SCOTTISH POWER UK PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2024

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SCOTTISH POWER UK PLC
INTERIM MANAGEMENT REPORT
for the six months ended 30 June 2024

GROUP OVERVIEW

Scottish Power UK plc ("the Company"), registered company number SC117120, is a wholly-owned subsidiary of Iberdrola, S.A. ("Iberdrola"), one of the largest utility companies in the world and a leader in renewable energy. The Company acts as a holding company of the Scottish Power UK plc Group ("the Group") and is a member of the Scottish Power Limited Group ("ScottishPower").

The three divisions operated by the Group during the year were Energy Networks, Renewable production and the Customer business.

Energy Networks is responsible for three regulated electricity network businesses in the UK. These businesses are 'asset-owner companies', holding the regulated assets and electricity transmission and distribution licenses of the Group, and are regulated monopolies.

Renewable production is responsible for the origination, development, construction and operation of renewable energy generation plants, principally onshore and offshore wind, with a growing presence in battery storage and solar.

Our **Customer business** is responsible for the supply of electricity and gas to over 4 million domestic and business customers throughout the UK, including customer registration, billing, and handling enquiries in respect of these services, and associated metering activity. In addition, this division manages both smart and hydrogen solution activities, the Group's exposure to the UK wholesale electricity and gas markets, and the optimisation of gas storage.

Continuing to shape the future of energy in the UK

As the first integrated energy utility in the UK to have 100% of its generation of electricity derived from renewable energy sources, our focus remains on renewable energy, smart grids, and driving the change to a cleaner, electric future. We are playing a leading role in the delivery of a clean, low-carbon system for the UK, currently investing £13 million* every working day between 2024 and 2026 to help create a better future, quicker. Increased investment in renewable energy and the electricity grid, alongside measures to support the electrification of heat and transport, remain crucial pillars in achieving the UK Government's climate targets and energy security goals.

Our plans to invest significantly in renewable generation and the electricity network infrastructure puts us in a well-placed position to contribute to the UK achieving its net zero ambitions. Capital investment was more than £1.8 billion in 2023 and we expect to exceed this in 2024. The Group is building on this with investments of over £10 billion* in the UK over the three years to 2026, making the UK the second largest investment destination in the Iberdrola Group.

During 2024, we have continued to engage with Ofgem and the UK Government to improve the price cap and move towards accommodating time of use tariffs. To help mitigate the impact of external cost pressures on the UK from wholesale energy markets, our commitment to investing in green energy security remains strong.

Our role as an integrated renewable energy company places us at the heart of the response to the climate emergency. Key to that is the societal transformation that is the shared journey to a net zero future, a future where the benefits are available to all. We strive to maximise our social dividend, that being, creating a positive social impact. Our Social Impact Report sets out how our commitment to invest between 2024 to 2028 will bring the maximum benefits to the communities within which we operate, the supply chain we work with and our current and future people. We also held our first month-long Sustainability Festival; published our first Social Impact report; and presented our "Green Light for Growth" manifesto, highlighting solid, deliverable, and impactful steps to help deliver decarbonisation and ensure society benefits from the opportunities a low carbon economy will bring. Energy Networks also published its own Sustainable Business Strategy.

Delivering a better future, quicker, for everyone

Everything we do as a company is now determined through the prism of net zero and decarbonisation, in the name of green, affordable energy security. The UK needs to go faster and harder than we have ever gone before, if we are to meet the ambitious targets for power sector decarbonisation by 2030, and decarbonisation of the rest of the economy by 2050 (2045 in Scotland). We need to be deploying low-carbon technologies at a quicker rate than has ever been achieved historically, and at ScottishPower we continue to lead the charge.

Our Smart Solutions Team continues to increase offerings to customers by improving the design, quote and ordering experience for solar, battery, heat pump and home electric vehicle ("EV") charging installations. In June 2024, ScottishPower launched a Heat Pump Saver tariff, backed by 100% green electricity, which allows customers to heat their homes at a cheaper rate throughout the day. This tariff is part of ScottishPower's wider strategy to promote greener living to support the achievement of the UK's climate targets. We are investing in smart solutions to ensure a cleaner, greener future for all.

* Investment includes spend on Offshore transmission assets.

During 2024, Renewable production has been partnering with other significant businesses through power purchase agreements ("PPAs") for some of its operations. These partnerships will support the growth of renewable energy, guarantee energy security, and help deliver price stability – at the same time driving down emissions and delivering green jobs and investment.

Furthermore, significant innovations and investments continue to be made in Energy Networks, with our RIIO-ED2 (Revenue = Incentives + Innovation + Outputs) business plan, 'Enabling the path to Net Zero', which runs until March 2028. The plan also sets out how Energy Networks will act as a trusted partner for its stakeholders and how it will prepare for a digital and sustainable future. Energy Networks is also currently developing its 2026 to 2031 RIIO-T3 Business Plan with publication expected in December 2024.

During 2024, Energy Networks made investments of £513 million as part of ongoing efforts to ensure the grid is net zero-ready. Examples include:

- £3.5 million investment in north Shropshire and mid Wales which will modernise over 28 miles of overhead lines and structures on the 132,000-volt circuit between Oswestry and Newtown;
- £3 million investment to modernise the electricity network in Dunfermline, increase its resilience and prepare it for the connection of more low-carbon technologies like EV chargers and heat pumps. This will upgrade the Dunfermline to Netherton circuit on the network, replacing underground cables totalling 4.7km in length; and
- a £9.5 million project to connect Chipperlaigan and Ayr substations has completed. The project commenced in 2021 to help enable growth and support the transition to net zero in the area. It involved comprehensive rewiring and steel works on 29 towers spanning more than five miles.

On 2 August 2024, Iberdrola signed an agreement to acquire an 88% stake in the distribution network operator Electricity North West ("ENW"). The Share Purchase Agreement signed by Iberdrola S.A. is expected to be novated to Scottish Power Energy Networks Holdings Limited ("SPENH"), meaning SPENH will ultimately acquire the ENW shares upon completion, and ENW will sit within the Energy Networks division of the Group. The completion of the deal is currently subject to National Security and Investment Act clearance, and integration of ENW cannot take place prior to regulatory approval from the Competition and Markets Authority ("CMA").

During 2024, Energy Networks set out a vision for delivering a cleaner, greener and more sustainable future for people and planet in a Sustainable Business Strategy. This strategy lays out a series of actions and targets that link to the UN Sustainable Development Goals across five priority themes – climate action, action for nature, circular economy, supply chain sustainability and sustainable society – providing a roadmap for the business to achieve net zero greenhouse gas emissions by 2035.

Further to the election of a majority Labour Government on 4 July 2024, the new Chancellor and Energy Secretary have announced plans to progress with early priorities, including the establishment of a National Wealth Fund (with funding of £7.3 billion across the duration over the Parliament) and a new publicly owned energy company Great British ("GB") Energy (with funding of £8.3 billion across the duration over the Parliament). Whilst enabling legislation for these new institutions is expected to be progressed in the autumn of 2024, the role of both the National Wealth Fund and GB Energy is subject to further detail and clarification. We are engaging with the new Government on the detail of these plans, highlighting the importance of ensuring additionality and not crowding out private investment. The Government has also established a new 'Mission Control' with responsibility for accelerating delivery of a clean GB power system by 2030, and has commissioned the Energy System Operator ("ESO") to provide practical advice on how this can be achieved.

We have continued to engage with the UK Government on the need to get back on track with deploying offshore wind at scale following the results of Contracts for Difference ("CfD") Allocation Round 5 ("AR5") in 2023, which received no bids for fixed-bottom offshore wind. The UK Government announced on 30 July 2024 that the overall Allocation Round 6 ("AR6") budget would increase by 52% to £1.6 billion, from the £1.0 billion originally announced in March 2024. This included a 38% increase in the Pot 3 budget for fixed bottom offshore wind. On 3 September, the Department for Energy Security and Net Zero published the outcome of AR6. Our Renewables production business was awarded CfDs for generation from its East Anglia Two ("EA2") and East Anglia Three ("EA3") wind farms. These contracts will deliver more than 1100 megawatts ("MW") of green electricity - the equivalent of the annual energy needs of circa 1 million homes.

The need to accelerate the planning and consenting process for major new energy infrastructure projects is a key feature of our engagement with the UK Government and the Devolved Administrations. There have been significant developments in this regard, including the move by the new Government to end the 'de facto ban' on onshore wind projects in England with changes to the planning policy framework; as well as a plan (subject to consultation) to move larger onshore wind projects in England back into the Nationally Significant Infrastructure Projects regime (with decisions taken by Ministers rather than local authorities). We are continuing to encourage reform of the planning regime in Scotland to better align it with the more streamlined regime in England and Wales, including using defined timescales.

We continue to work with Ofgem to ensure effective regulation of the energy retail market and that consumers who are struggling to pay their bills receive appropriate support, particularly the most vulnerable. Refer to page 9 for further information on how we are providing support to vulnerable customers.

We continue to contribute to the wider external debate about the regulatory measures needed to tackle the critical backlog in network connections for new renewable generation projects. As such, we are contributing towards the work being undertaken by the ESO and Ofgem on taking forward proposals to move towards a 'First Ready, First Connected' approach; these proposals are being developed through the formal industry code change process with a target implementation date of January 2025. A connections delivery board is tracking progress on this connections reform process.

We will continue to take forward new transmission infrastructure on the East Coast under Ofgem's Accelerated Strategic Network Investment ("ASTI") scheme which launched in December 2023. Ofgem is proposing to set the overall funding allowance for Eastern Green Link 1 ("EGL1") at £2 billion (based on 2018-19 prices). This is the first project to undergo assessment under the ASTI framework and is being developed by a partnership with National Grid Electricity Transmission. In addition, the ESO published its Transitional Centralised Strategic Network Plan ("TCSNP"), 'Beyond 2030', in March 2024. It recommends an additional £58 billion investment is required in network upgrades to meet the demand for decarbonised electricity and to facilitate the connection of an additional 21 gigawatts ("GW") of offshore wind. The report is a stepping stone to the full CSNP which will be published in 2026.

Our Customer business continues to support Cancer Research UK ("CRUK") on its mission to help beat cancer. In January, we celebrated raising a cumulative total of £40 million for CRUK and in August, it was announced that we will be extending this partnership for an additional five years. In addition, twenty charities across Scotland, England and Wales have been awarded over £1 million in funding through the ScottishPower Foundation. These funds will help those charities tackle current issues, from cost-of-living support; raising aspirations for the next generation; protecting the environment; and celebrating cultural diversity.

Additionally, a host of charities and organisations supporting communities across Scotland have also been awarded funding from Energy Networks' £5 million Net Zero Fund to introduce innovative net zero technology.

We are also proud to take an active role in promoting positive engagement with wider communities. In June, our landmark partnership deal with Scottish Women's Football ("SWF") and the Scottish Women's Premier League ("SWPL"), won ScottishPower the "Best Breakthrough Business" Award at the Women's Football Awards in May 2024.

GROUP FINANCIAL PERFORMANCE
Group operating performance

	Revenue		Operating profit		Capital investment	
Financial key performance indicators ("KPIs")	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m
Scottish Power UK plc	**3,615.5**	5,848.0	**1,027.1**	1,147.5	**913.9**	666.4

In the six months ended 30 June 2024, revenue has decreased by £2,233 million versus the same period in 2023. This was mainly driven by the Customer business where revenues have decreased, reflecting lower energy procurement costs.

