

INVESTOR REPORT FOR WODS TRANSMISSION PLC

For the period ending 30 June 2024

General Overview

Present Status:

Investors: **Funds managed by Dalmore Capital Limited** (PPP Equity PIP LP, Dalmore Infrastructure Investments 31 LP, Dalmore Infrastructure Investments 32 LP, Dalmore Infrastructure Investments 33 LP)

O&M Contractor: **Ørsted West of Duddon Sands (UK) Limited and Scottish Power Renewables (WODS) Limited**

O&M Guarantors: **Ørsted Wind Power Holdings A/S and Scottish Power UK PLC**

Security Trustee: **HSBC Corporate Trustee Company (UK) Limited**

Principal Paying Agent: **HSBC Bank PLC**

Technical Adviser: **Ove Arup & Partners Limited**

Insurance Adviser: **Marsh Ltd**

Ratings by Moody's Investors Service Limited: **A3**

Outstanding Principal Amount: **£170,112,813 as at 30 June 2024 (after the deduction of a scheduled partial principal repayment of £5,362,302 to be made on 01 July 2024).**

General performance

1. Health and Safety Performance

The health and safety performance of WoDS Transmission PLC ("WoDST") since asset transfer has been continued to be good with no reportable incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

The 2024 HSE Operating Plan is being implemented successfully with the completion of the offshore HSE safety, environmental, general, and onshore cable route reviews. The onshore substation general, safety and spares are programmed to be conducted in July with the onsite schedule completed in October with the control room review. The minor matters arising thus far have been agreed and entered into Ørsted's (on behalf of the Operations & Maintenance Provider) tracking system and monitored via the Monthly Operational meetings. All actions from preceding years process reviews have been completed and there are no areas of significance identified.

2. Transmission System Availability Performance

Cumulative transmission system availability calculated on a basis consistent with that reported to the Gas and Electricity Markets Authority (the "Authority") since asset transfer on 25 August 2015 through to and including 26 June 2024, was 99.50%. On an equivalent reporting basis, transmission system availability for the period from 20 December 2023 (being the day immediately following the end of the availability period reported in the last Investor Report) through to and including 26 June 2024 was 99.72%.

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General performance (continued)

2. Transmission System Availability Performance (continued)

We expect that availability for the performance year ended 31 December 2021, together with availability for the performance year ended 31 December 2022 and the performance year ending 31 December 2023, as reported to the Authority in accordance with the availability incentive mechanism requirements of the electricity transmission licence issued to WoDST (“the Licence”), will be amended in a future reporting period to exclude the impact of outages associated with the July 2021 fault outage and subsequent short investigative outages in 2022 and 2023. We have arrived at this conclusion on the basis that evidence to date indicates that these outages (including the investigative outages) should be excluded from the calculation of the availability incentive mechanism as these outages were either a) responsive to our obligations to disconnect the system for safety reasons or in the alternative b) the event meets the definition of an Exceptional Event under the Licence. The final root cause analysis and associated evidence was submitted to the Authority in April 2024 and we await their confirmation to exclude the impact of the outages from the availability calculations.

In the December 2023 Investor Report, we reported that the unplanned fault outage that occurred between 7 May and 25 May 2023 relating to the replacement of a faulty Voltage Transformer was assumed not to meet the conditions that the Authority would accept as satisfying the criteria for an Exceptional Event. We remain of the opinion that there is insufficient evidence for us to successfully pursue an Exceptional Event claim with the Authority and therefore consistent with the position adopted in the December 2023 Investor Report, the reduction in availability caused by this outage is reflected accordingly in the availability performance reported above.

The effect of excluding the impact on reported availability of all outages directly related to the July 2021 outage as described above, have not been reflected in the reported transmission system availability figures referenced above. In the event these proposed exclusions were excluded from reported availability to the Authority, this would improve the reported cumulative transmission system availability from 25 August 2015 through to and including the 26 June 2024 to 99.60%.

2.1. System Availability Performance from 20 December 2023 to 26 June 2024

Availability performance for the period 20 December 2023 to 26 June 2024 was 99.72%. The small reduction in availability comprised:

- Short duration outages on Circuit 1 (18th January) and Circuit 2 (26th January), each occurring after harmonic filter faults incurring a total lost availability of approximately half of the transmission system for 20hrs 30 mins.
- A further short duration maintenance and inspection outage on Circuit 2 of approximately half of the transmission system was taken on 18th April for 6hrs 16 mins.

