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Offshore Transmission Owner (OFTO) Tender Round 8 Launch

22 July 2021

Welcome to the launch of OFTO Tender Round 8

- Webinar is not being recorded
- Slides and documents will be available online
- Questions in chat box please

Agenda

Time	Speaker	Subject
0930 - 0935	Jennifer McGregor, Stakeholder Manager, Ofgem	Welcome and housekeeping
0935 - 0940	Jonathan Brearley, CEO, Ofgem	Opening address
0940 - 0945	Rebecca Barnett, Deputy Director, Offshore Networks, Ofgem	OFTO investment overview
0945 - 1010	Jourdan Edwards, Head of the OFTO Regime, Ofgem	OFTO tender process update
1010-1030	Richard Bodal Hansen, Head of OFTO transactions, Ørsted Luke Bridgman, HOW02 deputy EPC director, Ørsted	Hornsea Two project overview
1030 - 1055	Jennifer McGregor, Stakeholder Manager, Ofgem	Question session
1055 - 1100	Rebecca Barnett, Deputy Director, Offshore Networks, Ofgem	Thanks and close

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Jonathan Brearley
CEO
Ofgem

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Rebecca Barnett
Deputy Director, Offshore Networks
Ofgem

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Jourdan Edwards
Head of the OFTO Regime, Ofgem
Ofgem

- Bidders required to have technical experience and financial capability
- Investors can involve an asset manager as a consortium member, or contract their services to undertake that role
- OFTO awarded to bidder proposing lowest Tender Revenue Stream

Enhanced Pre-Qualification

- Open to all to express interest/submit a bid
- Generally covers all projects in a tender round
- EPQ questions 'backward looking', i.e. bidders to show relevant infrastructure experience on past projects
- Must evidence experience of:
  - managing and operating either transmission assets or other infrastructure assets (need not be UK experience)
  - raising finance for equivalent-sized acquisitions

Key features of EPQ

Financial standing – bidder solvency; experience of raising capital

Technical standing – experience of asset takeover; experience of managing infrastructure assets

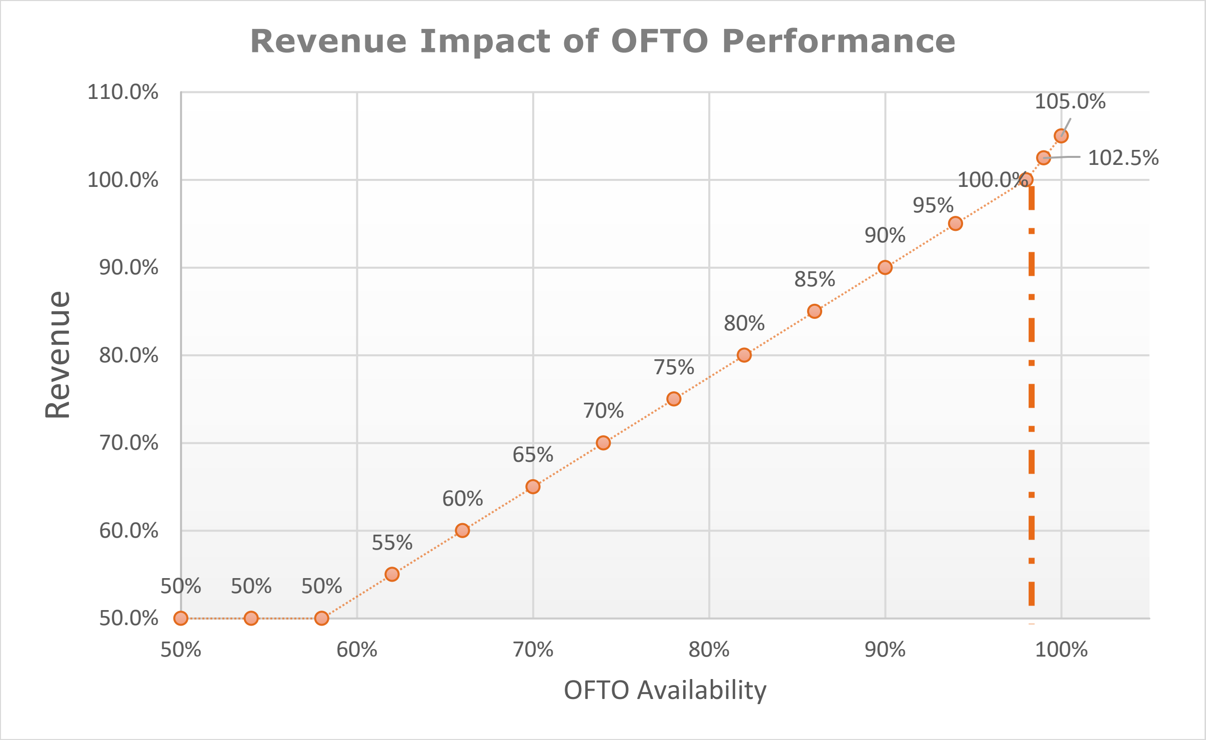
Prospective approach to asset takeover, management and operations, funding, risk management