Operating profit for the six months ended 30 June 2024 was £1,027 million, a decrease of £120 million compared to the equivalent period in 2023. This decrease is mainly driven by the Customer business. In the first half of 2023, Retail gross margins benefitted from specific domestic price cap recoveries of £297 million which facilitated recovery of losses incurred in 2022. These allowances have not repeated in the six months ended June 2024. The Customer business has also increased spend on energy efficiency activity by £102 million as the business strives to meet its Energy Company Obligation ("ECO4") requirements. Customer business operating profit decreases have been partly mitigated by higher wind production and higher base revenues in the Networks business.

ScottishPower's capital investment rose by £248 million to £914 million for the six months ended 30 June 2024 versus the same period in 2023. This increase reflects investment in Energy Networks' RIIO investment programmes as well as an increase from Renewable production's offshore and battery development sites.

Group cash flow, net debt and Condensed consolidated statement of financial position

Liquidity and cash management

Net cash flows from operating activities increased by £395 million to £1,381 million versus the same period in 2023. As detailed in the table below, cash decreased by £73 million with overall net debt increasing by £153 million to £6,468 million in the six months ended 30 June 2024.

Analysis of net debt	**30 June 2024 £m**	31 December 2023 £m
Cash	**86.3**	159.1
Loans receivable from Iberdrola Group companies	**1,382.6**	915.0
Loans payable to Iberdrola Group companies	**(5,541.6)**	(5,068.3)
Loans payable to external counterparties	**(1,646.6)**	(1,644.9)
Collateral held*	**(8.6)**	(15.3)
Lease liabilities	**(612.4)**	(592.1)
Accrued interest	**(175.5)**	(186.4)
Interest receivable from Iberdrola Group companies	**38.3**	100.1
Cross currency swap	**9.4**	17.5
Net debt	**(6,468.1)**	(6,315.3)

*Collateral held within Net debt represents collateral held for the purpose of mitigating the credit risk from derivatives entered into for the purpose of hedging specific loans and borrowings which is included within Current other financial liabilities.

The calculation of net debt at 30 June 2024 is consistent with the approach at 31 December 2023 as set out in the Consolidated annual accounts.

At 30 June 2024, the Company continues to hold investment-grade credit ratings and the overall funding objective of the Group is to maintain a forecast debt position for the various Group entities at least in line with their current ratings. As indicated in the Consolidated annual financial statements for the year ended 31 December 2023, the ongoing support of the ultimate parent company, Iberdrola, S.A., for future funding and liquidity, provides a central underpinning for the directors in their assessment of ongoing funding for the Group.

Movements in Condensed consolidated statement of financial position from 31 December 2023 to 30 June 2024

The Group's **capital expenditure and investment** totalled £914 million for the six months ended 30 June 2024. The movement is primarily attributable to capital expenditure and investment across the period. This included major investment within Energy Networks totaling £513 million and the development and construction of the Renewable Production pipeline totaling £299 million as well as investment within the Customer business of £89 million.

The **net pension surplus** at 30 June 2024 across the Group's defined benefit schemes increased by £59 million from 31 December 2023 to £182 million. This is principally due to a reduction in the defined benefit obligation driven by higher UK Corporate bond yields and the benefit of a past service augmentation (refer to Note 4) offset by a net reduction in scheme assets driven principally by market movements in the period.

Derivative financial instruments totalled a net liability position of £122 million in the six months ended 30 June 2024. This is a movement of £157 million since 31 December 2023. The decrease in the net liability is predominantly driven by the delivery of out-of-the money gas and electricity trades in the period to 30 June 2024 and favourable forward price movements for trades delivering after June 2024.

Trade and other receivables (excluding loans receivable from Iberdrola Group companies) decreased by £544 million since 31 December 2023 to £1,404 million. This is primarily due to a decrease in collateral posted with counterparties for derivative trading, lower customer activity due to seasonal impacts and warmer weather within the spring and summer months.

Inventories increased by £427 million to £1,321 million in the six months ended 30 June 2024, primarily due to the purchase of Renewable Obligation Certificates ("ROCs") which will be used to settle the Group's Renewable Obligation and the construction of offshore transmission assets primarily within EA3.

Total equity increased by £660 million to £8,043 million primarily due to the impact of the net profit for the six months ended 30 June 2024, the increase in the Cash flow hedge reserve (net of tax) of £98 million partially offset by a dividend of £86 million paid to a non-controlling partner.

Other provisions increased by £157 million to £759 million primarily due to an increase in ROCs and the reassessment of a provision in respect of an ongoing regulatory matter.

Trade and other payables decreased by £320 million to £1,843 million reflecting the impact of seasonal demand in relation to the purchase of gas and electricity as well as the seasonal impact of customer payment patterns partially offset by an increase in capital payables.

Current other financial liabilities decreased by £205 million to £21 million due to the expiry of a supplier financing agreement.

The Group has a **current tax liability** of £220 million at 30 June 2024, an increase of £139 million since 31 December 2023. The movement in the period is primarily driven by the current tax charge on profits for the period.

Additional information, where relevant, can be found in the notes to the Condensed consolidated interim financial statements.

The Condensed consolidated interim financial statements have not been reviewed by external auditors.

SCOTTISH POWER DIVISIONS

ENERGY NETWORKS

Operating review

Transmission business

- The publication of the National Grid's ESO Holistic Network Design ("HND") identified a need for strategic investments of more than £5 billion in Energy Networks' transmission projects in south and central Scotland by 2030. We continue to develop plans to deliver these significant investments which are key enablers to net zero targets.
- The Eastern High Voltage Direct Current ("HVDC") project, EGL1, is being developed through a partnership with National Grid Electricity Transmission. The project is progressing as expected, nearing the end of the development phase. Construction work is planned to commence in 2025.
- In April 2024, we moved into the fourth year of the five-year RIIO-T2 £3 billion price control period.

Distribution business

- The second year of the five year £3 billion RIIO-ED2 price control period commenced on 1 April 2024. Implementation of the delivery plan increased in volume of activity in RIIO-ED2. This included increased recruitment in key areas in addition to external contract placement.
- Recovery of Supplier of Last Resort payments to suppliers were included in the distribution use of systems tariffs charged from April 2023 to March 2024. This resulted in a relatively neutral cash and earnings profile for the first half of 2024.

2024 performance

	Revenue		Operating profit		Capital investment	
Financial key performance indicators ("KPIs")	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m
Energy Networks	**846.6**	764.9	**475.8**	307.5	**513.3**	342.6

In the six months ended 30 June 2024, Energy Networks' revenue increased by £82 million versus the same period in 2023. Allowable transmission revenues have increased under RIIO-T2 by £23 million, reflecting increased investment. Distribution revenues include £30 million lower revenues in relation to supplier of last resort levies. There is an equal and opposite variance within Procurements. Underlying Distribution revenues are £88 million higher reflecting higher base revenues (including recovery of revenues from prior periods) as well as a 1.5% (primarily domestic) increase in volumes.

Operating profit for the six months ended 30 June 2024 was £476 million, an increase of £168 million compared to the equivalent period in 2023. The increase is primarily due to increased allowable revenue pricing but also reflects lower regulatory net operating costs and lower depreciation due to a change in the life of cable assets.

Energy Networks' capital investment increased by £171 million to £513 million in 2024, primarily due to higher spend in the Transmission business. This increase reflects the significant RIIO-T2 and RIIO-ED2 investment programmes, facilitating the move to UK Government's Net Zero Strategy targets.

	Notes	**30 June 2024**	30 June 2023
Distributed energy (GWh)	(a)		
- SP Distribution plc ("SPD")		**7,775**	7,767
- SP Manweb plc ("SPM")		**6,644**	6,446
Annual reliability of supply	(b)		
- SP Transmission plc ("SPT")		**99.9%**	100.0%
Customer interruptions	(c)		
- SPD		**16.5**	17.6
- SPM		**13.1**	15.9
Customer minutes lost	(d)		
- SPD		**12.9**	12.2
- SPM		**14.0**	15.4

(a) Gigawatt hours ("GWh")
(b) Annual reliability of supply is provided by the ESO, National Grid.
(c) Number of customer interruptions per 100 customers. A measure of volume of customers affected by a fault.
(d) The Customer satisfaction measure is an Ofgem led survey which captures feedback from customers who have interacted with the Distribution Network Operator, including those who have experienced supply interruptions, requested new connections, or made general inquiries. Customers rate their satisfaction on a scale from 1 to 10.

Outlook for 2024 and beyond

- We will continue to progress the development of EGL1 including the monitoring of engineering, procurement and construction turnkey contracts for converter stations and cables. In addition, pre-construction planning and procurement activity for other direct current links as part of the HND suite of projects will also be progressed.
- A key focus for the remainder of 2024 will be the targeted delivery of increased activity associated with regulatory outputs of RIIO-ED2 and the next year of RIIO-T2.
- RIIO-ED2 is particularly significant for the decarbonisation of transport and domestic heating, and the connection of low carbon electricity (additional 5 GW) as the business drives towards net zero goals building in innovation whilst maintaining high levels of asset stewardship.
- In July 2024 Ofgem published its Sector Specific Methodology Decision ("SSMD") for GB Electricity Transmission, covering the RIIO-T3 price control period from 2026 to 2031. In response to the SSMD, we will be looking closely at the detail of their decision, working constructively with Ofgem and engaging with our stakeholders as we continue to develop our RIIO-T3 Business Plan ahead of submission in December 2024.
- On 2 August 2024, Iberdrola signed an agreement to acquire an 88% stake in the distribution network operator ENW. The Share Purchase Agreement signed by Iberdrola S.A. is expected to be novated to SPENH, meaning SPENH will ultimately acquire the ENW shares upon completion, and ENW will sit within the Energy Networks division of the Group. The completion of the deal is currently subject to National Security and Investment Act clearance, and integration of ENW cannot take place prior to regulatory approval from the CMA.

RENEWABLE PRODUCTION
Operating review
Offshore wind

- Renewable production continues to operate the offshore windfarms East Anglia One ("EA1"), a 60/40 jointly-owned arrangement between Renewable production and Bilbao Offshore Holding Limited respectively, and West of Duddon Sands, a joint venture with Orsted, whilst developing the East Anglia Hub projects. During 2024, EA1 has seen a restriction on output following an unplanned outage of one of the Offshore Transmission Owners ("OFTO") export cables (owned and operated by an external party).

Renewable production continues to develop the 2.9 GW East Anglia Hub which consists of three offshore wind farm projects: EA3, East Anglia One North ("EA1N") and EA2 with the following key activities:

- EA3 construction activities are underway with foundation fabrication ongoing, the onshore converter station building nearing completion, work progressing on the offshore converter station and preliminary civil works having commenced at the onshore export cable route. In January 2024, a PPA was signed with Amazon for 159 MW from EA3.
- Key engineering and design works are continuing to progress for the EA1N and EA2 projects. The judicial review claims against the development consent orders have now reached their conclusion after the UK Supreme Court refused permission to appeal in both the Suffolk Energy Action Solutions and Substation Action Save East Suffolk cases.

