



# West of Duddon Sands Offshore Transmission

Investor Presentation | Period to 30 June 2016

## Audio Conferencing Details

**13:00 UK time 28 July 2016**

**Toll Access Number** 02086090257

**Toll-free Number** 08003582902

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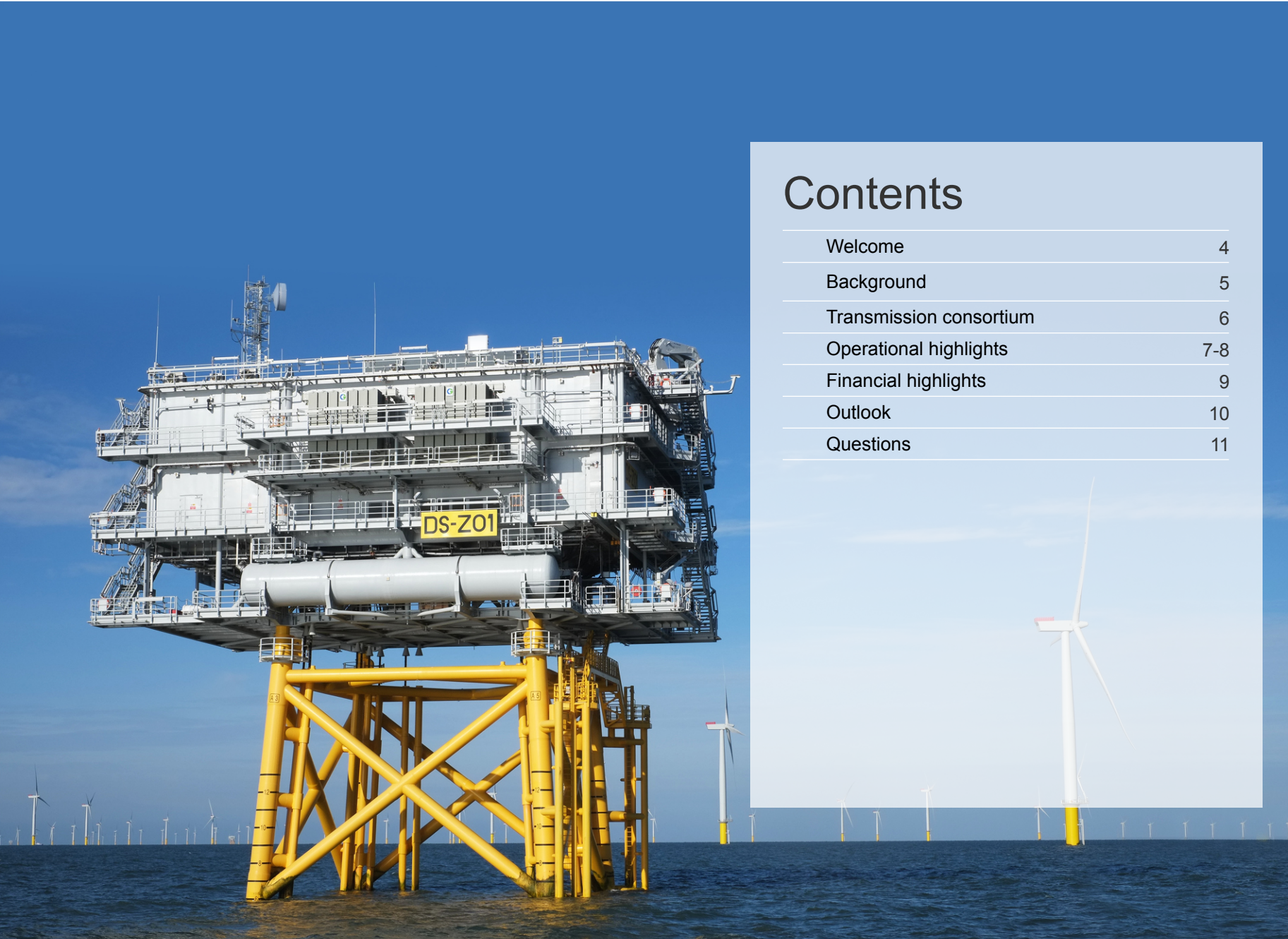
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# Welcome

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- This is the first Investor Presentation by WoDS Transmission plc to Bondholders
- The following representatives are present to answer questions:
  - OFTO Directors – Celine Maronne and Adrian Peacock
  - OFTO General Manager – Humza Malik
  - OFTO Technical Director – Mike Rawlins
  - OFTO Finance Manager – Steve Noonan

# Background

- The West of Duddon Sands Offshore Wind Farm comprises 108 wind turbines with a total installed capacity of 389MW and ensures clean renewable energy for more than 270,000 UK households.
- It is located in the Irish Sea, approximately 15km off Walney Island, Cumbria, UK.
- The transmission assets comprise the offshore substation, the transmission cables to the onshore substation, and the onshore substation.
- WoDS Transmission plc purchased the transmission assets on 25 August 2015 and operates the transmission assets under a perpetual licence granted by Ofgem with a 20 year revenue entitlement period.
- WoDS Transmission plc is special purpose entity that was owned equally by 3i Infrastructure plc and Macquarie as at 25 August 2015. Macquarie subsequently sold its 50% to PPP Equity PIP LP, a fund managed by Dalmore Capital Limited
- Frontier Power, an independent operator, asset manager and advisory business with deep specialisation in the power sector, undertakes the role of Management Services Provider.



