



West of Duddon Sands Offshore Transmission

Investor Presentation | Period to 31 July 2024



Teams Conferencing Details

11:00 UK time 19 August 2024

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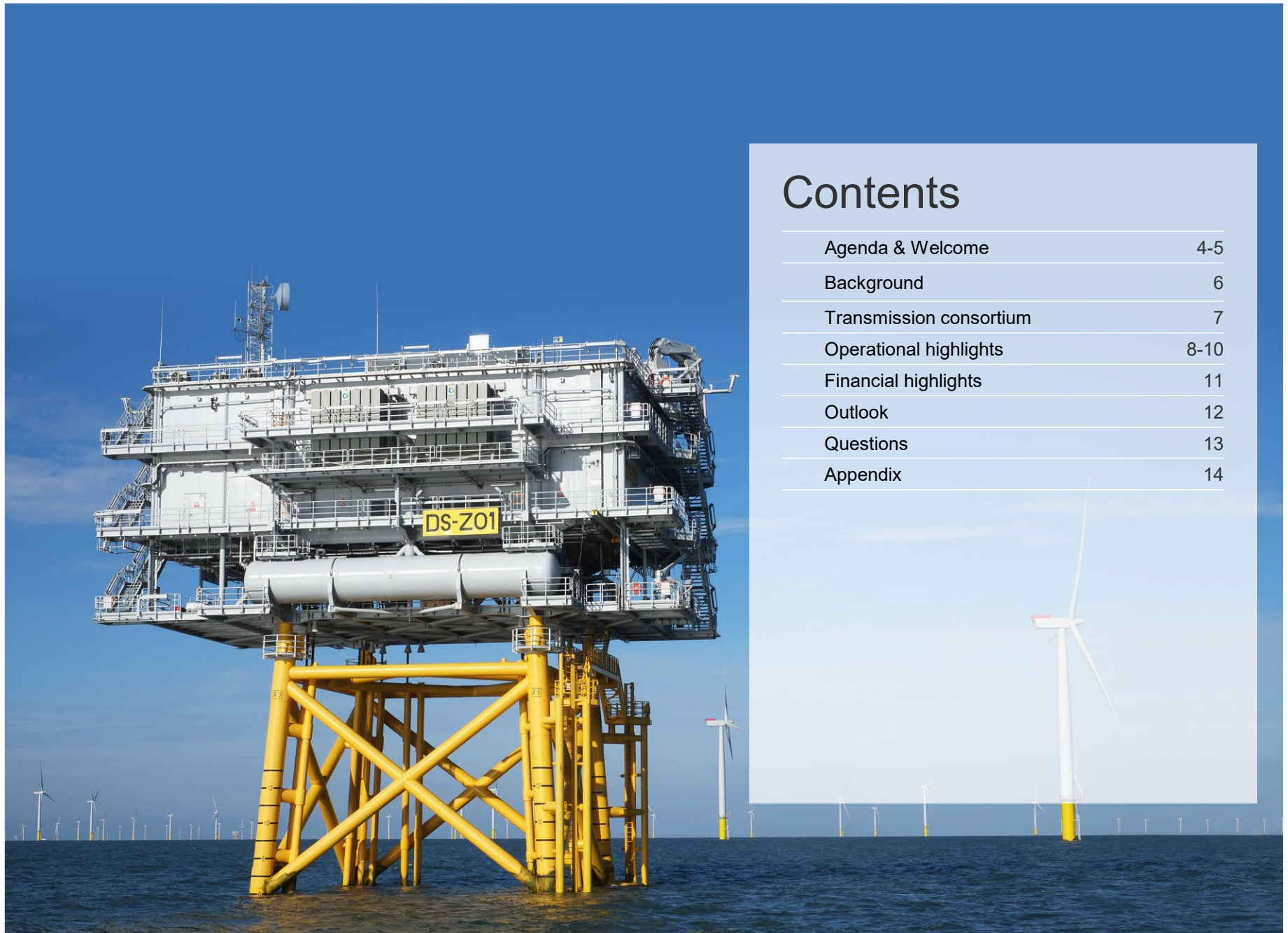
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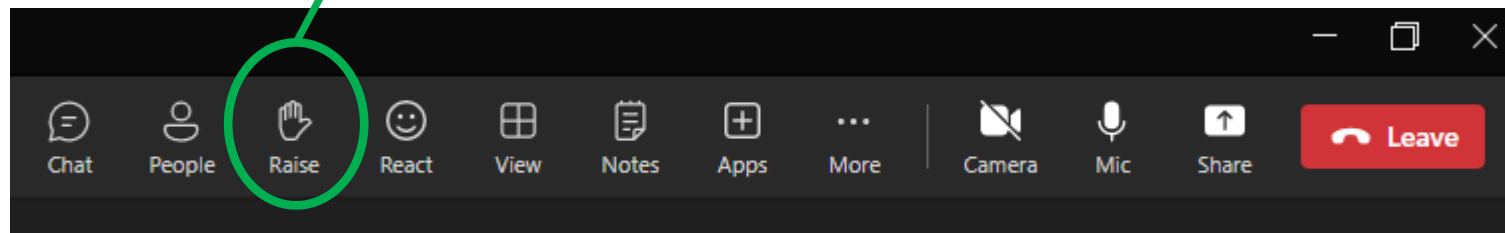
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Agenda