- Early development works are progressing for all three ScotWind projects including the completion of the first two public statutory consultation events in Northeast Scotland for MarramWind in June as well as progressing the development of the scoping report for Campionwind, both of which are in partnership with Shell. In addition, there have been ongoing environmental impact assessment activities for MachairWind, a 100% owned fixed-bottom project.
- During the recent CfD AR6, Renewable production was successful in being awarded contracts for 159 MW of capacity from its EA3 project and 963 MW for EA2. The results of this auction are a major achievement for the Offshore Business, ScottishPower and Iberdrola, and should permit EA2 to move forward to a Final Investment Decision ("FID") late in 2024.

Onshore Renewables

- On 22 January 2024, Renewable production took FID on Kilgallioch Extension Windfarm, with a capacity of 51.3 MW. Construction is planned to commence in Q3 2024, with commercial operations planned for 2025.
- On 8 July 2024, Renewable production took FID on Arecleoch Extension Windfarm, with a capacity of 74.1 MW. Construction will commence in Q4 2024 with commercial operations planned for 2026.
- The construction of Harestanes battery energy storage system (BESS), Hagshaw Hill Repowering and Cumberhead West continues with a capacity of 50 MW, 79.8 MW and 113.2 MW respectively. All of which are expected to be commercially operational in 2025.
- The Coldham Solar Photovoltaic ("PV") project with 9 MW operating capacity, entered commercial operations in March 2024.
- Continued focus to mature the development pipeline, with the successful consent determination for Brigstock BESS in March 2024.

2024 performance

	Revenue		Operating profit		Capital investment	
Financial key performance indicators ("KPIs")	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m
Renewable production	**777.2**	545.9	**385.8**	235.5	**298.5**	239.2

In the six months to 30 June 2024, Renewable production revenues increased by £231 million versus the same period in 2023. This increase was mainly due to higher energy prices (reflected in sales primarily to the Customer business) as well as an 8% increase in wind output. The higher wind output reflects improved 2024 weather conditions versus the same period in 2023 but also includes the impact of restrictions on the EA1 windfarm output following an unplanned outage of one of the OFTO export cables (owned and operated by an external party).

Operating profit for the six months ended 30 June 2024 increased by £150 million to £386 million. The positive wind output and energy price impacts experienced in revenues were offset by a £79 million Electricity Generator Levy cost not incurred in the same period of 2023.

Capital investment increased by £59 million to £299 million in 2024 primarily reflecting continuing investment in offshore, onshore and battery development sites.

	Notes	**30 June 2024**	30 June 2023
Wind			
Output (GWh)	(a)	**3,752**	3,470
Installed capacity (MW)	(b)	**2,876**	2,895
Availability	(c)	**97%**	95%
Solar			
Output (GWh)	(a), (d)	**4**	3
Installed capacity (MW)	(b), (d)	**19**	10
Battery			
Installed capacity (MW)	(b), (e)	**101**	101

(a) Output is a measure of the electrical output generated in the year, which in turn drives the revenues of the business.
(b) Installed capacity represents the total number of MW installed within the sites. This includes all sites constructed irrespective of whether they are generating or not.
(c) Availability is a measure of how effective the business is at ensuring wind generating plant is available and ready to generate.
(d) Solar, capacity and output is in respect of Carland Cross and Coldham Solar PV sites, which commenced operations in January 2022 and March 2024 respectively.
(e) Installed capacity relates to Gormans BESS and Whitelee BESS.

Outlook for 2024 and beyond

- EA3 construction is well underway with offshore construction due to start in the second half of the year with completion expected during 2026.
- Development of EA1N and EA2 continues with the focus on the route to market and analysing agreements with the supply chain for key contracts. The results of AR6 should permit EA2 to move forward to a FID in 2024.
- The submission of the scoping report for MachairWind is due during Q3 of 2024 and the second statutory consultation events for MarramWind are planned for Q4 2024.
- Renewable production continues to engage with the UK Government on the evolution of existing routes to market, notably the CfD and Capacity Market schemes, as well as new routes to market for emerging technologies. Ensuring these schemes remain fit for purpose - facilitating increased deployment ambitions whilst supporting UK supply chains and delivering lower energy costs - remains a central focus. This includes working collaboratively across the sector on proposed reforms through the Review of Electricity Market Arrangements, ensuing proposals take an evolutionary approach and reflect investor confidence as the UK scales up its decarbonization ambitions.
- Following the UK General Election in July 2024, significant changes to the planning regime in England have now removed some restrictions to the development of Onshore Wind projects. This may provide Renewable production with confidence that onshore development projects could be given due consideration over the term of this parliament. Whilst there are still significant barriers to be addressed by a recently established UK Government Onshore Wind Taskforce, this could help increase the potential for successful consenting outcomes. Further significant changes to the National Policy Statements and National Planning Policy Framework in England are being consulted upon in H2 2024 which will further embed policy support for renewable projects in the country.
- Renewable production is reviewing the onshore pipeline and are actively seeking realistic development opportunities, for onshore wind projects and repowering opportunities within GB.
- Renewable production has been invited to take a leading role within a UK Government Onshore Wind taskforce, chaired by the Secretary of State for Energy Security and Net Zero, which aims to accelerate the deployment and delivery of onshore wind and renewable projects by 2030.

CUSTOMER BUSINESS

Operating review

Supply and market conditions

- Following the decreases during 2023, energy prices have continued to stabilise at lower levels in the first half of 2024 but remain higher than historic levels.
- 2024 has started to see signs of the return of a product market however most households in our portfolio are on the standard variable tariff ("SVT") which is subject to the Ofgem price cap. Ofgem has continued to make changes to the price cap methodology to enable suppliers to recover some of the historic costs incurred for price-cap customers during 2024.
- Vulnerable customers continue to face financial challenges due to the cost of living crisis. The Customer business continues to be concerned about customer affordability, particularly considering the likely increase of energy usage and associated costs as we move into the winter months.
- With customer bills remaining high, our operational focus remains on prompt cash collection, the retention of customers on secure payment plans, and supporting our customer base to manage their debt position.
- The suspension of forced prepayment meter installations in 2023, and the increased number of customers who are not deemed suitable for prepayment, has limited the options available to the Customer business to recover debt on a reasonable repayment plan.
- After the moratorium on the involuntary installation of prepayment meters during most of 2023, on 8 January 2024, the Customer business was able to restart switching customers to prepayment after meeting Ofgem's new criteria.
- In April 2024, Ofgem introduced a temporary additional bad debt related allowance to support suppliers recover the additional bad debt created by the restrictions on use of prepayment, this is on a "float and true-up" basis, with Ofgem setting an initial "float" which will be reviewed to assess a need for any true-up from April 2025.
- The business continues to engage with Ofgem on all aspects including the options for recovery of debt where prepayment is not deemed suitable, and the additional debt created by the moratorium and the new licence conditions and guidance to ensure that any adverse costs resulting from these actions are recovered in a fair and reasonable manner.
- Following its decision to exit the Industrial and Commercial ("I&C") supply market in 2022, the business continues to service its remaining customer base but does not offer new fixed-term contract terms at the point of renewal. I&C customers have either the option of leaving ScottishPower at contract renewal or continuing to receive supply at default SVT prices. As a result of this policy the I&C portfolio has continued to decrease in size.

Government support

- For domestic customers, the Electricity Price Guarantee scheme remained in place, but was limited to aligning prepayment prices with those at the Direct Debit ("DD") level until the end of March 2024 (as per the "Policy and regulation" section, Ofgem has subsequently introduced a replacement "levelisation" process for prepayment and DD prices within the default price cap from April 2024).
- For non-domestic customers, the Energy Bill Discount Scheme provided some support to customers until 31 March 2024.
- The Customer business continues to engage with UK Government, and Ofgem, to champion a targeted approach to support the most financially vulnerable customers, such as the introduction of a social tariff.
- The business's position remains that enduring government assistance is required to ease the burden on households most at risk.

Support for customers in vulnerable circumstances

- During 2024, the business continued to deliver a strong service to customers by offering quick response times through all contact channels; for example, call wait times were less than 90 seconds in Q2 of 2024. The business is also continuing to expand its online options to allow customers to self-serve for a range of queries. Extended webchat services are also being offered.
- The business continues to have measures in place to support both financially and non-financially vulnerable customers. The continued cost of living crisis leaves us concerned for vulnerable customers and we continue to refine our approach to supporting these customers, focusing on:
  - offering specialist customer service teams, including our Affordability Team; and
  - continued engagement with key support organisations such as Citizens Advice and StepChange to ensure that customers have access to independent advice on both debt and energy efficiency measures.
- The business continues to proactively engage with both Ofgem and the UK Government, remaining focused on the growing financial challenges customers are experiencing.
- In addition, Ofgem introduced new rules in December 2023 focused on improving customer standards in three areas:
  - having a customer service operation that meets consumer needs and protects and prioritises vulnerable customers;
  - ensuring early engagement with customers who are struggling to make payments for their energy; and
  - providing better visibility to consumers of their suppliers' consumer satisfaction performance.
- Our focus on all customers, especially the most vulnerable, has supported us in meeting these new standards.

Policy and regulation

- During the first half of 2024, Ofgem launched various programmes to understand issues around affordability and debt in the market, the long-term future of the price cap as well as issues surrounding standing charges in tariffs.
- Ofgem has also continued to consult on making further amendments to the default price cap methodology including a review of operating and debt-related costs. Examples include:
  - Consultations to implement Phase 2 of the levelisation of payment methods in relation to price differentials are ongoing; and
  - Phase 1 commenced during April 2024 and levelised prepayment prices with DD levels.
- The Customer business continues to make significant efforts and investments to support smart meter rollout. As at June 2024, smart meters accounted for 60% of relevant meters in our portfolio.

2024 performance

	Revenue		Operating profit		Capital investment	
Financial key performance indicators ("KPIs")	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m
Customer business	**2,721.4**	5,060.6	**133.0**	598.8	**88.6**	68.4

In the six months ended 30 June 2024, the Customer business's revenues decreased by £2,339 million to £2,721 million versus the same period in 2023. Much of this decrease was due to lower energy costs being reflected in the Retail domestic SVT price cap.

The Customer business had an operating profit of £133 million for the six months to June 2024. This is a £466 million reduction on the equivalent prior year period operating profit.

In the first half of 2023, Retail gross margins benefitted from specific domestic price cap recoveries of £297 million which facilitated recovery of losses incurred in 2022. These allowances have not repeated in the six months ended June 2024. In addition, gross margins have been adversely impacted by lower domestic volumes and lower business margins. Other Taxes have increased by £102 million driven mainly by energy efficiency activity as the business strives to meet its ECO4 obligations.

Capital investment increased by £20 million mainly due to increases in customer contract costs.

Non-financial performance indicators ("KPIs")	Notes	**30 June 2024**	30 June 2023
Volume supplied (GWh)	(a)	**17,046**	18,512
Customer service performance	(b)	**3rd**	2nd
Smart meters in portfolio	(c)	**60.0%**	54.0%
Customers (thousands)	(d)		
- Electricity		**2,576**	2,711
- Gas		**1,815**	1,893
		4,391	4,604

(a) Lower 2024 volumes mainly due to lower average domestic and business customers, including exit from I&C market.
(b) Based on the Citizens Advice Domestic Energy Suppliers' Customer Service Report. The 2024 rankings reflect ScottishPower's position relative to the other "Big Six" Energy Companies (2023 ranking is relative to the other "Big Seven").
(c) Percentage of relevant customer base with a smart meter.
(d) Customer numbers are based on the average number of Meter Point Administration Numbers for electricity customers and Meter Point Reference Numbers for gas customers during the year to 30 June 2024.