Invitation to Tender

- Bidders invited to participate
- ITT questions based on project specific assets, supported by electronic data room of information to undertake due diligence
- Questions evaluated on pass/fail basis, with lowest Tender Revenue Stream (TRS) winning

Tender Revenue Stream

What the OFTO will receive to operate and maintain the OFTO assets for a defined period of up to 25 years



Income is unaffected by output of wind farm

Payments are subject to bonuses/penalties for over/ underperformance against the target of 98% availability
Maximum annual penalty capped at 10%

Average availability 99.19%

Key features of ITT

- Asset takeover
- Ongoing operations
- Statutory and regulatory compliance
- Decommissioning
- Financial deliverability
- Insurance
- Tender revenue stream

Tender Round 8

OFTO for the world's largest offshore wind farm

Hornsea Two
Wind farm capacity: 1400MW

Enhanced Pre Qualification	Invitation To Tender	Preferred Bidder	Successful Bidder
July 2021 to December 2021	December 2021 to June 2022	June 2022 To May 2023	

TR8 tender process: anticipated key timings

EPQ Stage

Milestone	Date
EPQ commences (tender documents available)	22 July 2021
Bid submission deadline	7 October 2021, by 12 noon
ITT shortlist announced	6 December 2021

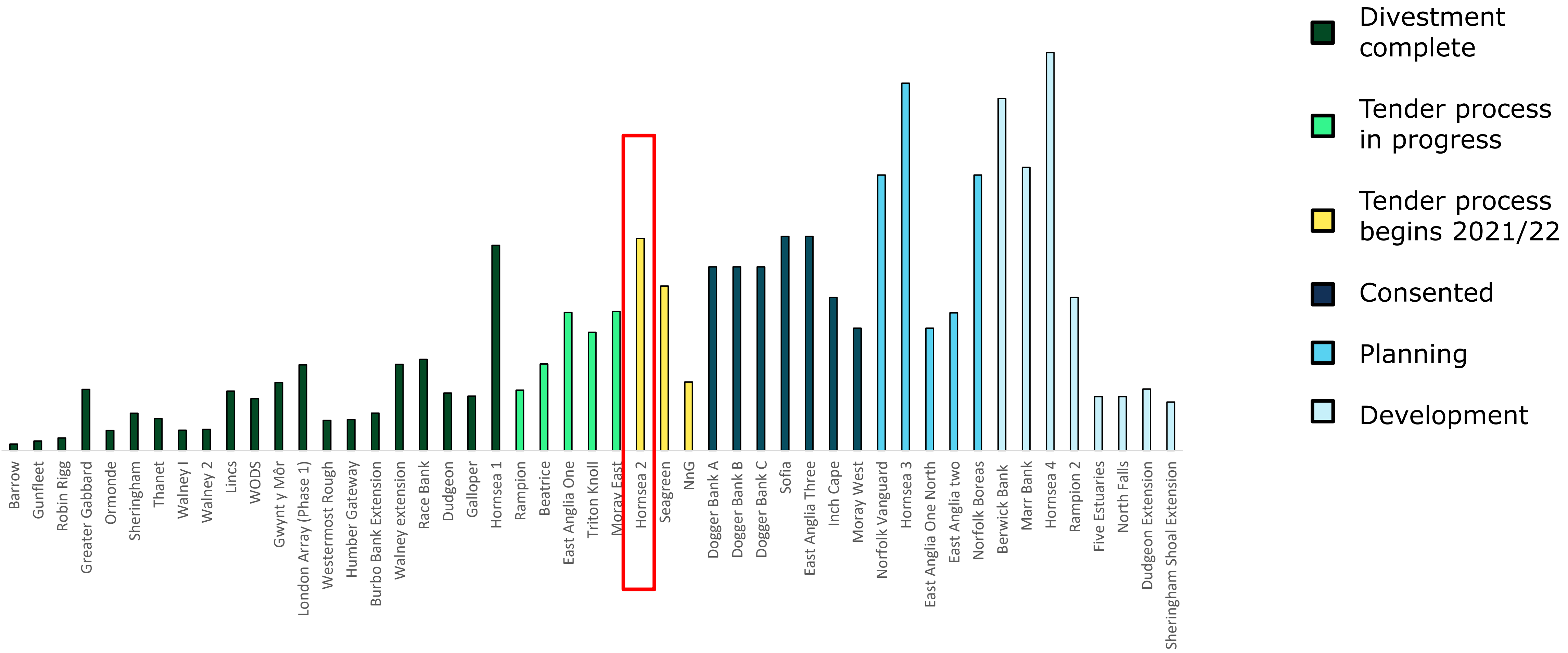
ITT Stage

Milestone	Date
ITT stage commences (tender documents available/data room opens)*	13 December 2021
Bid submission deadline	14 March 2021 2022
Announcement of preferred bidder	Late-May/early-June 2022
Estimated Transfer Date/Licence Grant**	Early-December 2022

* Where feasible, the project data room will open to bidders earlier