- 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.

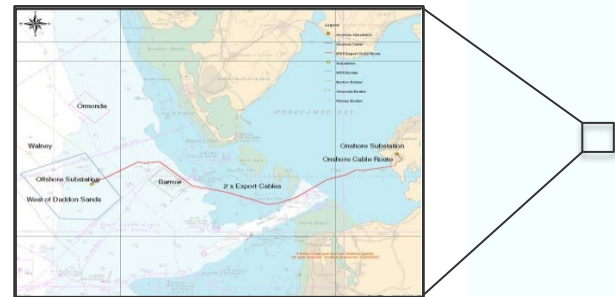


Welcome

- This is the annual investor presentation by WoDS Transmission plc to Bondholders
- The following representatives are present to answer questions:
 - OFTO Director – Daniel Pires
 - OFTO Technical Director – Mike Edgar (Frontier Power)
 - OFTO Director of Finance – Steve Noonan (Frontier Power)
 - OFTO Finance Manager – Fiona Donnelly (IML)
- This presentation uses a number of acronyms or other abbreviations, and these are defined in an appendix to this slide deck.

Background

- The generator owned 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.



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 2024, Dalmore Capital had over £5.7 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.
- An offshore safety drill was successfully conducted July 2024
- WoDS is managing and discharging its transferred obligations under the Marine Licence successfully.

Planned and unplanned Maintenance

- The majority of onshore and offshore planned maintenance and independent review of assets has been carried out to programme and completed successfully.
- **Circuit 1:** An unplanned outage occurred 18th January; and **Circuit 2:** An unplanned outage occurred 26th January following filter equipment issues– total 20 hrs 30mins
- **Circuit 2:** 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 16mins.
- **Circuit 1:** An unplanned outage occurred on 31st July following the failure of an SVC (auxiliary equipment). Availability was restored after 8hrs 50mins and the SVC fault is currently under investigation.
- No further outages are planned for 2024 with Circuit 1 major maintenance scheduled for spring 2025 to coincide with the Voltage Transformer replacement

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 31 July 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 99.82%.

Operational performance highlights - 2

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.

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 interpretative 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.

Operational performance highlights - 3

Exceptional Event Claims

- In July 2021, there was a fault on a third party's (NGET) equipment resulting in WoDS' protection system operating giving rise to an unplanned outage of the transmission system. There were two further outages in September 2022 and August 2023 as part of the Company's investigations to ensure that the protection system operates correctly and to complete a technical report in support of the Exceptional Event claim to the Authority. We have submitted the final root cause analysis to the Authority and remain confident that this Exceptional Event claim meets the definition of an Exceptional Event under the Licence. We estimate that the financial impact of these outages on the performance availability incentive mechanism is in the order of £0.5m;
- In the June 2024 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 June 2024 Investor Report, the reduction in availability caused by this outage is reflected accordingly in the availability performance reported in this presentation.