Outlook for 2024 and beyond

- We expect seasonality to drive lower underlying profits in the second half of the year, a normal trend for this market. As usual, uncertainties remain over the balance of the year, including the impacts of weather, commodity prices, the economic and regulatory backdrop, and the competitive environment.
- The business will continue to engage with the UK Government and Ofgem to ensure the regulatory framework is fair and fit for purpose. All policies must enable the business to deliver the service and solutions needed to support its customers and deliver net zero. This will include continuing to focus on adjustments to the price cap and the use of alternative mechanisms to allow suppliers to recover efficient costs.
- The product market has continued to gather momentum with all major suppliers now offering fixed-term tariffs to new and existing customers. There has been an increase in the level of price competition on these tariffs but still not to the same extent as those seen historically with most households still on SVT tariffs.
- The business continues to focus on improvements to smart solutions. Focus remains on developing our public charging network for EVs by working with local authorities across the country. The business will also consider using energy flexibly to ensure that smart solutions are developing new services which enables customers to manage their smart devices remotely. This will include the use of an EV 'Optimise Solution' which will offer lower charging costs to customers at the greenest times of the day.
- The Company is committed to its work to develop a green hydrogen economy. In 2024, we continue to develop the Whitelee and Cromarty green hydrogen projects, which have both been awarded government funding from Hydrogen Allocation Round 1 ("HAR1"). Once constructed, these projects will be among the UK's first and largest green hydrogen production facilities, supporting the decarbonisation of industry and heavy transport with clean, green fuel.

RISKS UPDATE

The Group's principal risks and uncertainties are broadly the same as those highlighted in the Scottish Power UK plc's Consolidated annual financial statements for the year ended 31 December 2023.

Several risks continue to be the most prominent:

- **Cyber security**, specifically a breach which leads to unwanted infiltration of ScottishPower's information technology or operational technology infrastructure or data.

  Supply chain, both in terms of costs and in particular availability. Higher commodity prices have translated to increased supply chain costs. Moreover, increased demand for specialist services has reduced available capacity in some supply chains. The key to mitigating this is maintaining constructive dialogue with the supply chain on multiple packages, highlighting plans and potential constraints. Where necessary, levels of key areas of inventory will be increased as well as ongoing monitoring of underlying commodity costs and adherence to hedging policy.

- **The cost of living crisis** combined with the deterioration in the economy over the past two years has seen an increased risk of higher levels of bad debt. Mitigating actions include implementing processes to assist customers during this period, in particular vulnerable customers, in addition to identifying increased debts quickly such that early collections and debt follow up procedures can be implemented appropriately in a timely manner.
- **Recruitment and retention** of staff continues to be challenging due to increased competition for experienced and skilled staff.

Other risks have increased in prominence:
- Increased competition in the energy supply market may impact the market position of the Customer business, where aggressive pricing strategies could impact market share and profitability.

In addition, the new Labour Government is likely to introduce changes some of which will present challenges along with other changes that will present opportunities.

Full details of these risks are provided in the Group principal risks and uncertainties section of the Strategic Report contained in Scottish Power UK plc's Consolidated annual financial statements for the year ended 31 December 2023.

RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Condensed consolidated interim financial statements for the six months ended 30 June 2024 in accordance with applicable law, regulations, and accounting standards.

The directors confirm that to the best of their knowledge:
- the Condensed consolidated interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Statements'; and
- the Condensed consolidated interim financial statements include a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.7, namely an indication of the important events that have occurred during the first six months of the financial year and their impact on the Condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

By order of the board of directors:

Charles Langan
Director
18 September 2024

SCOTTISH POWER UK PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2024

	Notes	30 June 2024 £m	31 December 2023 £m
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		**577.0**	543.2
Goodwill		364.6	364.6
Other intangible assets		212.4	178.6
Property, plant and equipment		**16,903.1**	16,337.0
Property, plant and equipment in use		13,980.7	14,036.0
Property, plant and equipment in the course of construction		2,922.4	2,301.0
Right-of-use assets		**545.9**	531.7
Retirement benefits asset	4	**259.6**	246.6
Non-current financial assets		**38.4**	99.7
Investments in joint ventures		10.0	9.8
Other investments	5	0.2	0.2
Derivative financial instruments	5	28.2	89.7
Non-current trade and other receivables	6	**947.1**	511.1
TOTAL NON-CURRENT ASSETS		**19,271.1**	18,269.3
CURRENT ASSETS			
Inventories		**1,321.2**	894.6
Current trade and other receivables	6	**1,839.6**	2,352.4
Current financial assets		**199.6**	213.0
Derivative financial instruments	5	199.6	213.0
Cash	5	**86.3**	159.1
TOTAL CURRENT ASSETS		**3,446.7**	3,619.1
TOTAL ASSETS		**22,717.8**	21,888.4

SCOTTISH POWER UK PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2024

	Notes	**30 June 2024 £m**	31 December 2023 £m
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		**7,411.9**	6,697.3
Share capital		3,551.7	3,551.7
Share premium		398.2	398.2
Hedge reserve		(135.6)	(233.6)
Other reserves		420.5	420.5
Retained earnings		3,177.1	2,560.5
Of non-controlling interests		**631.4**	686.3
TOTAL EQUITY		**8,043.3**	7,383.6
NON-CURRENT LIABILITIES			
Non-current deferred income		**1,533.0**	1,500.4
Non-current provisions		**426.2**	388.3
Provisions for retirement benefit obligations	4	77.5	123.4
Other provisions	7	348.7	264.9
Non-current bank borrowings and other financial liabilities		**4,076.7**	4,063.6
Other financial liabilities		20.8	21.4
Loans and other borrowings	8	3,782.0	3,789.4
Derivative financial instruments	5	273.9	252.8
Non-current lease liabilities		**575.4**	551.5
Non-current trade and other payables		**10.6**	7.0
Non-current income tax liabilities		**6.2**	6.2
Deferred tax liabilities	9	**1,819.6**	1,656.3
TOTAL NON-CURRENT LIABILITIES		**8,447.7**	8,173.3
CURRENT LIABILITIES			
Current deferred income		**48.5**	52.6
Current provisions		**410.4**	337.0
Other provisions	7	410.4	337.0
Current bank borrowings and other financial liabilities		**3,678.6**	3,664.9
Other financial liabilities		20.9	225.9
Loans and other borrowings	8	3,581.7	3,110.2
Derivative financial instruments	5	76.0	328.8
Current lease liabilities		**37.0**	40.6
Current trade and other payables	10	**1,832.0**	2,155.4
Current tax liabilities		**220.3**	81.0
TOTAL CURRENT LIABILITIES		**6,226.8**	6,331.5
TOTAL LIABILITIES		**14,674.5**	14,504.8
TOTAL EQUITY AND LIABILITIES		**22,717.8**	21,888.4

The accompanying Notes 1 to 15 are an integral part of the Condensed consolidated statement of financial position at 30 June 2024.

SCOTTISH POWER UK PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2024

	Notes	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m
Revenue	3, 11	3,615.5	5,848.0
Procurements		(1,452.0)	(3,668.5)
GROSS MARGIN		**2,163.5**	2,179.5
Staff costs		(121.5)	(131.1)
External services		(295.7)	(338.0)
Other operating results		36.5	37.6
Net operating costs		**(380.7)**	(431.5)
Taxes other than income tax		**(308.4)**	(123.5)
GROSS OPERATING PROFIT		**1,474.4**	1,624.5
Net expected credit losses on trade and other receivables		(77.5)	(79.2)
Depreciation and amortisation charge, allowances and provisions		(369.8)	(397.8)
OPERATING PROFIT	3	**1,027.1**	1,147.5
Results of companies accounted for using the equity method		0.2	0.4
Dividends received		-	0.7
Finance income		60.4	120.2
Finance costs		(180.1)	(287.6)
PROFIT BEFORE TAX		**907.6**	981.2
Income tax	12	(250.6)	(252.8)
NET PROFIT FOR THE PERIOD		**657.0**	728.4
Non-controlling interests		(31.1)	(37.9)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE PARENT		**625.9**	690.5

All results relate to continuing operations.

The accompanying Notes 1 to 15 are an integral part of the Condensed consolidated income statement for the six months ended 30 June 2024.

SCOTTISH POWER UK PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2024

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
NET PROFIT FOR THE PERIOD	**657.0**	728.4
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to the Condensed consolidated income statement:		
Cash flow hedges:		
Changes in the value of cash flow hedges	**174.3**	722.6
Tax relating to cash flow hedges	**(42.9)**	(169.2)
	131.4	553.4
Items that will not be reclassified to the Condensed consolidated income statement:		
Retirement benefits:		
Movements in retirement benefits	**(12.4)**	(132.6)
Tax relating to movements in retirement benefits	**3.1**	33.2
Cash flow hedges:		
Changes in the value of cash flow hedges	**(44.6)**	(27.8)
Tax relating to cash flow hedges	**11.1**	6.6
	(42.8)	(120.6)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**88.6**	432.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**745.6**	1,161.2
Total comprehensive income for the period attributable to equity holder of the parent	**714.6**	1,123.4
Total comprehensive income for the period attributable to non-controlling interests	**31.0**	37.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**745.6**	1,161.2

The accompanying Notes 1 to 15 are an integral part of the Condensed consolidated statement of comprehensive income for the six months ended 30 June 2024.

SCOTTISH POWER UK PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2024

	Attributable to equity holder of the parent							
	Share capital £m	Share premium £m	Hedge reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2024	3,551.7	398.2	(233.6)	420.5	2,560.5	6,697.3	686.3	7,383.6
Total comprehensive income for the period	-	-	98.0	-	616.6	714.6	31.0	745.6
Dividends*	-	-	-	-	-	-	(85.9)	(85.9)
At 30 June 2024	**3,551.7**	**398.2**	**(135.6)**	**420.5**	**3,177.1**	**7,411.9**	**631.4**	**8,043.3**

*During the six months to 30 June 2024, the Group's subsidiaries East Anglia One Limited and Coldham Windfarm Limited paid interim dividends of £84.8 million and £1.1 million respectively to non-controlling interests. A further interim dividend of £17.2 million was paid by East Anglia One Limited in August 2024.

	Attributable to equity holder of the parent							
	Share capital £m	Share premium £m	Hedge reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2023	3,551.7	398.2	(749.8)	420.5	2,411.3	6,031.9	1,035.2	7,067.1
Total comprehensive income for the period	-	-	532.3	-	591.1	1,123.4	37.8	1,161.2
Acquisition of remaining interest in a subsidiary	-	-	-	-	(15.6)	(15.6)	(0.6)	(16.2)
Dividends	-	-	-	-	-	-	(384.4)	(384.4)
At 30 June 2023	3,551.7	398.2	(217.5)	420.5	2,986.8	7,139.7	688.0	7,827.7

The accompanying Notes 1 to 15 are an integral part of the condensed Consolidated statement of changes in equity for the six months ended 30 June 2024.