2.2. Outages planned for the remainder of the performance year ending 31 December 2024

An extended Circuit 1 outage to replace a Voltage Transformer following the detection of a small SF₆ insulating gas leak that was previously scheduled to take place in September 2024 has now been rescheduled to the Spring of 2025 following uncertainty over the delivery date of replacement spare Voltage Transformer. Therefore, this expected future outage will no longer impact the performance year ending 31 December 2024.

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General performance (continued)

Related to the rescheduling of an extended Circuit 1 outage to replace a Voltage Transformer as described on the previous page, we are currently carrying out a review as to the requirement for any further maintenance outages during the remainder of the performance year ending 31 December 2024. In particular, where planned maintenance activity that necessitates an outage would have been aligned with the rescheduled Voltage Transformer replacement outage, this maintenance activity will also be postponed to align with the expected Voltage Transformer replacement in the Spring of 2025 – where such a postponement is feasible and consistent with good industry practice. The objective of the maintenance programme being to minimise the impact of any outages on availability performance impact for the performance year ending 31 December 2024, in an efficient and cost effective manner without compromising the integrity of the transmission system.

Forecast availability performance for the year ending 31 December 2024, calculated on the basis of that required when reporting to the Authority, reflecting actual availability performance through to 26 June 2024 and assuming that the review into all maintenance activities described above will result in a plan for future maintenance outages to be rescheduled to the Spring of 2025, is expected to be 99.85% (without adjustment for the effect of any potential permitted exclusions from this calculation).

2.3. Outages planned for the performance year ending 31 December 2025

As noted above, a Voltage Transformer was due to be replaced in September 2024 following the detection of a small SF₆ insulating gas leak which would have resulted in a planned outage of circuit 1 while the replacement was installed.

However, this planned replacement activity, which will require an outage of the transmission system, is now scheduled for the Spring of 2025 following the expected delivery of a new Voltage Transformer. In the meantime, the gas levels of the leaking Voltage Transformer are being monitored and maintained to ensure ongoing performance of the equipment. Where possible, other circuit 1 maintenance activities will be undertaken in parallel with the work required to replace the Voltage Transformer, in order to minimise the overall impact on availability.

3. Bathymetric Survey

The 2023 bathymetric survey of the two export cables connecting the WoDST offshore platform to the onshore substation has been completed with an interpretative report now received from our O&M provider with no adverse findings reported. In line with the report recommendations, the next export cable survey will take place in 2026.

Following the successful cable protection system rock stabilisation at the offshore platform in April 2023 (as described in the June 2023 Investor Report), the interpretive report further recommends a routine integrity inspection this year and in 2026. We will be co-ordinating with the wind farm generator to combine activities to minimise costs.

4. Decommissioning

In line with decommissioning requirements set out in the ‘Decommissioning of offshore renewable energy installations under the Energy Act 2004: Guidance notes for industry’ dated March 2019 (the 2019 Decommissioning Guidance), WoDST is required to establish a Decommissioning Programme to commence at the end of the Transmission Revenue Scheme (TRS) as it applies to WoDST in 2035. As part of these arrangements, WoDST is also required to undertake a mid TRS term Decommissioning Programme review by August 2025.

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General performance (continued)

As a consequence of the requirements described above, in accordance with our obligations under the Energy Act 2004 and consistent with the 2019 Decommissioning Guidance, WoDST have commenced preparation of a Decommissioning Programme review with completion targeted for August 2025 when the mid-term point of the current Tender Revenue Stream (TRS) is reached. At this point, WoDST will start reserving for the decommissioning of its offshore transmission owner (OFTO) assets.

As previously reported, regulatory arrangements are being developed to allow for potential OFTO TRS extensions beyond the current 20-year period, which, in respect of WoDST, ends in 2035. These are in turn subject to the wind farm generator's requirement to extend their operating life and the satisfaction of appropriate regulatory requirements. These arrangements may have implication for any decommissioning plan.

Decommissioning and OFTO life extension arrangements are currently under consideration by the Department of Energy Security and Net Zero (DESNZ) and The Office of Gas and Electricity Markets (Ofgem). WoDST is engaged in discussions with Ofgem and DESNEZ as these arrangements are refined, alongside other OFTOs, through the Electricity Network Association (ENA) OFTO Forum.

5. *Material Communications*

There have been no material communication or reports delivered by WoDST or National Grid Electricity Transmission System Operator Limited pursuant to the terms of any Transaction Authorisation since the date of the last Investor Report.

Regulatory and business update

There have been no new significant regulatory, business and performance developments since the last Investor Report except as disclosed under "General Performance" above.

There have been no significant announcements/publications by the Authority by or relating to the Security Group since the last Investor Report.

There have been no changes to the membership of the Board or in the ownership of the project since the previous Investor Report.

Current Hedging Position

An inflation hedging agreement is in place to swap a portion of the revenues over the life of the fixed rate secured bonds due August 2034.