** Based on a default period of 6 months for the transaction period to complete

Future of OFTO to 2030



Next Steps for TR8

Tender documentation is now available on the Ofgem website. This includes:

- EPQ Document
- Generic and project specific Preliminary Information Memoranda
- Draft Licence and associated guidance

https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/offshore-electricity-transmission-ofto/offshore-transmission-tender-publications (please use the filter 'Tender Round 8' to locate these).

Some documents (draft Transfer Agreements and Information Memoranda) can only be obtained after signing a Confidentiality Agreement and Conflict of Interest certificate, available through Ofgem's online e-tendering portal (from 28th July).

To register your interest and access the tender documents:

- Go to Ofgem's online e-tendering portal at: https://ofgem.bravosolution.co.uk/web
- Create an account, register your interest in TR8 and access the documents.
- Any questions or comments can be directed to: tendercoordinator@ofgem.gov.uk

Hornsea Project Two (HOW02)

Project Overview

Ørsted

Tender Round 8 Launch Event

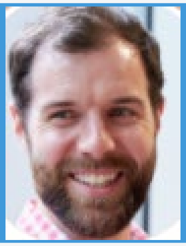
22 July 2021

Agenda and HOW02 introduction

Agenda

- Agenda and HOW02 team introduction
- An introduction to HOW02
- Ørsted's experience
- HOW02 project organisation
- HOW02 OFTO assets
- The investment opportunity
- Construction update

HOW02 OFTO Divestment Team



Luke Bridgeman
HOW02 EPC Director – Transmission
Joined Ørsted in 2014
Background in engineering and construction leadership

Richard Bodal Hansen
Head of OFTO transactions
Joined Ørsted in 2012
M&A and legal background

