



West of Duddon Sands Offshore Transmission

Investor Presentation | Period to 31 July 2022



Teams Conferencing Details

11:00 UK time 15 August 2022

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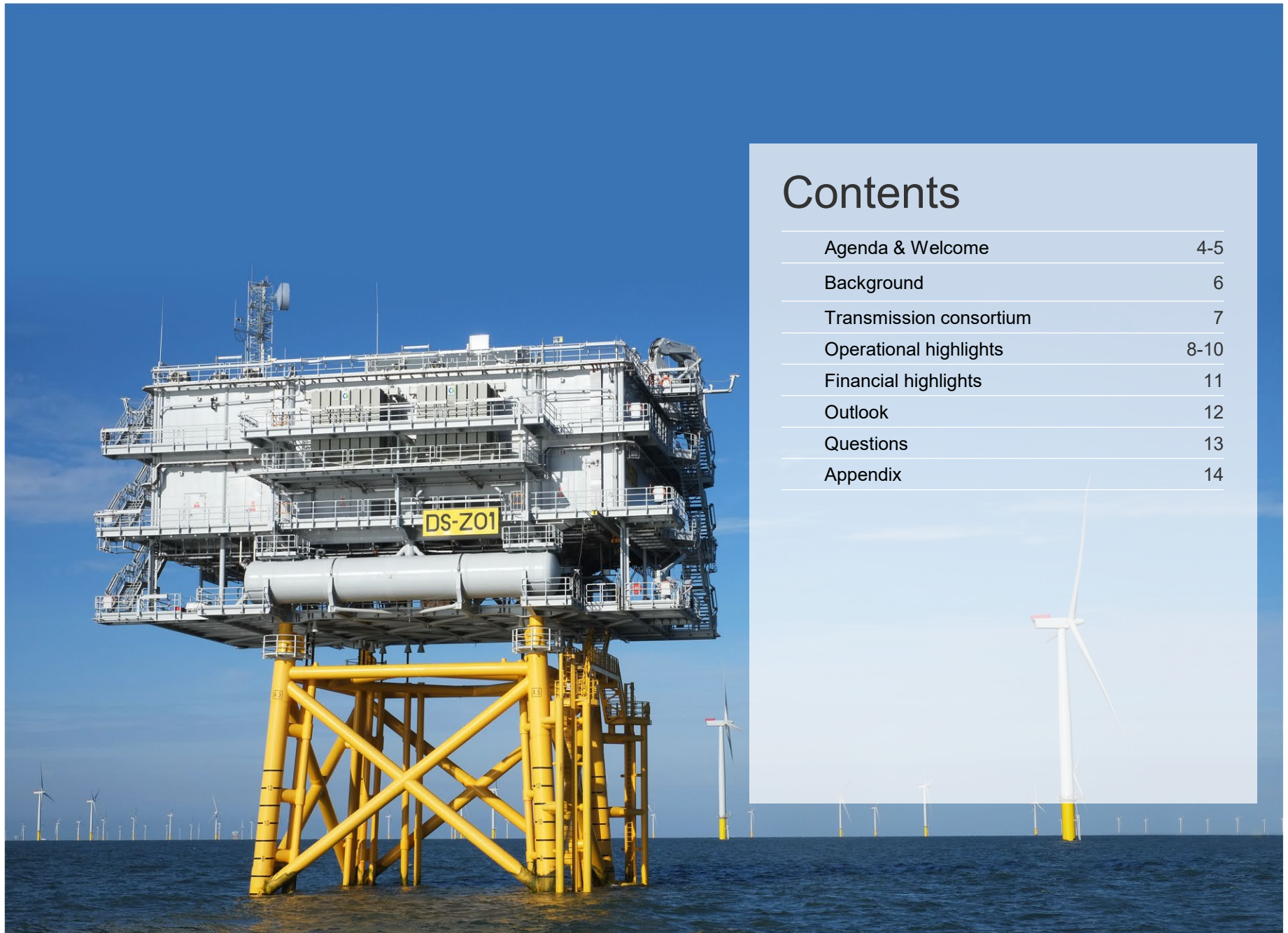
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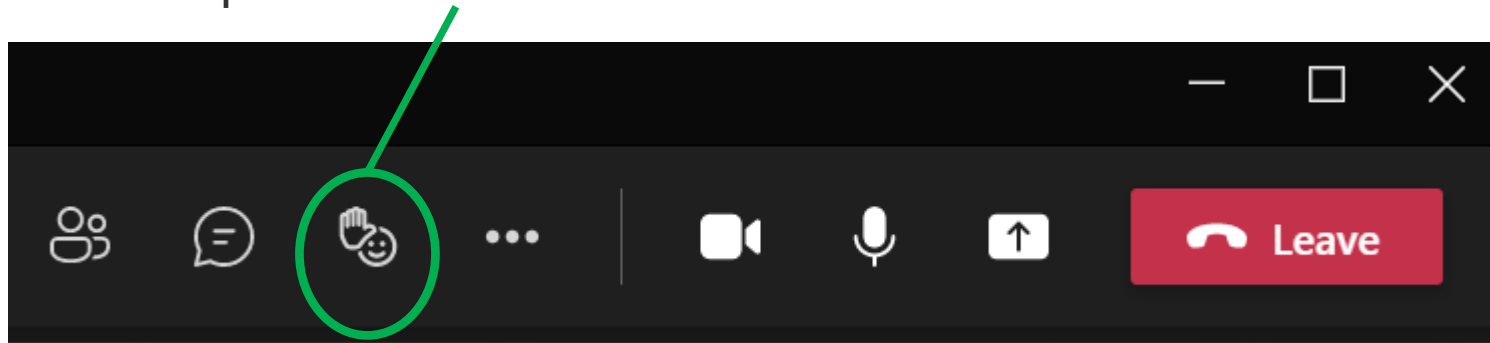
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Agenda