Current availability / drawn amounts under the PBCE

The European Investment Bank (the PBCE provider) has provided a letter of credit that allows WoDST, in specified circumstances, to draw down certain amounts. At 30 June 2024, WoDST is entitled (subject to specified conditions) to draw down under the letter of credit a maximum amount with a value equivalent to 15% of the outstanding principal amount of the fixed rate secured bonds due August 2034.

No amount of the PBCE letter of credit has been drawn down as at the date of this report and WoDST has no current plans to draw down under this facility.

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Project Documents

There have been no amendments to, or replacement of, any Project Document since the last Investor Report.

Ratios

We confirm that the ratios calculated as at 30 June 2024 (together the **Ratios**) are as detailed in the tables below:

Ratio	Ratio for Relevant Period/Date (excluding undrawn PBCE)	Lock-Up Ratio Level (excluding undrawn PBCE)	Ratio for Relevant Period/Date (including undrawn PBCE)	Default Ratio Level (includes undrawn PBCE)
Projected DSCR:	1.18x	1.10x	2.53x	1.05x
Historic DSCR:	1.20x	1.10x	2.64x	1.05x
Debt Life Cover Ratio:	1.35x	1.15x	1.50x	1.08x

We confirm that the Ratios have been calculated using the most recently available financial information required to be provided by the Obligors under Schedule 2 (Obligor Covenants) of the Common Terms Agreement (CTA). The undrawn PBCE amount included in the calculation of the relevant Ratios included within the table shown above amounted to £25,516,922 (calculated after reflecting the scheduled partial repayment of principal on 01 July 2024). All ratios have been calculated based on actual data through to 31 March 2024, estimated data through to 30 June 2024 and forecast data thereafter.

In compliance with the requirements of the CTA - forecast data included in the computation of the ratios presented above after the 30 June 2024 have been based on data included in the Forecast as presented to investors at the 31 December 2023 Calculation Date.

We set out below the computation of the Ratios for your information:

(a) Projected DSCR – 1.18 (excluding undrawn PBCE)

Net Cashflow (Jul 24 – Jun 25)	£22,466k
Debt Service (Jul 24 – Jun 25)	£18,974k

Net Cashflow is comprised of Gross Revenue less Operating Costs, Capital Costs and Taxes.

Gross Revenue is net of RPI swap payments and movements in and out of the Decommissioning Reserve Account (DRA) and Working Capital Reserve Account (WCRA).

Debt Service includes all scheduled payments of interest and principal payable in respect of senior debt and any termination payments then due and payable under any hedging agreement.

(b) Historic DSCR – 1.20 (excluding undrawn PBCE)

Net Cashflow (Jul 23 – Jun 24)	£21,123k
Debt Service (Jul 23 – Jun 24)	£17,641k

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Ratios (continued)

- (c) Debt Life Cover Ratio – 1.35 (excluding undrawn PBCE)

NPV of Net Cashflow plus DSRA, MRA, WCRA	
Plus, the residual balance of the proceeds account	£229,483k
Senior Debt	£170,113k

Confirmations

We confirm that:

- (d) No Default has occurred and is continuing;
- (e) The statements set out in this Investor Report are accurate in all material respects; and
- (f) The amount of any Restricted Payment made since the date of the last Investor Report amounted to £2,225,767.

Yours faithfully,

Daniel Pires
Daniel Pires (Jun 27, 2024 10:32 GMT+1)
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Director

Signing without personal liability, for and on behalf of **WoDS Transmission PLC**

27 June 2024






WoDS_240630_InvestorReport_V1.0 for director approval

Final Audit Report

2024-06-27

Created:	2024-06-27
By:	Victoria Goodwin (v.goodwin@frontierpower.biz)
Status:	Signed
Transaction ID:	CBJCHBCAABAAzfZvo3JNdEQLOFrgtqst9gPsoRVwiiDG

"WoDS_240630_InvestorReport_V1.0 for director approval" History

-  Document created by Victoria Goodwin (v.goodwin@frontierpower.biz)
2024-06-27 - 9:22:44 AM GMT
-  Document emailed to Daniel Pires (daniel.pires@dalmorecapital.com) for signature
2024-06-27 - 9:22:50 AM GMT
-  Email viewed by Daniel Pires (daniel.pires@dalmorecapital.com)
2024-06-27 - 9:31:51 AM GMT
-  Document e-signed by Daniel Pires (daniel.pires@dalmorecapital.com)
Signature Date: 2024-06-27 - 9:32:03 AM GMT - Time Source: server
-  Agreement completed.
2024-06-27 - 9:32:03 AM GMT