Sacha Henty
Senior OFTO Transaction Manager
Joined Ørsted in 2019
M&A background, incl renewables and oil & gas

Ørsted

HOW02 will be the world's largest offshore wind farm…

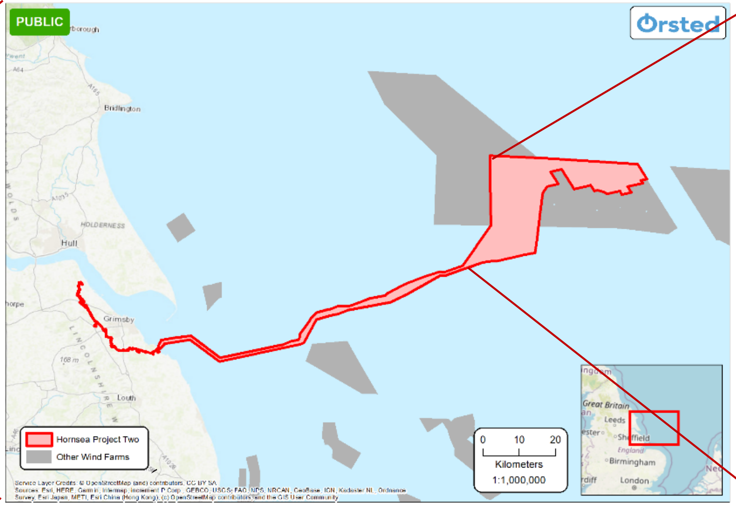
Situated in the attractive Hornsea Zone leased in Round 3, HOW02 is a record breaking project:

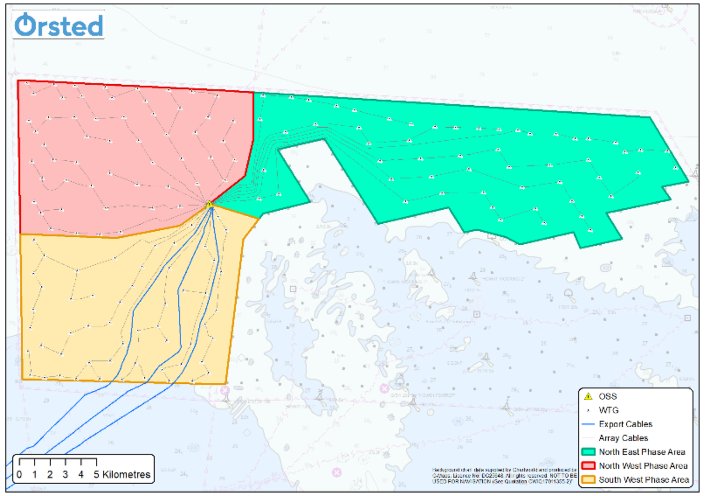
- Largest MW wind farm in the world
- Furthest from shore
- Largest transmission asset

Ørsted

…built using proven technology and market leading Ørsted experience

Location and layout





Characteristics	
Well known operating environment	✓
Well known and proven technology	✓
Well tested and successful construction approach	✓
Well designed with efficient cost and operability	✓