Availability

- Cumulative reported availability through to 31 July 2024 since asset transfer has been 99.50% assuming no Exceptional Event relief for outstanding claims or 99.60% assuming full Exceptional Event relief applies to all outstanding claims.
- Availability from 1 August 2023 (being the day immediately following the end of the availability period reported in the last Investor Presentation) to 31 July 2024 was 99.70%; or 99.82% assuming that Exceptional Event relief applies to a short investigative outage taken in this period relating to the July 2021 outage described above.

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 2024 the company's senior debt structure reflects the following :
 - Senior bonds outstanding £170,113k due August 2034 (*after the deduction of a scheduled partial principal repayment of £5,362,302 made on 01 July 2024*)
 - RPI Swaps for 75% of revenue
 - PBCE Letter of Credit of 15% of bond principal

Key Ratios

As at 30 June 2024	Ratio for Relevant Period/Date (excluding undrawn PBCE)	Lock-Up Ratio Level (excluding undrawn PBCE)
Projected DSCR:	1.18x	1.10x
Historic DSCR:	1.20x	1.10x
Debt Life Cover Ratio:	1.35x	1.15x

Commentary

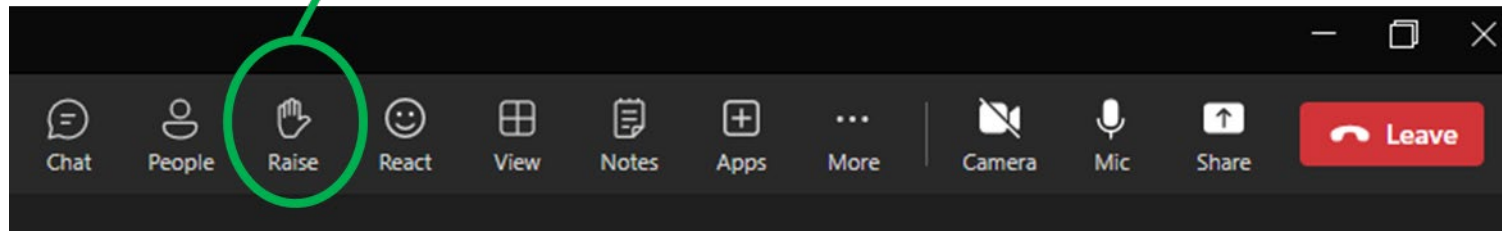
- For the current financial year ending (2024/25), transmission revenue of £30,321k, is being invoiced and continues to be settled by NGESO in accordance with industry standard conditions. Transmission revenue for 2024/25 has been adversely impacted by the outage associated with the Voltage Transformer failure in May 2023 – for which the Company believes that there is insufficient evidence for us to successfully pursue an Exceptional Event claim with the Authority.
- Operating costs to 30 June 2024 are lower than budget – primarily because of changing expectations relating to the timing of maintenance activity – in particular, the expected voltage transformer replacement is now scheduled to take place in the Spring of 2025.
- 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 2024 with the Authority.
- No Event of Default has occurred.
- Cumulative debt service for the period from financial close through to 30 June 2024 was £150,905k (*including the scheduled partial principal repayment of £5,362,302 made on 01 July 2024*) in line with the financial close and current operational model.
- PBCE remains undrawn. PBCE Letter of credit stands at £25,517k as at 30 June 2024.

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 the Exceptional Event claim as appropriate
- WoDST has 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.
- 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)

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;

“CPS” = export Cable Protection System;

“DSCR” – Debt Service Cover Ratio;

“Exceptional Event” – as defined in the offshore electricity transmission licence issued to WoDS;

“HSE” – Health, Safety and Environmental;

“kV” – Kilovolt;

“MMO” – Marine Management Organisation;

“MW” / “MWh” – Megawatt / Megawatt hours;

“NGESO” – National Grid Electricity System Operator Limited;

“NGET” – National Grid Electricity Transmission plc;

“OFTO” – Offshore Electricity Transmission Owner;

“Ørsted” or “generator” – Ørsted West of Duddon Sands (UK) Limited being one of the joint owners and operators of the West of Duddon Sands wind farm;

“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;

“WoDS” – WoDS Transmission plc.