SCOTTISH POWER UK PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2024

	Six months ended 30 June 2024	Six months ended 30 June 2023 Restated*
	£m	£m
Cash flows from operating activities		
Profit before tax	**907.6**	981.2
Adjustments for:		
Depreciation, amortisation and impairment	**363.4**	391.3
Change in provisions	**157.4**	236.0
Result of companies accounted for using the equity method	**(0.2)**	(0.4)
Transfer of assets from customers	**(23.0)**	(23.7)
Net finance income and costs	**119.7**	167.4
Dividend income	**-**	(0.7)
Net losses on disposal/write-off of non-current assets	**6.4**	7.2
Movement in retirement benefits	**(67.7)**	(45.1)
Net fair value gains on operating derivatives	**(1.0)**	(6.5)
Movement in deferred income	**(2.7)**	(2.6)
Changes in working capital:		
Change in trade and other receivables	**492.4**	282.2
Change in inventories	**(459.8)**	(320.9)
Change in trade and other payables	**(181.5)**	(737.5)
Provisions paid	**(1.7)**	(3.3)
Assets received from customers (deferred income)	**48.5**	61.4
Income taxes received	**23.3**	0.2
Net cash flows from operating activities (i)	**1,381.1**	986.2
Cash flows from investing activities		
Interest received	**104.2**	26.2
Dividends received	**-**	0.7
Investments in intangible assets	**(74.6)**	(29.7)
Investments in property, plant and equipment (net of capital grants)	**(1,162.9)**	(541.5)
Acquisition of remaining interest in a subsidiary	**-**	(16.2)
Proceeds from disposal of a subsidiary	**0.6**	-
Movements in amounts due from Iberdrola Group companies - on demand loans receivable	**(467.7)**	(102.3)
Net cash flows from investing activities (ii)	**(1,600.4)**	(662.8)
Cash flows from financing activities		
Movements in amounts due to Iberdrola Group companies - on demand loans payable	**475.8**	(268.0)
Dividends paid to non-controlling interests	**(85.9)**	(384.4)
Interest paid	**(209.3)**	(95.1)
Interest paid on lease liabilities	**(11.4)**	(10.0)
Repayments of external loans and borrowings	**-**	(254.5)
Repayments of other financial liabilities	**(6.7)**	(6.9)
Payments of lease liabilities	**(16.0)**	(26.9)
Net cash flows from financing activities (iii)	**146.5**	(1,045.8)
Net decrease in cash and cash equivalents (i)+(ii)+(iii)	**(72.8)**	(722.4)
Cash and cash equivalents at beginning of period	**159.1**	869.1
Cash and cash equivalents at end of period	**86.3**	146.7

Cash and cash equivalents at end of period comprises:	**30 June 2024**	30 June 2023
	£m	£m
Condensed consolidated statement of financial position cash (including restricted cash - refer to Note 5(a))	**86.3**	146.7
Condensed consolidated statement of cash flows cash and cash equivalents	**86.3**	146.7

* Comparative figures have been restated (refer to Note 2A2)

The accompanying Notes 1 to 15 are an integral part of the Condensed consolidated statement of cash flows for the six months ended 30 June 2024.

1 COMPANY INFORMATION

Scottish Power UK plc (registered company number SC117120) is a private company limited by shares. It is incorporated in Scotland and its registered address is 320 St. Vincent Street, Glasgow, Scotland, G2 5AD. The Company's immediate parent company, Scottish Power Limited ("SPL"), is the holding company of the ScottishPower Group. The Condensed consolidated interim financial statements for the six months ended 30 June 2024 comprise those of the Company, its subsidiaries and joint arrangements (together referred to as "the Group").

The Group provides electricity transmission and distribution services in the UK and conducts renewable energy activities across the UK and Republic of Ireland. It also supplies gas and electricity to homes and businesses principally across the UK, operates gas storage facilities and undertakes associated energy management activities in the UK.

2 BASIS OF PREPARATION

A BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These Condensed consolidated interim financial statements for the six months ended 30 June 2024 were authorised for issue by the Board on September 2024. The financial information set out in these Condensed consolidated interim financial statements has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and UK-adopted IAS 34 'Interim Financial Reporting'. These financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). However, explanatory notes are included within the Interim management report to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last Consolidated annual financial statements.

These Condensed consolidated interim financial statements do not constitute the Group's statutory accounts for the six months ended 30 June 2024 within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved for issue by the Board on 19 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The financial information contained in these Condensed interim financial statements is unaudited.

These Condensed consolidated interim financial statements should be read in conjunction with the Group's Consolidated annual financial statements for the year ended 31 December 2023 which were prepared in accordance with UK-adopted International Accounting Standards ("IAS") and in conformity with the requirements of the Companies Act 2006. The Group's Consolidated annual financial statements for the year ending 31 December 2024 will be prepared in accordance with UK-adopted IAS.

In preparing these Condensed consolidated interim financial statements, significant judgements, estimates and assumptions are often required in respect of items which have a significant effect on the reported amounts of assets, liabilities, income and expenses recognised in the financial statements. The judgements and estimates made by management in applying the Group's accounting policies in preparing these Condensed consolidated interim financial statements were consistent with those applied in the Group's Consolidated annual financial statements for the year ended 31 December 2023.

In preparing these Condensed consolidated interim financial statements and applying its accounting policies, the Group applied judgements around the consideration of climate change and no material impact has been identified. The Group has the following estimation uncertainties in applying its accounting policies:

- retirement benefit obligation (including valuation of level 3 pension plan assets);
- expected credit losses ("ECLs") on Energy Customer's trade receivables;
- accrued 'unbilled' revenue; and
- provision for decommissioning costs.

Accounting policies

The Group's accounting policies applied in preparing these Condensed consolidated interim financial statements, were consistent with those applied in the Group's Consolidated annual financial statements for the year ended 31 December 2023, with the exception of those amended by the change in estimate as set out in Note 2A1 below and the application of amendments to IAS as set out in Note 2B. Income tax expense for the six months ended 30 June 2024 has been calculated based on the best estimate of the expected tax rate expected for the full financial year.

2 BASIS OF PREPARATION *continued*

A1 CHANGES IN ESTIMATES

During the year, the Group increased the estimated useful life of its underground cable assets from 40 years to 60 years in order to better align the accounting estimate with the wider industry and the physical life span of the assets. This change in estimate was applied prospectively from 1 January 2024. The impact of this change for the period to 30 June 2024 has been a decrease to the depreciation charge of £29.5 million and a decrease to the deferred income relating to the transfer of assets from customers, which is released to revenue over the life of the associated assets, of £2.5m. It is impracticable to estimate the effect of these changes on future periods.

A2 PRIOR YEAR ADJUSTMENT – STATEMENT OF CASH FLOWS

Following a review of the presentation of transactions associated with derivative financial instruments in the statement of cash flows, the directors identified that certain balances classified as adjustments for “Net fair value gains on operating derivatives” and “Change in derivative financial instruments” in the prior year should have been classified as “Change in trade and other payables”. The comparatives have been restated for this re-classification. The impact is an increase of £121.6 million in the adjustments for “Net fair value gains on operating derivatives” from £(128.1) million as previously reported to £(6.5) million, a decrease of £29.0 million in “Change in derivative financial instruments” from £29.0 million as previously reported to £nil, and a decrease of £92.6 million in “Change in trade and other payables” from £(644.9) million as previously reported to £(737.5) million. There is no impact on the Company's net cash flows from operating activities for the period ended 30 June 2023, the net asset position at 1 January 2024 or the results for the period ended 30 June 2023.

B IMPACT OF NEW IAS

For the six months ended 30 June 2024, the Group has applied the following amendments for the first time, none of which have had a material impact on the Group’s accounting policies, financial position or performance:

Standard	Note
• Amendments to IFRS 16 'Leases: Lease Liability in a Sale and Leaseback'	(a)
• Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-current' and 'Deferral of Effective Date' and 'Non-current Liabilities with Covenants'	(a)
• Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures: Supplier Finance Arrangements'	(a)

(a) The application of these amendments has not had a material impact on the Group's accounting policies, financial position or performance.

The following new standards and amendments to standards have been issued by the International Accounting Standards Board ("IASB") but have an effective date after the date of these Condensed consolidated interim financial statements or have not been endorsed by the UK, and thus have not yet been implemented by the Group:

Standard	Notes	IASB effective date (for annual periods commencing on or after)	Planned date of application by the Group
• Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'	(a), (b)	01/01/2025	01/01/2025
• IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures; 'Amendments to the Classification and Measurement of Financial Instruments'	(a), (b)	01/01/2026	01/01/2026
• IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	(a), (b)	01/01/2027	01/01/2027
• IFRS 18 'Presentation and Disclosure in Financial Statements'	(b), (c)	01/01/2027	01/01/2027
• IFRS 14 ‘Regulatory Deferral Accounts’	(a), (b), (d)	1 January 2016	To be decided
• Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’: ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’	(a), (b), (e)	Deferred indefinitely	To be decided

2 BASIS OF PREPARATION *continued*

(a) The future application of this pronouncement is not expected to have a material impact on the Group's accounting policies, financial position or performance.
(b) This pronouncement has not yet been endorsed by the UK.
(c) The Group is currently analysing the impact of implementing IFRS 18 'Presentation and Disclosure in Financial Statements' which is effective for the Group as from 1 January 2027. The analysis is not progressed enough to comment on the expected impacts. This analysis will continue during 2024 and beyond.
(d) The endorsement process of this interim standard has not been launched. On 29 January 2021, the IASB issued an exposure draft for a proposed replacement standard.
(e) The IASB set the effective date of this pronouncement as for periods commencing on or after 1 January 2016. However, in December 2015, the IASB postponed the effective date indefinitely pending the outcome of its research project on the equity method of accounting. The endorsement process for this pronouncement has not been launched. The effective date will be amended in due course.
(f) The International Sustainability Standards Board has issued IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures' which were both effective for periods commencing on or after 1 January 2024. Both standards have yet to be endorsed by the UK. The planned timing of application of these standards to the Group and their potential impact will be considered in line with any relevant endorsement guidance issued.

C GOING CONCERN

The directors have updated their going concern assessment performed to support the Consolidated annual financial statements for the year ended 31 December 2023, which were approved for issue by the Board on 19 March 2024. The updated going concern assessment that has been prepared for the period to December 2025, therefore reflects the updated forecasts and principal risks and uncertainties of the Group.

The Group continues to monitor the geopolitical situations across the world and continues to assess the risk this presents for energy prices. The Customer business division continues to hedge the commodity price exposure to minimise the impact from increased wholesale prices. Due to the other core activities of the Group in Energy Networks and Renewable production division, the direct effect on the total cash flows and liquidity is expected to be limited.

The Condensed consolidated statement of financial position presents net current liabilities of £2,778.8 million at 30 June 2024, including £3,008.6 million of on demand loans with Iberdrola Group companies. The directors continue to consider it appropriate for these Condensed consolidated interim financial statements to be prepared on a going concern basis.

For the purposes of the directors' assessment of the Group's going concern position, the directors have prepared an updated Consolidated cash flow forecast to December 2025 on the basis of the ongoing liquidity of the UK wholesale energy and gas markets, including the cash flow of longer-term strategies and projects. The cash flow forecast takes account of severe but plausible downsides, including reductions in the renewables price curve and in Renewable production's energy production, decreases in energy customer demand, and reductions in the collectability of the energy customers' trade receivables.

The base and cash flow forecasts continue to indicate that alongside the Group's existing resources and committed facilities, including £2.7 billion of undrawn committed revolving credit facilities maturing in 2029 (refer to Note 8(c)), the Group's significant capital investment programme, and anticipated novation of the acquisition of Electricity North West from Iberdrola to SPENH, means that additional financing is required during the going concern period. The directors continue to be confident in the ability and intention of the SPL Group, and the Iberdrola Group, to maintain the required funding level during the going concern assessment period under both the base and downside scenarios, based on the borrowing history to date, the liquidity position of the Iberdrola Group, and the importance of the investment programme to the Iberdrola Group.