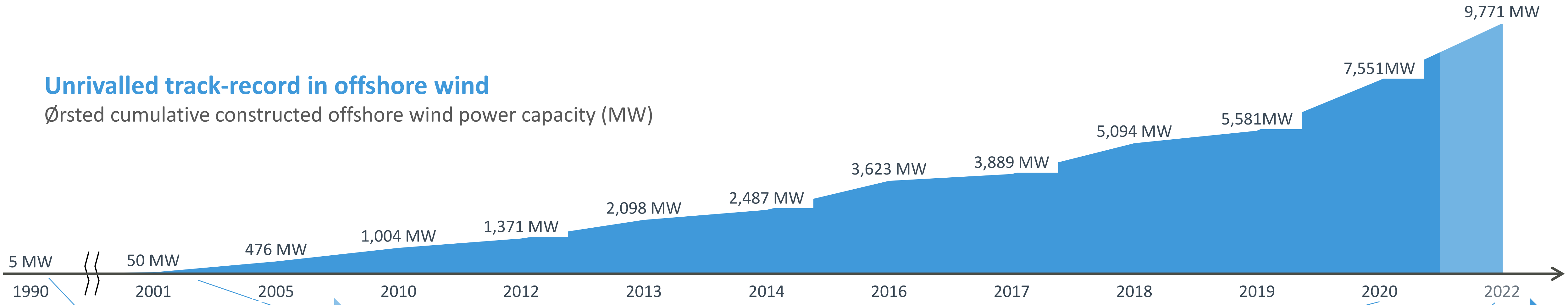
Parameter	Summary
Support regime	Contract for Difference
Capacity	1320 MW[1]
Water depth	28-43 metres LAT
Length of export cable route	~130km offshore and ~38km onshore
Number of WTGs[2]	165 Siemens Gamesa 8.4 MW

1 1320 MW Transmission Entry Capacity (TEC), 1386 MW Connection Entry Capacity (CEC)
2 Wind Turbine Generator

Ørsted pioneered the offshore wind industry

Unrivalled track-record in offshore wind

Ørsted cumulative constructed offshore wind power capacity (MW)



Pre-2009: Project by project

Post-2009: Industrialised approach to planning and execution of offshore wind projects

Vindeby

First offshore wind farm in the world

Capacity: 5 MW
No. of turbines: 11

Horns Rev 1

First large scale offshore wind farm in the world

Capacity: 160 MW
No. of turbines: 80

Hornsea 1

The largest operational offshore wind farm in the world

Capacity: 1218 MW
No. of turbines: 174

Hornsea 2

The world's largest offshore wind farm once constructed

Capacity: 1320 MW[1]
No. of turbines: 165

1 Transmission Entry Capacity (TEC)

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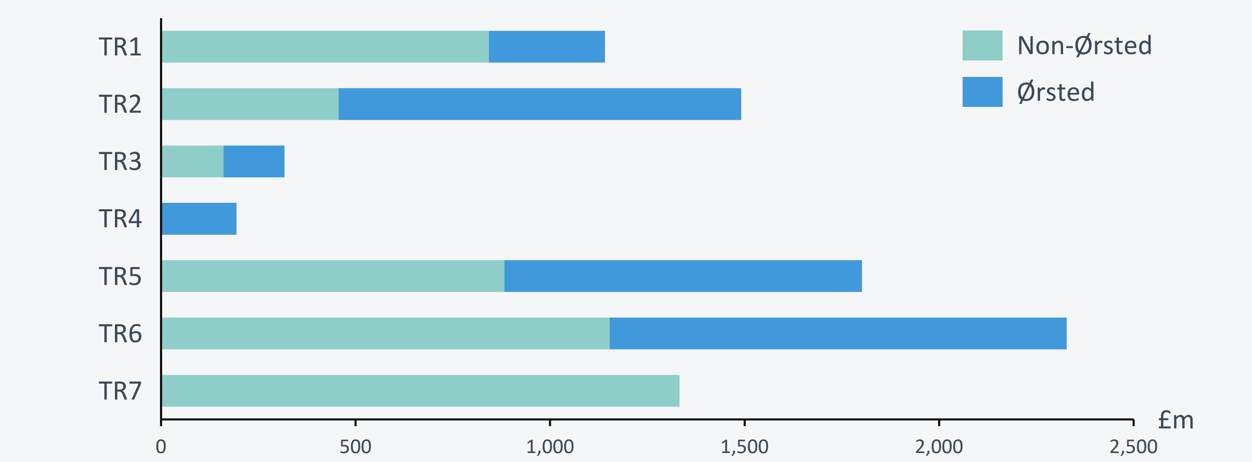
Our experience of OFTO assets