- We propose to present the key aspects of the Investor Report and will be happy to take questions at the end;
- Please indicate if you wish to ask a question stating your name & organisation at the appropriate time.

Please use the Teams application to indicate you have a question.

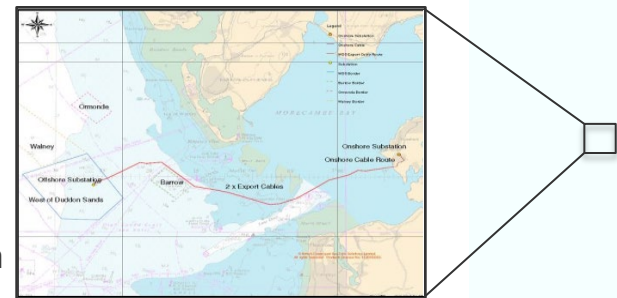


Welcome

- This is the annual investor presentation by WoDS Transmission plc to Bondholders
- The following representatives are present to answer questions:
 - OFTO Directors – Daniel Pires and Graham Farley
 - OFTO Technical Director – Mike Edgar (Frontier Power)
 - OFTO Finance Managers – Steve Noonan (Frontier Power) & Eleanor Bulman (Infrastructure Managers Limited (“IML”))
 - OFTO General Manager – Humza Malik (Frontier Power)
- This presentation uses a number of acronyms or other abbreviations and these are defined in an appendix to this slide deck.

Background

- The West of Duddon Sands Offshore Wind Farm comprises 108 wind turbines with a total installed generation capacity of 389MW and ensures clean renewable energy for approximately 350,000 UK households.
- It is located in the Irish Sea, approximately 15km off Walney Island, Cumbria, UK.
- The WoDS transmission assets comprise the offshore substation, the transmission cables to the onshore substation, and the onshore substation with a Transmission Export Capacity (TEC) of 382MW.
- WoDS purchased the transmission assets on 25 August 2015 and operates the transmission assets under a perpetual licence granted by the Authority with a 20 year revenue entitlement period.
- WoDS is a special purpose entity that is ultimately owned by funds managed by Dalmore Capital Limited
- Frontier Power, an independent operator, asset manager and advisory business undertakes the role of Management Services Provider.
- IML provide financial and administrative services to WoDS.



Shareholders



- The equitable interest in WoDS Transmission plc is ultimately vested in the following funds: PPP Equity PIP LP, Dalmore Infrastructure Investments 31 LP; Dalmore Infrastructure Investments 32 LP and Dalmore Infrastructure Investments 33 LP
- These funds are managed by Dalmore Capital Limited - an independent fund management company that seeks to provide its institutional investors with access to long-term investment opportunities in limited volatility infrastructure assets
- As at 31 July 2022, Dalmore Capital had over £5.6 billion of assets under management.

Management Services Provider



Frontier Power Limited

- Frontier Power Limited are engaged by WoDS Transmission plc to provide management services and report to the WoDS Transmission plc 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 plc.
- 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 - 1

Health, Safety & Environmental

- The O&M contractor continues to deliver HSE management for the offshore transmission assets owned by WoDS.
- HSE performance since asset transfer has been excellent with no reportable incidents.
- WoDS is managing and discharging its transferred obligations under the Marine Licence successfully.
- Covid management is in line with government guidance with regular testing of O&M personnel and site visitors. These practices are now 'business as usual' and their application has not materially impacted on executing necessary work..