The directors acknowledge that there can be no certainty that this funding will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. In the unlikely event of not being able to access all the additional funding as may be required, the Group has a wide range of options including deferring elements of uncommitted capital investment and delaying or deferring dividends.

Consequently, the directors continue to be confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least one year from the date of approval of these Condensed consolidated interim financial statements, and therefore have prepared the financial statements on a going concern basis.

3 BUSINESS SEGMENT REPORTING

(a) Operating segments

The Group defines its operating segments based on a combination of factors, principally differences in products and services, and the regulatory environment in which each business operates. The Group is organised into three reportable segments; Energy Networks, Renewable production and Customer business. In line with IFRS 8 'Operating Segments', the Group reports its segments on this basis and the measure of profit used for the purpose of reporting to the Chief Operating Decision Maker ("CODM") is operating profit as per the Condensed consolidated income statement. All revenue for the reported segments arise from operations within the UK and Republic of Ireland. Revenue arising from operations within the Republic of Ireland is not deemed material enough to disclose as a separate operating segment.

During the six months ended 30 June 2024, the Group's reported segments were as follows:

Reported segment	Description
Energy Networks	The transmission and distribution business within the Group.
Renewable production	The origination, development, construction and operation of renewable energy generation plants, principally onshore and offshore wind, with a growing presence in battery storage and solar.
Customer business	The supply of electricity and gas to domestic and business customers, together with customer registration, billing and handling enquiries in respect of these services, the associated metering activity, the smart meter installation programme, and managing the Group's smart solutions activities. The division also manages the Group's exposure to the UK wholesale electricity and gas markets, the optimisation of gas storage, and the development of green hydrogen opportunities.

(b) Revenue by reported segment

The revenue by reported segment for the six months ended 30 June is detailed below. Refer to Note 11(a) for a disaggregation of external revenue.

	2024			2023		
Reported segment	**External revenue £m**	**Inter-segment revenue £m**	**Revenue reported to the CODM £m**	External revenue £m	Inter-segment revenue £m	Revenue reported to the CODM £m
Energy Networks	**771.5**	**75.1**	**846.6**	686.0	78.9	764.9
Renewable production	**132.8**	**644.4**	**777.2**	114.0	431.9	545.9
Customer business	**2,711.2**	**10.2**	**2,721.4**	5,048.0	12.6	5,060.6
Elimination of inter-segment revenue			(729.7)			(523.4)
			3,615.5			5,848.0

(c) Operating profit by reported segment

The operating profit by reported segment reported to the CODM for the six months ended 30 June is detailed below:

	2024 £m	2023 £m
Energy Networks	**475.8**	307.5
Renewable production	**385.8**	235.5
Customer business	**133.0**	598.8
Unallocated	32.5	5.7
	1,027.1	1,147.5

3 BUSINESS SEGMENT REPORTING ***continued***

(d) Acquisition of property, plant and equipment and intangible assets by reported segment

The acquisition of property, plant and equipment and intangible assets by reported segment for the six months ended 30 June is detailed below:

	2024	2023
	£m	£m
Energy Networks	**513.3**	342.6
Renewable production	**298.5**	239.2
Customer business	**88.6**	68.4
Unallocated	13.5	16.2
	913.9	666.4

4 RETIREMENT BENEFIT OBLIGATIONS

The Group has two funded final salary pension schemes which provide defined benefits based on final pensionable pay; the Scottish Power Pension Scheme ("SPPS") and the Manweb Group of the Electricity Supply Pension Scheme ("Manweb"). The schemes are closed to new entrants, however active members continue to accrue benefits. The schemes are subject to independent valuations at least every three years. The Group also has an unfunded unapproved retirement benefit scheme ("UURBS") and a defined contribution scheme, the Stakeholder Pension Plan, details of which were provided in the Group's Consolidated annual financial statements for the year ended 31 December 2023.

Manweb Best Endeavours Commitment

At 31 December 2022, the defined benefit obligation for Manweb was updated to reflect the constructive obligation arising from the 'Best Endeavours' commitment to provide pension increases in line with uncapped Retail Price Index ("RPI") inflation. This obligation had previously been communicated to Manweb members and was historically referenced in the scheme funding documents.

During the year ended 31 December 2023, the Group, jointly with the Manweb Trustee, sought the opinion of the King's Counsel ("KC") on whether the Group is legally obliged to provide full RPI pension increases to Manweb members. The KC opinion was that the Group does not have a legally binding and enforceable obligation to provide an increase in excess of 5%, should RPI exceed 5%. Further, the KC concluded that the Group has the discretionary right to cap increases at 5% where RPI in any year exceeds 5%. As at 31 December 2023, the Group had not reached a decision regarding how it would apply its discretionary power and no communications had been released to Manweb members on the matter. Consequently the Group did not record any impact with respect to this matter in the Group's Consolidated annual financial statements for the year ended 31 December 2023.

Ahead of the April 2024 pension increase, the Group decided to apply its discretion under the scheme rules and cap the pension increase at 5% (compared with uncapped RPI of 8.9%). In March 2024, a communication was issued by the Manweb Trustee to all members of Manweb confirming: 1) the outcome of the KC opinion; 2) the decision to cap the April 2024 increase at 5%; and 3) implications for future pension increases.

During the period ended 30 June 2024, the Group has therefore recognised a reduction in the defined benefit obligation of £29.7 million and a corresponding past service credit (a plan amendment) in the Income statement.

(a) Analysis of balance

The amounts recognised in the Condensed consolidated statement of financial position in respect of the net retirement benefit assets/(obligations) are detailed below:

	30 June 2024	31 December 2023
	£m	£m
Non-current assets		
SPPS	**259.6**	246.6
Non-current liabilities		
Manweb and UURBS	**(77.5)**	(123.4)

4 RETIREMENT BENEFIT OBLIGATIONS *continued*

(b) Movements in the defined benefit obligation and scheme assets during the period/year

Movements in the present value of the defined benefit obligation and scheme assets during the period/year are as follows:

	30 June 2024			31 December 2023		
	Defined benefit obligation £m	**Scheme assets £m**	**Total £m**	Defined benefit obligation £m	Scheme assets £m	Total £m
At beginning of period/year	**(3,237.6)**	**3,360.8**	**123.2**	(3,188.1)	3,428.1	240.0
Items recognised in the Condensed consolidated income statement:						
Current service cost	**(10.7)**	**-**	**(10.7)**	(21.6)	-	(21.6)
Past service costs - augmentations	**-**	**-**	**-**	(0.2)	-	(0.2)
Past service credit (Note (i))	**29.7**	**-**	**29.7**	-	-	-
Interest (expense)/income	**(68.9)**	**72.5**	**3.6**	(146.6)	161.9	15.3
Adminstration expenses	**-**	**(2.8)**	**(2.8)**	-	(4.3)	(4.3)
	(49.9)	**69.7**	**19.8**	(168.4)	157.6	(10.8)
Items recognised in the Condensed consolidated statement of comprehensive income:						
Actuarial gains and (losses)	**128.8**	**(141.2)**	**(12.4)**	(73.9)	(167.3)	(241.2)
Other movements						
Employer contributions	**-**	**51.5**	**51.5**	-	135.2	135.2
Benefits paid	**84.1**	**(84.1)**	**-**	197.5	(197.5)	-
Scheme members' contributions	**(2.3)**	**2.3**	**-**	(4.7)	4.7	-
	81.8	**(30.3)**	**51.5**	192.8	(57.6)	135.2
At end of period/year	**(3,076.9)**	**3,259.0**	**182.1**	(3,237.6)	3,360.8	123.2

(i) The past service credit of £29.7 million reflects the reduction in the defined benefit obligation arising from the change in constructive obligation from full RPI to RPI capped at 5% for pension increases (plan amendment under IAS 19.104). In addition, current service cost and interest (expense)/income have been remeasured from the date of the plan amendment (28 March 2024) to the end of the reporting period (30 June 2024).

Analysis of the defined benefit obligation and scheme assets at 30 June 2024 and 31 December 2023:

	30 June 2024			31 December 2023		
	Defined benefit obligation £m	**Scheme assets £m**	**Total £m**	Defined benefit obligation £m	Scheme assets £m	Total £m
Present value of funded obligations/ fair value of scheme assets	**(3,074.3)**	**3,259.0**	**184.7**	(3,234.8)	3,360.8	126.0
Present value of unfunded obligations	**(2.6)**	**-**	**(2.6)**	(2.8)	-	(2.8)
Total net asset			**182.1**			123.2

(c) Actuarial assumptions

The assumptions used by the independent actuary for the pension arrangements, for all schemes, were developed by management with the assistance of the independent actuary and there have been no significant changes to the assumption methodologies applied during the six months ended 30 June 2024.

4 RETIREMENT BENEFIT OBLIGATIONS *continued*

The table below details the assumptions used by the independent actuary for the pension scheme arrangements and are expressed as weighted averages:

	30 June 2024	31 December 2023
Rate of increase in salaries (Note (i))	**3.2% p.a.**	3.0% p.a.
Rate of increase in deferred pensions (RPI capped at 5% p.a.) (Note (ii))	**3.2% p.a.**	3.0% p.a.
Rate of increase to pensions in payment (RPI capped at 5% p.a.) (Note (iii))	**3.1% p.a.**	3.0% p.a.
Discount rate	**4.8% p.a.**	4.4% p.a.
Inflation assumption – RPI	**3.2% p.a.**	3.0% p.a.
Inflation assumption – CPI	**2.6% p.a.**	2.4% p.a.

(i) For members of the Final Salary Life Plan "FSLP" section of the SPPS scheme, the 30 June 2024 salary assumption is 3.4% p.a. (31 December 2023 3.3% p.a.).
(ii) For members of the FSLP section of the SPPS scheme, deferred pensions are increased with reference to statutory revaluation.
(iii) For members of Manweb, at 31 December 2023 the majority of pensions in payment were assumed to increase in line with RPI without a cap applied. At 30 June 2024, as a result of the change in constructive obligation for pension increases, following communications to members about the Manweb Best Endeavours Commitment, pensions in payment are assumed to be in line with RPI capped at 5% p.a.

The weighted average life expectancies for mortality and the post-retirement mortality assumptions used to determine the defined benefit obligations at 30 June 2024 remain unchanged from those disclosed at 31 December 2023 in the Consolidated annual financial statements.

(d) Impact of changing material assumptions on the defined benefit obligation

The sensitivity analysis below has been calculated by varying the critical actuarial assumption whilst keeping all other assumptions constant. Liabilities are calculated using the same method and membership data as that used to derive the defined benefit obligation. As well as impacting on salary growth, a change in inflation also impacts on other inflation-linked assumptions such as increases to deferred pensions and pensions in payment. This sensitivity applies to the defined benefit obligation only, and not to the net defined benefit pension asset/(liability) in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of scheme assets. There has been no change to the method since that applied in the year ended 31 December 2023 to assess the sensitivity of the results to changes in the critical actuarial assumptions.