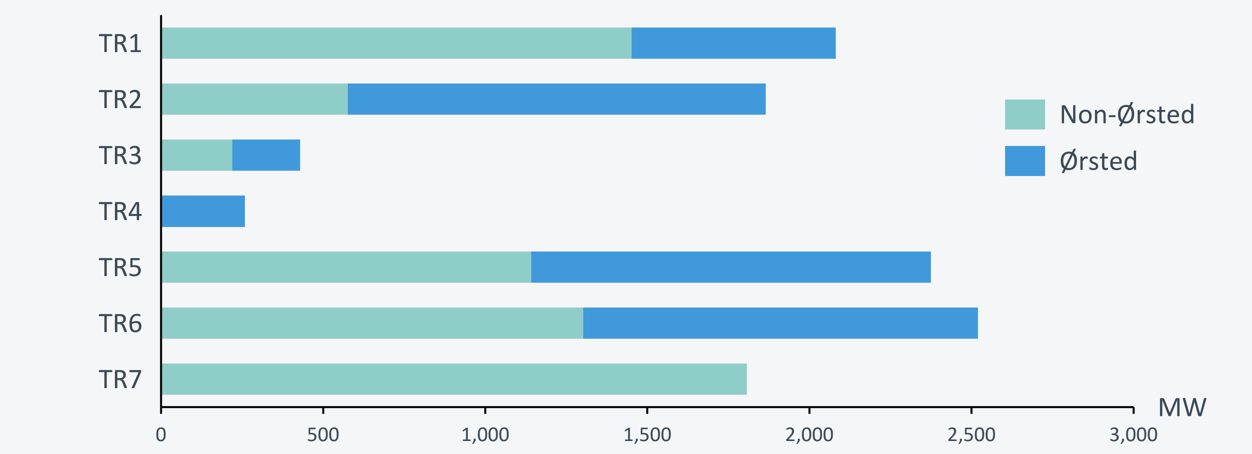
OFTO transactions overview

TR1	Robin Rigg, Sheringham Shoal, **Barrow**, Greater Gabbard, **Gunfleet Sands 1+2**, Ormonde, Thanet, **Walney 1**, **Walney 2**
TR2	**Lincs[2]**, **London Array**, **West of Duddon Sands**, Gwynt y Môr
TR3	**Westermost Rough**, Humber Gateway
TR4	**Burbo Bank Ext**
TR5	Dudgeon, **Race Bank**, Galloper, **Walney Ext**, Rampion
TR6	Beatrice, **Hornsea 1**, East Anglia 1
TR7	Moray East, Triton Knoll
TR8	**Hornsea 2**

Transfer Value[1]



Capacity



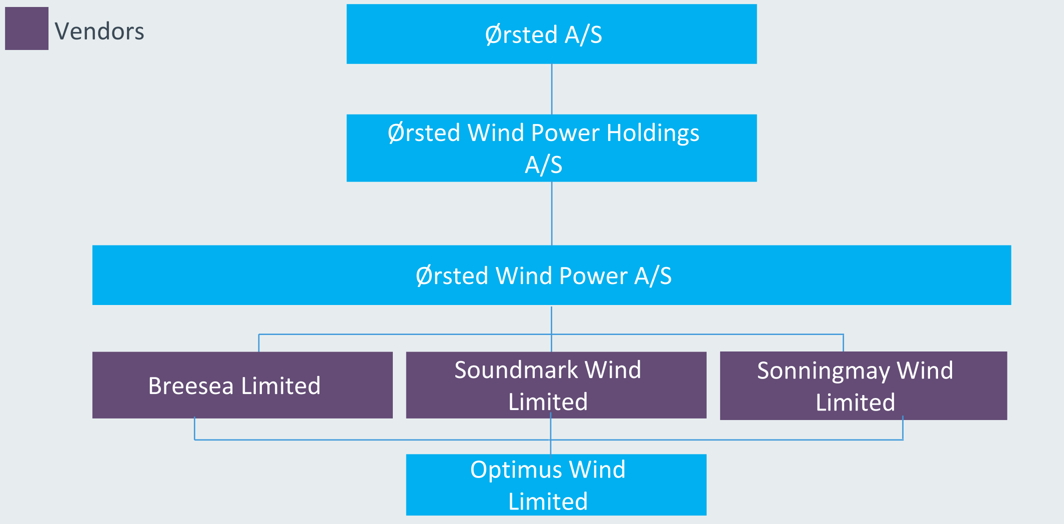
1 Based on public information
2 Centrica was the operating partner for Lincs construction and OFTO divestment