Planned and unplanned Maintenance

- Onshore and offshore planned maintenance and independent review of assets has been carried out to programme and completed successfully.
- **Circuit 2** required an outage to perform routine Super Grid Transformer 2 (SGT 2) maintenance and allow for the return to service of Harmonic Filter 2 (HF 2). This was successfully completed during April 2022 with an availability incentive impact of £125k;
- **Circuit 2** was also taken out of service for a short outage on 6 June 2022 for approximately 2 hours to investigate a HF2 filter imbalance issue that has re-emerged following its earlier return to service with an availability incentive impact of £4k;
- **Circuit 2** tripped out of service on 26 June 2022 following an offshore Grid Transformer pressure release device operation. Investigations have been undertaken, including transformer dissolved gas analysis, oil sampling and soak test. Re-energisation took place on 29 June, resulting in an a 72 hours 17 minutes outage. HF2 was also reinstated at the same time. The impact of this outage on availability for June 2022 was 4.34% with an availability incentive impact of £163k.
- **Circuit 1** requires an outage to perform routine SGT 1 maintenance in combination with protection system investigations following the events of July 2021 (see 30 June 2022 "Investor Report" section 2.2 - System Availability Performance from 1 January 2021 to 31 December 2021) and to replace a Voltage Transformer (protection system measuring device). These activities are now to be taken over two outages: the first outage of 2 days in September 2022 for the protection systems investigation and the second of 5 days in April 2023.

Operational performance highlights - 2

Warranty work

- All equipment warranties have now expired with the exception of the 400kV switchgear SF6 remedial work warranties which were extended to 2023.

Pre-emptive MMO Marine Licence

- WoDS was granted a licence under Part 4 of the Marine and Coastal Access Act 2009 on 17 Sept 2018. This allows WoDS to undertake specified maintenance activities over the WoDS project lifetime without unnecessary delay and sets the conditions under which work can be undertaken and the actions required to notify stakeholders.

Sea bed mobility trend analysis

- As background, the last seabed bathymetric survey and analysis was completed in October 2020. The key findings were: no WoDS cable free spans however continued seabed change has led to covering of previously eroded areas and potential exposure of others along the cable route; the Barrow Crossing is currently stable; and the Offshore substation shows some scour at the two southern platform legs however the O&M contractor has confirmed that the structural integrity of the foundations is satisfactory. The O&M contractor has recommended that the next bathymetric survey should be undertaken in 2023.

Export cable protection system

- In 2021 Orsted, in its capacity as the generator, undertook a generator array cable inspection in the vicinity of the OFTO offshore platform using a remote operated vehicle and during that inspection they also surveyed the OFTO export cables and observed some signs of corrosion. The export cables and their protection system remain stable however, we have engaged a technical expert to assess any longer-term implications and to determine if any remediation is necessary. We are collaborating with the generator to manage the environment in the vicinity of the OFTO offshore platform as this also includes the generator array cables. We expect the results of the expert analysis to become available by October 2022, affording ample time for consideration prior to the generator's proposed window of remediation in 2023.

Operational performance highlights - 3

2021 Exceptional Event Claim

- WoDST circuit 1 was re-energised on Wednesday 28 July 2021 at 14:54, some 143 hours 57 minutes after a trip following the third party NGET fault. The impact of this outage was a reduction of availability incentive of £319k. This outage is the subject of an Exceptional Event claim to the Authority, pending an investigation into WoDST SGT 1 protection arrangements which, as noted above, has been scheduled for September 2022.

Availability

- Cumulative reported availability through to 31 July 2022 since asset transfer has been 99.59%.
- Availability from 1 August 2021 (being the day immediately following the end of the availability period reported in the last Investor Presentation) to 31 July 2022 was 99.36%.

Stakeholder Relationships

- Good relationships have been maintained with key counterparties including regulatory (NGET, NGESO and the Authority), financial (security trustee) and the O&M Contractor.