Reasonably possible changes to one of the actuarial assumptions would have affected the defined benefit obligation as follows:

	Increase/(decrease) in defined benefit obligation					
	30 June 2024			31 December 2023		
Impact of changing material assumptions	**£m**	**£m**	**£m**	£m	£m	£m
Rate of increase/decrease in inflation	**0.5%**	**0.25%**	**0.1%**	0.5%	0.25%	0.1%
Increase by	**150.2**	**76.1**	**30.5**	166.3	79.8	31.8
Decrease by	**(141.9)**	**(71.1)**	**(27.8)**	(164.7)	(84.4)	(33.6)
Rate of increase/decrease in discount rate	**0.5%**	**0.25%**	**0.1%**	0.5%	0.25%	0.1%
Increase by	**(189.0)**	**(97.1)**	**(39.4)**	(206.4)	(106.0)	(43.1)
Decrease by	**210.6**	**102.4**	**40.3**	230.7	112.1	44.0
Assumed life expectancy						
Increase mortality by one additional year			**110.3**			114.6

(e) Valuation of plan assets

Fair value of plan assets

SPPS and Manweb investment strategies are similar and there is no significant difference in risk profiles due to either geography or industry type. The schemes' assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. Neither of the schemes held ScottishPower or Iberdrola shares in 2024 or 2023.

Valuation of level 3 plan assets

Level 3 assets are investments where a market quotable price is not available. The fair values of these assets are derived in accordance with IFRS 13 'Fair Value Measurement' and provided by the relevant fund manager. As detailed in the Consolidated financial statements for the year ended 31 December 2023, interim valuations for some level 3 assets maybe estimated. Final interim valuations for these assets are typically not available until several months after the period end. When final valuations are received, a retrospective review is carried out and updated where relevant.

5 FINANCIAL INSTRUMENTS

(a) Carrying amount of financial instruments

The table below sets out the carrying amount and fair value of the Group's financial instruments.

		30 June 2024		31 December 2023	
	Classification	**Carrying amount £m**	**Fair value £m**	Carrying amount £m	Fair value £m
Financial assets					
Other investments	FVTPL	**0.2**	**0.2**	0.2	0.2
Derivative financial instruments	Fair value hedging instrument	**227.8**	**227.8**	302.7	302.7
Receivables (Note (i))	Amortised cost/FVTPL	**2,695.0**	**2,695.0**	2,777.4	2,777.4
Cash (Note (ii))	Amortised cost	**86.3**	**86.3**	159.1	159.1
Financial liabilities					
Loans and other borrowings	Amortised cost	**(7,363.7)**	**(7,311.5)**	(6,899.6)	(6,833.0)
Derivative financial instruments	Fair value hedging instrument	**(349.9)**	**(349.9)**	(581.6)	(581.6)
Payables (Note (i))	Amortised cost	**(1,625.9)**	**(1,625.9)**	(1,913.8)	(1,913.8)
Other financial liabilities	Amortised cost	**(41.7)**	**(41.7)**	(247.3)	(247.3)

(i) Balances outwith the scope of IFRS 7 and IFRS 9 have been excluded, namely Prepayments, Other tax receivables, Payments received on account and Other taxes and social security.

(ii) The value of restricted cash at 30 June 2024 was £27.4 million (31 December 2023 £54.1 million).

(b) Measurement of financial instruments

The Group holds certain financial instruments which are measured in the Condensed consolidated statement of financial position at fair value as detailed in Note 5(a). The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2024 and 31 December 2023, all Other investments held by the Group are classified as Level 1 and all Derivative financial instruments held by the Group are classified as Level 2. All contingent consideration receivable held by the Group is classified as Level 2.

Included in Level 2 derivative liabilities of £349.9 million (31 December 2023 £581.6 million) are inseparable third-party credit enhancements. These have been reflected in the fair value measurement of the liability.

Level 2 commodity derivatives are fair-valued by comparing and discounting the difference between the expected contractual cash flows for the relevant commodities and their quoted prices in an active market.

Level 2 foreign exchange derivatives comprise a cross currency swap and forward foreign exchange contracts, which are both fair-valued using the forward exchange rates quoted in an active market.

Level 2 CPI-linked inflation swaps are fair-valued using a discounted cash flow which uses forward inflation expectations derived from observable markets.

Level 2 embedded derivatives are fair-valued using discounted cash flows which use forward expectations for inflation derived from observable markets, the quoted prices of relevant commodities and quoted forward exchange rates.

Level 2 contingent consideration of £0.1 million (31 December 2023 £0.2 million) included in Receivables was fair-valued using a risk and probability-based model which considers the impacts of final construction costs.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. There were no transfers in either the current period or prior year.

5 FINANCIAL INSTRUMENTS *continued*

(c) Analysis of derivative financial instruments – carrying amount

	30 June 2024				31 December 2023			
	Assets		**Liabilities**		Assets		Liabilities	
	Current £m	**Non-current £m**	**Current £m**	**Non-current £m**	Current £m	Non-current £m	Current £m	Non-current £m
Hedging derivatives:								
Exchange rate hedges:								
Fair value hedge - Cross-currency swap	**-**	**9.4**	**-**	**-**	-	17.5	-	-
Cash flow hedge - Foreign exchange rate	**0.8**	**-**	**(31.6)**	**(21.3)**	2.1	0.1	(14.1)	(10.9)
Commodity hedges - Cash flow hedge	**248.4**	**24.8**	**(74.0)**	**(24.4)**	362.5	74.5	(439.1)	(34.0)
Inflation swap - Cash flow hedge	**-**	**-**	**(22.9)**	**(235.8)**	-	-	(23.9)	(215.8)
Non-hedging derivatives:								
Commodity derivatives - Non-hedge	**49.6**	**0.1**	**(46.6)**	**(2.0)**	163.7	-	(167.0)	(2.7)
Embedded derivatives - Non-hedge	**-**	**6.2**	**(0.1)**	**(2.7)**	-	8.2	-	-
Total gross derivatives	**298.8**	**40.5**	**(175.2)**	**(286.2)**	528.3	100.3	(644.1)	(263.4)
Impact of netting	(99.2)	(12.3)	99.2	12.3	(315.3)	(10.6)	315.3	10.6
Total net derivatives on Statement of financial position	**199.6**	**28.2**	**(76.0)**	**(273.9)**	213.0	89.7	(328.8)	(252.8)

(d) Credit risk management - Collateral and letters of credit

The Group enters into standard netting agreements with its commodity trading counterparts in order to mitigate the credit risk exposure of the Group. In addition, the Group utilises collateral support agreements with derivative counterparts to manage its credit exposure. These forms of collateral include margining for trading with exchanges, collateral used for bilateral and brokering trading, as well as letters of credit.

The Group posted collateral of £292.3 million at 30 June 2024 (31 December 2023 £441.2 million). The decrease of £148.9 million from 31 December 2023 is primarily due to the collateral with external counterparties for commodity derivative trading moving from collateral posted of £153.7 million to collateral held of £2.9 million. The majority of the collateral posted at 30 June 2024 relates to collateral posted with SPL for derivative trading. The Group utilises CPI-linked inflation swaps to reduce earnings volatility associated with CPI-indexed income which is received through its CfDs. The Group holds a collateral agreement with SPL in relation to these swaps in order to mitigate its credit risk. The value of this collateral at 30 June 2024 was £258.7 million (31 December 2023 £239.7 million) and is included within Receivables due from Iberdrola Group companies and joint ventures (refer to Note 6).

The Group held collateral of £32.8 million at 30 June 2024 (31 December 2023 £45.3 million), of which £24.3 million (31 December 2023 £30.0 million) is recorded within Trade and Other Payables (refer to Note 10) and £8.5 million (31 December 2023 £15.3 million) is recorded within Other financial liabilities.

At 30 June 2024, the value of letters of credit held amounted to £7.1 million (31 December 2023 £10.3 million). The value of letters of credit posted and performance guarantee bonds amounted to £351.8 million (31 December 2023 £451.8 million), £40.0 million (31 December 2023 £145.0 million) of which related to a letter of credit posted with the Group's commodity derivative clearer. The movement reflects a reduction in initial margining required as a result of relative stability in energy price movements since 31 December 2023.

6 TRADE AND OTHER RECEIVABLES

Current trade and other receivables	Notes	**30 June 2024 £m**	31 December 2023 £m
Receivables due from Iberdrola Group companies and joint ventures	(i)	**321.4**	363.8
Receivables due from Iberdrola Group companies - loans		**438.4**	408.0
Trade receivables (including unbilled revenue)	(ii)	**921.0**	1,256.5
Receivables in respect of government support schemes		**35.9**	38.9
Other receivables	(i)	**122.9**	285.2
		1,839.6	2,352.4

(i) Receivables due from Iberdrola Group companies and joint ventures includes £258.7 million (31 December 2023 £239.7 million) of collateral posted with SPL for derivative trading. Other receivables includes £33.6 million (31 December 2023 £201.5 million) of collateral posted.

(ii) Trade receivables (including unbilled revenue) includes £687.6 million (31 December 2023 £932.3 million) in respect of energy customers (refer to Note (a) overleaf).

6 TRADE AND OTHER RECEIVABLES *continued*

Non-current trade and other receivables	Note	30 June 2024 £m	31 December 2023 £m
Receivables due from joint ventures		**1.0**	1.0
Receivables due from Iberdrola Group companies - loans	(i)	**944.2**	507.0
Other receivables		**1.9**	3.1
		947.1	511.1

(i) These loans due from Iberdrola Group companies are repayable on demand but classified as non-current as the Group expects to realise the assets after twelve months from the reporting date.

(a) Credit risk management – Energy customers' trade receivables

The Group applies the IFRS 9 simplified model to measure ECLs, which uses a lifetime expected loss allowance, for all energy customers' trade receivables. The Group has adopted the practical expedient whereby it calculates the ECL on energy customers' domestic and small and medium-sized enterprise ("SME") receivables using a provision matrix. In line with previous periods, the provision rates are based upon the customers' payment plan, historical credit loss experience and, where possible, adjusted for forecast information. To establish levels of ECLs, the recoverability of equivalent balances from the previous three years have been reviewed.

In line with IFRS 9, a forward-looking loss allowance has been included to ensure that external factors are appropriately mitigated. This has considered the current level of energy market disruption, including the ongoing cost of living crisis and the regulatory changes made around restricting forced prepayment meter installations, together with the forecast uncertainty in macro-economic indicators.

While the level of underlying price cap has lowered year-on-year, the average customer bill is still broadly double the level it was prior to the energy price increases experienced in 2020, resulting in sustained pressure on customers' ability to pay. The new Ofgem-introduced mandatory rules covering both prepayment meter installation under warrant and remote change of smart meter mode, together with the suspension of forced prepayment installations for the majority of 2023, has limited the options available to recover debt and this has been factored into forward-looking ECL considerations.

In terms of assessing I&C customers, the ECL is based on external credit scoring. The Energy Customers Credit Risk and Corporate Risk teams remain vigilant in tracking any liquidity issues on existing customers to identify any pre-emptive actions required, including putting collateral or letters of credit in place. With the exception of I&C customers, management considers that where customers are final and all debt collection procedures have been exhausted, collectability is not deemed to be reasonably assured and therefore, amounts billed to these customers are written off as uncollectable.

