

Revival of British Energy Group

Roy Anderson

About British Energy

British Energy Group plc is the UK's largest generator of electricity. With a dedicated workforce of 5500 skilled professionals, we produce around one-fifth of the nation's electricity.

Our electricity is sold in a variety of ways, including through the company's direct supply business, British Energy Direct. This direct supply business deals with industrial and commercial clients throughout the UK. We also sell to the wholesale power market and act as a supplier to a range of energy supply companies.

Power stations

We own and run eight nuclear power stations in the UK with a combined capacity of almost 10 000 megawatts. That is in addition to the Eggborough coal-fired power station that can generate almost 2000 megawatts.

Nuclear reactors

We operate two types of nuclear reactor: the advanced gas-cooled reactor (AGR) and a pressurised water reactor (PWR). Seven of our nuclear power stations are of the AGR design, whilst the remaining station is a PWR.

Building for the future

Following recent restructuring of the group, we have introduced an extensive programme of investment in manpower, skills, plant and process. As the energy debate evolves, we believe we have a powerful contribution to make to the future energy needs of the UK.

Our values

Profit through progress

- We operate our business to benefit all our stakeholders.
- We work with our clients to understand and meet their changing needs.
- We continuously improve performance by adopting best practice, eliminating waste and reducing costs.
- We ensure that accountabilities are clear and understood and that everything we do adds value to our business.

Openness

- Communicate and respond openly and honestly, whilst respecting the need for commercial confidentiality.
- Share the information necessary for us to understand the business and our own contributions.
- Create a working environment where we can freely share our successes and learn from our failures.
- Tackle problems and issues with frankness.

Respect and recognition

- Treat everyone with respect.
- Work effectively as teams, both within and across companies.
- Recognise individual and team successes and contributions.
- Encourage regular and mutual feedback on performance.
- Be prompt and punctual and not waste others' time.

Professional and personal integrity

- Always strive for quality and excellence in everything we do.
- Foster a 'can do' culture by working with commitment and enthusiasm.
- Keep a clear vision of the high standards expected of us and strive to maintain them.
- Take personal and team ownership of our work.
- Identify and meet our own and others' training and development needs.

Survival to revival of British Energy

British Energy was formed out of the privatisation of the UK electricity supply industry in 1996.

The company suffered financial collapse in September 2002 following a combination of negative events, including a drop in wholesale electricity prices, extended unplanned shutdowns and failure to sell bonds in the US.

The company underwent major financial restructuring between 2002 and 2004 and in January 2005 relisted on the London Stock Exchange as British Energy Group plc.

The company's vision is 'Safe, Profitable and Proud'.

To achieve this vision, British Energy has identified three imperatives, which constitute the blueprint for the company's continued revival.

- *Achieve world class nuclear operations* - Demonstrate through our performance that we can operate fossil and nuclear assets as well as anybody in the industry.
- *Improve our financial stability* - Improving our financial 'cushion' that will give us additional options and flexibility and help reduce our risk. More cash in the 'bank' translates into lower risk in a volatile operating market and also increases opportunities to grow the company.
- *Pursue life extensions for our stations* - A sound economic and technical case for extending the life of a nuclear station provides tremendous value for the company and longer-term security for our people.

Making progress

Safety

- Unplanned trip rates at nuclear stations are down by 36%.
- Human performance ... the use of error prevention tools is improving all the time and leader authorisation training has happened across the company.
- We have introduced a new nuclear safety policy.

Environment

- Our environmental record continues to improve, with a 7% reduction in environmental events.
- We established the new Environmental Compliance Co-ordinator as a full time role at every station.
- We spent money on some key station environmental plant improvements when these had been deferred in the past.

People

Although some jobs were shed during the restructuring, we have created more. The company has identified skills we need and people we need to help manage our assets long term.

Organisation and structure

- The new station structure and role profiles have successfully been consulted with trade unions and counselling has commenced at some stations.
- Managerial appointments have been made to the new structure.
- There have been 181 other significant appointments made to the new structure.

People and leadership

- The leadership development and culture change programmes are at various stages at all stations and within Engineering Division.
- Managers in operations have attended development/assessment centres and all leaders are now appointed using assessment centres.
- British Energy staff raised more than £250 000 for RADAR - last year's charity of the year. Fundraising for this year's charity, the Prince's Trust, has just begun.

Training

- We have established a site-training organisation.
- Recruitment has commenced for training managers and group heads.
- Training facility needs have been identified.

Investment in plant

- To deliver improvements we are investing heavily in the plant and in people. This coming year we are planning to invest between £230 million to £250 million.
- System health managers are all in place at power stations.
- Defect backlog teams are deployed and backlog has reduced by 55%.
- We have successfully introduced an industry standard corrective action programme (CAP) at all stations.

Life extensions

- A key business imperative is to seek life extensions of our assets.
- An application has been made to the Nuclear Decommissioning Authority in line with our obligations to notify them at least three years ahead of any change to scheduled decommissioning.
- The submission to the NDA is only one part of the process to determine life extensions and, even if the NDA agree, cannot be relied upon as indicative of the likely outcome of the company's decision as to the ultimate life of the plant.
- Having said that, we are well on track with the review of Dungeness life extension and we expect to be able to announce the conclusion of that review later in 2005.