HOW02 ownership and project organisation

Ownership overview

- HOW02 is being developed by Breesea Limited, Soundmark Wind Limited and Sonningmay Wind Limited (collectively the "**Developer**" or "**Vendors**"), which are indirect subsidiaries of Ørsted A/S (together with its affiliates, "**Ørsted**")
- **Ørsted** acquired Optimus Wind Limited and Breesea Limited (which were the project owners, and subsidiaries of Smart Wind Ltd.) from Smart Wind Ltd. in August 2015. Soundmark Wind Limited and Sonningmay Wind Limited were subsequently incorporated into the project in April 2017
- Optimus Wind Limited is a wholly owned subsidiary of Breesea Limited, Soundmark Wind Limited and Sonningmay Wind Limited
- The majority of the construction contracts sit with Optimus Wind Limited, with asset title transferring to Breesea Limited, Soundmark Wind Limited and Sonningmay Wind Limited at construction completion

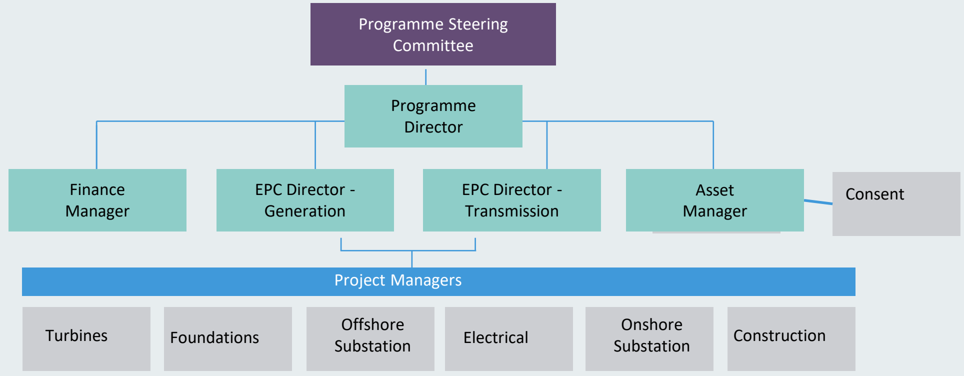
Ownership structure



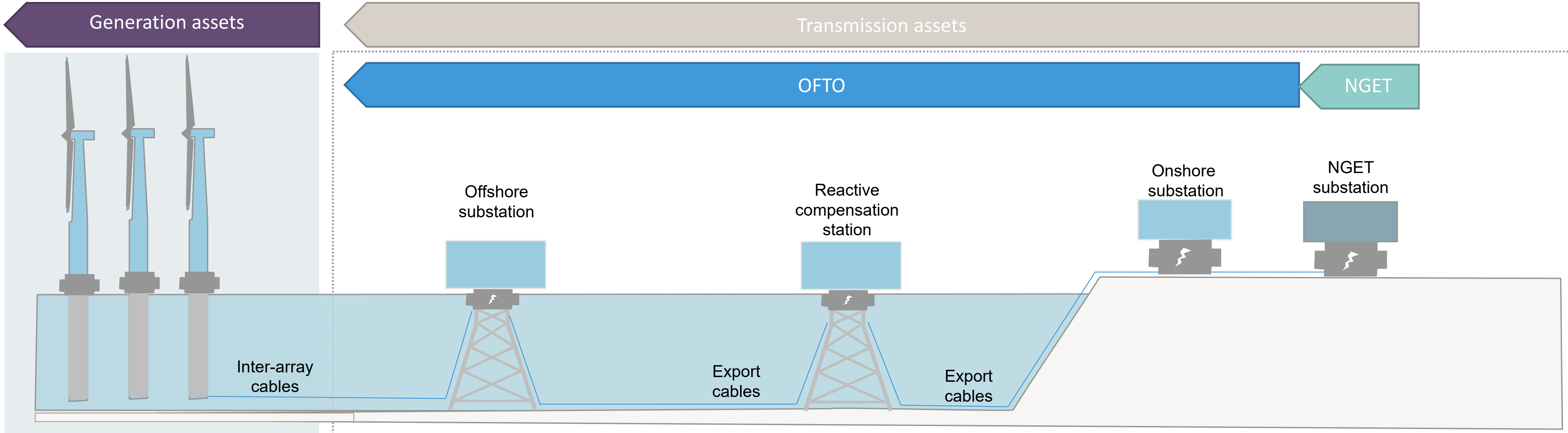
Experienced project organisation