Financial performance highlights

Senior Debt Structure

- As at 30 June 2022 the company's senior debt structure reflects the following :
 - Senior bonds outstanding £192,559k due August 2034
 - RPI Swaps for 75% of revenue
 - PBCE Letter of Credit of 15% of bond principal

Key Ratios

As at 30 June 2022	Ratio for Relevant Period/Date (excluding undrawn PBCE)	Lock-Up Ratio Level (excluding undrawn PBCE)
Projected DSCR:	1.14x	1.10x
Historic DSCR:	1.18x	1.10x
Debt Life Cover Ratio:	1.30x	1.15x

Commentary

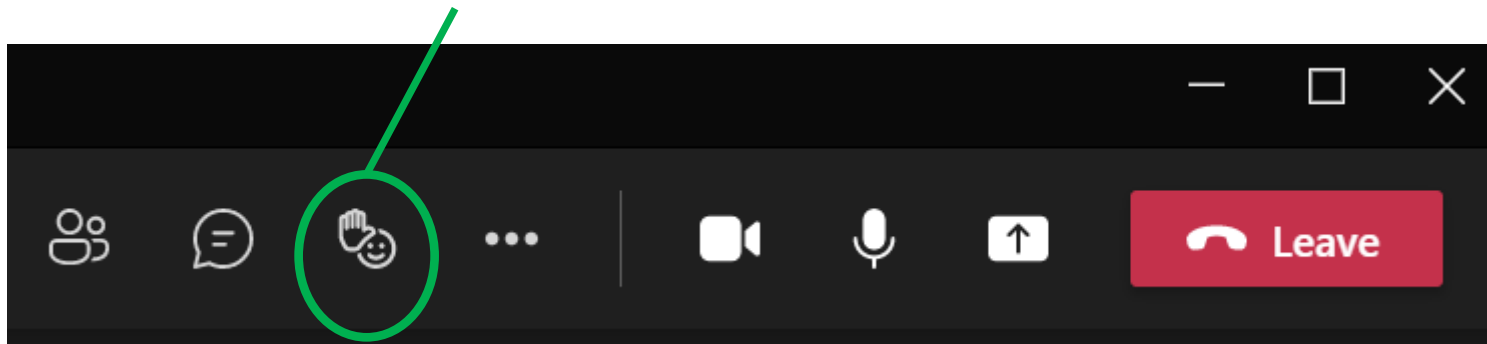
- For the financial year ending 31 March 2023 (2022/23), transmission revenue of £25,506k, is being invoiced in 12 equal monthly instalments to NGESO and continues to be settled in accordance with industry standard conditions. This compares with transmission revenue of £25,303k in respect of 2021/22 which included the collection of performance credits amounting to c£1.1m relating to the performance year ended 31 December 2019.
- Operating costs to 30 June 2022 are in line with budget.
- Payments to key contractors continue to be made in accordance with payment terms.
- Key financial deliverables have been met, including the filing of regulatory accounts for the year ended 31 March 2022 with the Authority.
- No Event of Default has occurred.
- Cumulative debt service for the period from financial close through to 30 June 2022 was £115,771k in line with the financial close and current operational model.
- PBCE remains undrawn. PBCE Letter of credit stands at £28,884k as at 30 June 2022.

Key operational priorities for the next 12 months:

- Maintain focus on health, safety and environment during this and future years operations;
- Maintain high availability performance;
- Continue to apply Good Industry Practice and maintain close working relationships with the O&M contractor;
- Progress with July 2021 outage Exceptional Event claim as appropriate
- Progress with approval of a draft decommissioning plan following clarification of the funding arrangements for the change in requirements from Government (BEIS) and the Authority.

Questions ?

Please use the Teams application to indicate you have a question.



Acronyms and other definitions used in this presentation

- “the Authority” – the Gas and Electricity Markets Authority;
- “BEIS” – Department for Business, Energy and Industrial Strategy;
- “DSCR” – Debt Service Cover Ratio;
- “EE” or “Exceptional Event” – as defined in the offshore electricity transmission licence issued to WoDS;
- “GT” and “SGT” – Grid Transformer (offshore) and Super Grid Transformer (onshore)
- “HF” – Harmonic Filter
- “HSE” – Health, Safety and Environmental;
- “kV” – Kilovolt;
- “MW” / “MWh” – Megawatt / Megawatt hours;
- “NGESO” – National Grid Electricity System Operator Limited;
- “NGET” – National Grid Electricity Transmission plc;
- “O&M” – Operations and maintenance;
- “O&M contractor” – Ørsted West of Duddon Sands (UK) Limited and Scottish Power Renewables (WODS) Limited;
- “PBCE” – Public Bond Credit Enhancement provided by the European Investment Bank;
- “RPI” – Retail Prices Index;
- “SF₆” – Sulphur hexafluoride gas used for its insulating properties in electrical switchgear;
- “SVC” – Static Var Compensator
- “WoDS” – WoDS Transmission plc.