# WoDS Transmission plc



## Shareholders



### 3i Infrastructure plc

- 3i Infrastructure plc (3iN) is an investment company listed on the London Stock Exchange. 3iN is a long-term investor in infrastructure businesses and assets focusing on economic infrastructure, greenfield and low risk energy projects in developed economies, principally in Europe.
- As at March 2016, 3i has infrastructure assets under management of c.£2.0bn.



DALMORE CAPITAL

### Dalmore Capital

- The WoDS Transmission OFTO investment is held by the PPP Equity PIP LP, a fund managed by Dalmore Capital Limited. Dalmore Capital is an independent fund management company focusing on lower risk opportunities for institutional investors in the infrastructure sector.
- As at 30 June 2016, Dalmore Capital had over £1.7 billion of assets under management.

## Management Services Provider

**FrontierPower**

### Frontier Power Limited

- Frontier Power Limited are engaged by the Directors of WoDS Transmission to provide management services and report to the WoDS Transmission Directors. Frontier Power team members each have significant experience in developing and running utility sector businesses around the world.

## Financial Services Provider



### Infrastructure Managers Limited

- Infrastructure Managers Limited ("IML") provide financial and administrative services to WoDS Transmission.
- IML was formed in 2005 and is a leading specialist provider of management services to the PFI/PPP market across a wide ranging client base.

# Operational performance highlights

## Health, Safety & Environmental

- The O&M contractor continues to deliver HSE management in relation to the offshore transmission assets owned by WoDS Transmission.
- HSE performance since asset transfer has been excellent with no reportable incidents.
- WoDS Transmission is managing and discharging its transferred obligations under the Marine Licence successfully.

## Availability

- Availability from 25 August 2015 (asset transfer) to 30 June 2016 was 100% which will generate incremental income in the form of performance credits
- WoDS Transmission availability compares favourably with figures published by Ofgem showing more than 99% availability across the OFTO sector since the first licence grant to March 2015\*

## Planned Maintenance

- Onshore and offshore maintenance has been carried out as planned and completed successfully.
- The next planned outages (i.e. those affecting availability) are scheduled for July/August 2016 as part of the planned maintenance activities and are in line with the financial close model assumptions

## Stakeholder Relationships

- Good relationships maintained with key counterparties including regulatory (NGET, Ofgem), financial (security trustee) and key contractors (DONG Energy and Scottish Power Renewables as developer and O&M service provider).

\*(Source: [https://www.ofgem.gov.uk/sites/default/files/docs/offshore\\_transmission\\_ofto\\_revenue\\_report\\_november\\_2015.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/offshore_transmission_ofto_revenue_report_november_2015.pdf))

# Operational performance highlights

## Post transfer completion activities

### Snagging works

- The Vendors have completed snagging works that they were required to complete after completion as set out in the SPA, with one remaining item currently in progress, the disconnection of redundant metering equipment. Close out is expected shortly.

### Temperature anomaly

- WoDS Transmission continues to monitor the temperature anomaly that was identified on the south cable prior to asset transfer and no further deterioration has been detected. Testing as specified in the SPA, to either confirm or rule out the presence of a technical issue protected by warranties contained within the SPA, is complete and the final report is awaited.

### Cable reburial

- The Vendors have progressed agreed reburial works required under the Cable Burial Agreement (the CBA) and the Barrow Crossing Agreement (the BCA), together with additional works to address the further instance of seabed scour identified shortly after closure, as a single programme of work, at the Vendor's expense.
- This programme is currently underway – work is completed and we await the Works Completion Notices for OFTO review and acceptance.

# Financial performance highlights

## Senior Debt Structure

- As at 30<sup>th</sup> June 2016 the company's senior debt structure reflects the following :
  - Senior bonds outstanding £244,798k due August 2034
  - RPI Swaps for 75% of revenue
  - PBCE Letter of Credit of 15% of bond principal

## Key Ratios

As at 30 June 2016	Ratio for Relevant Period/Date (excluding undrawn PBCE)	Lock-Up Ratio Level (excluding undrawn PBCE)
Projected DSCR:	1.21x	1.10x
Historic DSCR:	1.26x	1.10x
Debt Life Cover Ratio:	1.28x	1.15x

## Commentary

- Transmission revenue, including performance credits since 1 April 2016 (equivalent to £594k for the financial year ending 31 March 2017 - reflecting 100% availability through to 31 December 2015) is and continues to be invoiced monthly; and to date has been settled in accordance with industry standard conditions.
- Operating costs to 30 June 2016 are in line with budget.
- Payments to key contractors have been made in accordance with payment terms.
- Key financial deliverables will be met, including the filing of regulatory accounts for the period ended 31 March 2016 with the Authority.
- No Event of Default has occurred.
- Debt service for the period from financial close through to 30 June 2016 was £17,422k in line with the financial close model.
- PBCE remains undrawn. PBCE Letter of credit stands at £36,720k as at 30 June 2016.
- A new Financial model is in use which allows more straightforward updating for actual results as well as predicting future outcomes.

- Key operational priorities for the next 12 months:
  - Maintain focus on health, safety, environment
  - Maintain high availability performance
  - Close out cable reburial activities
  - Continue to apply Good Industry Practice and embed working relationship with O&M provider
- Negotiate Proximity Agreement with Walney Wind Farm Extension for offshore cable installation in proximity to WoDS transmission cables
- First year of regulatory reporting will be made to the Authority prior to 31 July 2016

# Questions ?

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- When invited, please indicate if you wish to ask a question stating your name & organisation