Set out below are the details of the credit risk exposure on energy customers' trade receivables:

At 30 June 2024	Current £m	90-179 days past due £m	180-365 days past due £m	More than 12 months past due £m	Non-aged balances £m	Unbilled (Note (i)) £m	Total £m
Weighted average expected loss rate (%)	**13.2%**	**36.4%**	**44.3%**	**52.2%**	**5.4%**	**37.9%**	**34.8%**
Gross carrying amount: Trade receivables	**241.8**	**143.7**	**169.7**	**335.7**	**90.4**	**73.7**	**1,055.0**
Loss allowance	(32.0)	(52.3)	(75.2)	(175.1)	(4.9)	(27.9)	(367.4)
Net carrying amount	**209.8**	**91.4**	**94.5**	**160.6**	**85.5**	**45.8**	**687.6**

At 31 December 2023	Current £m	90-179 days past due £m	180-365 days past due £m	More than 12 months past due £m	Non-aged balances £m	Unbilled (Note (i)) £m	Total £m
Weighted average expected loss rate (%)	15.2%	34.8%	43.5%	51.8%	2.1%	15.8%	25.6%
Gross carrying amount: Trade receivables	205.1	119.9	215.8	232.1	303.4	177.1	1,253.4
Loss allowance	(31.2)	(41.7)	(93.8)	(120.2)	(6.3)	(27.9)	(321.1)
Net carrying amount	173.9	78.2	122.0	111.9	297.1	149.2	932.3

(i) The unbilled receivables balance of £73.7 million (31 December 2023 £177.1 million) includes gross unbilled receivables of £202.0 million (31 December 2023 £343.9 million) less customer credit balances of £128.3 million (31 December 2023 £156.4 million) in relation to non-DD customers and £nil (31 December 2022 £10.4 million) provision in relation to energy volumes still to reach final settlement. The loss allowance in relation to unbilled receivables is £27.9 million (31 December 2023 £27.9 million).

6 TRADE AND OTHER RECEIVABLES *continued*

(b) Sensitivity analysis on Energy customers' loss allowance – billed receivables

The methodology and assumptions applied in estimating the ECL for the six months ended 30 June 2024, and the provision held at that date in respect of the Energy customers' trade receivables, are deemed appropriate, as described above.

Net carrying amount of £687.6 million (2023 £932.3 million) includes gross billed debt of £906.5 million (2023 £897.4 million) for domestic and SME customers and £334.6 million (2023 £286.9 million) of loss allowance on this billed debt. This amount is subject to significant estimation uncertainty, refer to Note 3 in the 2023 Annual Report and Accounts.

The actual level of billed receivables collected may differ from the estimated levels of recovery, which could impact operating profit positively or negatively. At 30 June 2024, the loss allowance for billed receivables of £334.6 million (31 December 2023 £286.9 million) was supported by a projection based on a 36-month cash collection performance. Based on the weighted average expected loss rates in the table above, a 5% increase in the overall expected loss rate would increase the loss allowance by £45.3 million (31 December 2023 £44.9 million). A 5% decrease would decrease the loss allowance by £45.3 million (31 December 2023 £44.9 million).

7 OTHER PROVISIONS

	Note	**30 June 2024 £m**	31 December 2023 £m
Reorganisation and restructuring		**-**	0.1
Renewables Obligation		**458.3**	282.9
Decommissioning costs		**275.6**	270.0
Regulatory	(a)	**13.6**	38.0
Other		**11.6**	10.9
		759.1	601.9

(a) As disclosed in the 2023 Annual Report and Accounts, Contingent liabilities Note 31, from time to time, regulatory bodies, including Ofgem, open inquiries with the Group in relation to compliance with licences, laws and regulations. The Group is currently involved in such matters and is working proactively with the relevant authority to reach a satisfactory conclusion. A provision of £38.0 million was recorded in the prior year and following a reassessment this has been reduced to £13.6 million, the Group expects to utilise this provision in the second half of 2024.

8 LOANS AND OTHER BORROWINGS

	Notes	**30 June 2024 £m**	31 December 2023 £m
Current loans and other borrowings			
Loans payable to Iberdrola Group companies		**3,011.6**	2,538.3
Loans payable to external counterparties	(a)	**394.6**	385.5
Accrued interest due to Iberdrola Group companies		**133.2**	163.1
Accrued interest due to external counterparties		**42.3**	23.3
	(b)	**3,581.7**	3,110.2

	30 June 2024 £m	31 December 2023 £m
Non-current loans and other borrowings		
Loans payable to Iberdrola Group companies	**2,530.0**	2,530.0
Loans payable to external counterparties	**1,252.0**	1,259.4
	3,782.0	3,789.4

(a) Loans payable to external counterparties includes £(0.8) million (31 December 2023 £(0.9) million) finance costs due to be amortised within one year.

(b) The increase of £471.5 million in Current loans and other borrowings in the six months to 30 June 2024 mainly comprises an increase in on demand loans payable to Iberdrola Group companies.

(c) The Group has an intra-group revolving credit facility arrangement with SPL for £2.7 billion with an expiry date of April 2029. There are no drawings under this facility, therefore at 30 June 2024 the Group had £2.7 billion of undrawn committed facilities available (31 December 2023 £2.7 billion).

9 DEFERRED TAX

	Property, plant and equipment	Derivative financial instruments	Retirement benefits	Other temporary differences	Total
	£m	£m	£m	£m	£m
At 1 January 2024	1,661.7	(12.6)	30.9	(23.7)	1,656.3
Charge/(credit) to Income statement	1.6	(0.4)	-	110.3	111.5
Recorded in the Statement of comprehensive income	-	37.1	14.7	-	51.8
At 30 June 2024	**1,663.3**	**24.1**	**45.6**	**86.6**	**1,819.6**

10 CURRENT TRADE AND OTHER PAYABLES

	30 June 2024	31 December 2023
	£m	£m
Payables due to Iberdrola group companies and joint ventures	**33.7**	2.8
Trade payables	**785.8**	646.9
Capital payables and accruals	**494.8**	649.9
Collateral held	**24.3**	30.0
Other payables	**493.4**	825.8
	1,832.0	2,155.4

11 REVENUE

(a) Disaggregation of revenue

	Six months ended 30 June 2024			
	Energy Networks	**Renewable production**	**Customer business**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue arising from contracts with customers in scope of IFRS 15:				
Electricity distribution	487.5	-	-	**487.5**
Electricity transmission	261.0	-	-	**261.0**
Transfers of assets from customers	23.0	-	-	**23.0**
Supply of electricity	-	-	1,852.0	**1,852.0**
Supply of gas	-	-	817.3	**817.3**
Other	-	18.1	20.4	**38.5**
	771.5	18.1	2,689.7	**3,479.3**
Revenue arising from contracts in scope of IAS 20:				
Revenue received from government support schemes	-	-	(16.9)	**(16.9)**
CfD	-	125.3	-	**125.3**
	-	125.3	(16.9)	**108.4**
Revenue arising from contracts in scope of IFRS 9:				
Derivative income	-	(10.6)	38.4	**27.8**
	771.5	**132.8**	**2,711.2**	**3,615.5**

11 REVENUE *continued*

	Six months ended 30 June 2023			
	Energy Networks £m	Renewable production £m	Customer business £m	Total £m
Revenue arising from contracts with customers in scope of IFRS 15:				
Electricity distribution	424.3	-	-	424.3
Electricity transmission	237.6	-	-	237.6
Transfers of assets from customers	24.1	-	-	24.1
Supply of electricity	-	-	2,393.9	2,393.9
Supply of gas	-	-	1,084.0	1,084.0
Other	-	28.3	21.3	49.6
	686.0	28.3	3,499.2	4,213.5
Revenue arising from contracts in scope of IAS 20:				
Revenue received from government support schemes	-	-	1,451.8	1,451.8
CfD	-	94.9	-	94.9
	-	94.9	1,451.8	1,546.7
Revenue arising from contracts in scope of IFRS 9:				
Derivative income	-	(9.2)	97.0	87.8
	686.0	114.0	5,048.0	5,848.0

All revenue is recognised in accordance with the Group's revenue and derivative instrument accounting policies as published in the Group's Consolidated annual financial statements. All revenue arises from operations within the UK and Republic of Ireland. Revenue from outside the UK is not deemed sufficiently material to warrant separate disclosure.

(b) Supply of electricity and gas – unbilled estimation uncertainty

The Group operates in the Great Britain energy industry, whose nature is such that revenue recognition for the supply of electricity and gas is subject to a degree of estimation. Revenue includes an estimate of the units supplied to customers between the date of their last meter reading and the period end. This is included as unbilled revenue within Trade and other receivables and where direct debit customer accounts are in a net credit balance, is included in Other payables within Trade and other payables. This estimate is based on external data supplied by the electricity and gas market settlement process and internal data relating to energy purchases where settlement data is not yet available. While these assumptions are believed to be appropriate, a change in these assumptions could materially impact the value of the accrued revenue recorded within the next twelve months. Where volumes are yet to reach final settlement, a provision is made against unbilled revenue recognised in respect of those volumes. The provision is determined by considering the current unbilled position, historical trends, and any other known factors. The value assigned to these estimated volumes is based on a weighted average price per unit derived from the billing systems. This methodology is consistent with prior periods and in line with prior periods, settlement data received post period end was reviewed and supported the provisioning level.

The estimated value of energy delivered to customers is included within billed revenue (where an estimated reading is included within an issued invoice) and unbilled revenue (where no invoice has been invoiced). For further details on billed receivables, refer to Note 6(b). For further details on unbilled receivables refer to Note 6(a).

Had actual consumption been 4.5% higher or lower than the estimate of units supplied (the average variance based on recent historical analysis), this would have resulted in revenue recognised for unbilled amounts being £26.5 million higher and lower respectively. The value assigned to this volume sensitivity is based on a weighted average price per unit derived from the billing systems. Approximately 91% of unbilled revenue relates to the most recent quarter where there is a higher level of estimation uncertainty.

12 INCOME TAX

The tax charge on profit on ordinary activities for the period varied from the standard rate of UK Corporation Tax as follows:

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Corporation Tax at 25% (2023 23.5%)	**226.9**	230.6
Adjustments in respect of prior periods	**(0.4)**	(1.0)
Impact of tax rate change on current period tax charge	**0.7**	5.4
Non-deductible expenses and other permanent differences	**23.4**	17.8
Income tax expense for the period	**250.6**	252.8

The UK Corporation Tax rate changed to 25% from 1 April 2023.

13 COMMITMENTS

	30 June 2024 £m	31 December 2023 £m
Capital commitment contracted but not provided	**3,992.1**	4,065.6
Long-term energy purchase contract commitments	**875.9**	1,915.1
Other contractual commitments	**1,402.8**	994.8
	6,270.8	6,975.5

14 RELATED PARTY TRANSACTIONS

The Group has material loans receivable from and payable to Iberdrola Group companies which are disclosed in Notes 6 and 8 respectively. There has been no change in counterparties since 31 December 2023.

The nature of related parties has not changed since 31 December 2023.

15 SEASONALITY OF OPERATIONS

Amounts reported for the interim period may not be indicative of the amounts that will be reported for the full year due to seasonal fluctuations in customer demand for gas and electricity, the impact of weather on demand, renewable generation output and market changes in commodity prices.

Domestic demand for gas is generally higher in the winter and lower in the summer. Demand is also generally higher in January to June than in July to December. Domestic power consumption is higher in the winter than the summer, however, is more balanced between January to June and July to December.

Wind output volumes are variable but are generally higher in winter months. Total volumes tend to be broadly consistent for the first and second halves of the year, with the volume profile being weighted towards the earlier and later months of the year where weather is more unsettled and windier conditions are experienced.