards of corporate governance on behalf of insurance companies.
AGM	Annual General Meeting.
ANP	American National Power (now International Power America).
Availability	A measure giving the proportion of electrical energy that was actually available to be generated during the period, after taking account of both planned and unplanned outages, expressed as a percentage of the maximum potential electrical energy generation.
Bond	Security that obligates the issuing company to make specified payments to the bondholders (financial institutions).
Brownfield	Building a plant on a previously operational site.
CCGT	Combined cycle gas turbine – the combination of a gas turbine (GT) and steam turbine (ST) in a configuration that enables electricity to be generated directly from a generator driven by the GT and, by using exhaust gases from the GT to produce steam, a ST coupled to the same generator or another generator.
CO	Carbon monoxide.
CO₂	Carbon dioxide.
Cogeneration	The simultaneous generation of electricity and heat in the form of steam, typically where the need for both arises for industrial or commercial purposes and where the steam is generated by utilising the waste heat from electricity generation.
Combined code	The code which sets out the expected corporate governance standards for companies listed on the London Stock Exchange.
Corridor approach	Under this approach to recognising surpluses and deficits in defined benefit pension plans, actuarial gains and losses are not recognised immediately. Only when the cumulative gains or losses fall outside the corridor is a specified portion recognised in the income statement from the following year onwards. The corridor is 10% of the present value of the pension rights accrued or of the fund assets at market value, if greater.
CR	Corporate responsibility.
Debt capitalisation	Net debt divided by the sum of the net debt and total equity.
Desalination plant	The specific plant located within a power and water producing complex that has the purposes of utilising waste heat from electricity generation to produce potable water from seawater via a steam distillation process.
Emission allowances	Under various environmental schemes, emission allowances are required to cover the amount of relevant emissions made by an asset. Cap and trade schemes are a common type of scheme. Under a cap and trade scheme, operators are required to purchase sufficient emission allowances to cover their actual emissions, and the operator may or may not be granted an initial volume of allowances. Examples of such schemes include the EU Emissions Trading Scheme (EUETS) which covers emissions of CO ₂ , based on a cap and trade system. Other examples include the Clean Air Act in the US which covers emissions of NO _x and SO _x .
EPS	Earnings per share, calculated by dividing the profit after interest, tax and minority interests by the weighted average number of shares in issue.
FGD	Flue gas desulphurisation.
Functional currency	The currency of the primary economic environment in which the entity operates.
Gearing	Net debt divided by total equity.
Generator nameplate capacity (installed)	The maximum output of a generator, under specific conditions designated by the manufacturer. Installed generator capacity (megawatts) is usually indicated on a nameplate physically attached to the generator.
Greenfield	Building a power plant on a new site.
Hedge contracts	A contract that gives protection against risks of future commodity price movements.
HSE	Health, safety and environment.
HUBCO	The Hub Power Company.
IFRSs	International Financial Reporting Standards.
ISO 14001	The international standard of environment management systems.
KAPCO	The Kot Addu Power Company.
KPI	Key performance indicator
LNG	Liquefied natural gas
Load factor	The proportion of electricity actually sold, compared with the maximum possible sales of electricity at maximum net capacity.
LTIP	Long-term incentive plan.

Merchant market	A merchant market is a deregulated market.
Merchant plant	Our merchant plants operate in deregulated markets selling power into the traded market without long-term power purchase agreements (PPAs).
Mitsui	Mitsui & Co. of Japan. Our partners in IPM Eagle LLP.
MIGD	Millions of imperial gallons per day.
MW	Megawatt; one MW equals 1,000 kilowatts.
MWth	One megawatt of thermal power.
National Allocation Plan	The Plan issued under the EU Emissions Trading Scheme that sets out how greenhouse gas emission allowances will be allocated to affected industry sectors and the assets within the relevant sector.
NO_x	Oxides of nitrogen.
Non-recourse debt	Debt secured on an asset, and where the lender has no recourse to the shareholder.
O&M	Operations and maintenance, usually used in the context of operating and maintaining a power station.
OCGT	Open cycle gas turbine – turbines, typically fuelled by gas or diesel oil, are used to drive the generators to produce electricity.
Offtake agreement	Power purchase agreement between a company owning a power station and its customer (the offtaker) whereby the customer takes the electricity generated by a power station.
OFR	Operational and financial review.
OHSAS 18001	Occupational Health and Safety Assessment Series 18001. A management system specification, developed by British Standards Institute, for health and safety which is compatible with ISO 9001:1994 (Quality) and ISO 14001:1996 (Environmental) management.
Peak load	The maximum demand for electricity during a specified high demand period. This may require use of plant (for example pumped storage) that is kept in reserve for peak periods.
PPA	Power Purchase Agreement (see also Offtake agreement).
Proprietary trading	The trading of commodities for the purposes of making a profit, when the commodity, such as electricity, is not generated by our own power stations or purchased for use by our own power stations, e.g. fuel or carbon allowances.
Put	To sell a security back to the issuer at a pre-determined price.
Recourse debt	Debt where the lender has recourse to parties other than the borrower, usually a parent company or shareholder.
Reserve margin	The amount of available plant reserve capacity above the system's peak electricity requirements.
Rights Issue	The offer of new shares to shareholders pro-rata to their current holding, usually at a discounted price.
RPI	Retail Price Index.
RREV	Research Recommendations Electronic Voting. A body which acts on behalf of institutional investors monitoring the corporate governance performance of quoted companies, and which issues recommendations for voting on resolutions at those companies' general meetings.
SO₂	Sulphur dioxide.
Spread	The difference between the fuel costs to generate electricity and the price at which electricity is sold.
Turnbull Guidance	The Turnbull Guidance expands upon the Combined Code requirements for the Directors' review of the effectiveness of the Group's system of internal controls.
US Sarbanes-Oxley Act	The Sarbanes-Oxley Act of 2002 was enacted in reaction to the highly publicised bankruptcies of Enron and WorldCom and is concerned with strictly enforcing corporate governance and financial disclosure.