- Ørsted has an unrivalled track-record in offshore wind nearing **30 years experience**
- **HOW02 leverages this organisational experience**, benefiting from Ørsted's mature and industrialised approach to planning and execution of offshore projects
- **The project team benefits from the significant experience gained** from previous transmission asset construction and divestment processes
- **Safety and environmental impact are key focus areas** for the delivery of the assets

Project organisational structure



Overview of the infrastructure



- 165 Siemens 8.4 MW on monopile foundations
- The array comprises three circuits - NW, NE, SW. Each comprising of 6 feeder connections to the offshore substation

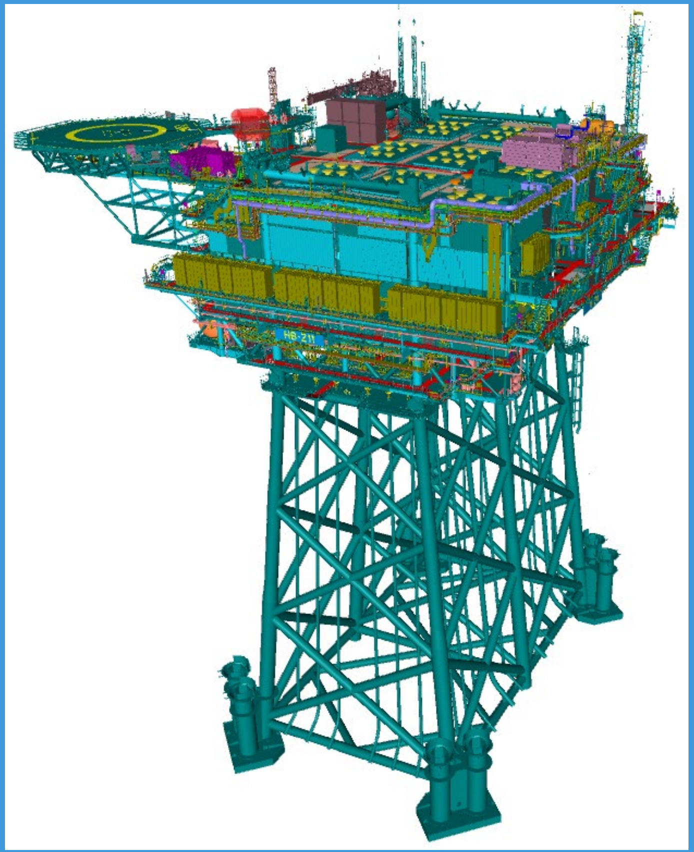
- The offshore substation transforms the power collected from the turbines from 66 kV to the 220 kV voltage levels
- Within the offshore substation an interlink between the three circuits provides partial redundancy reducing risks to operational availability
- The power is transported from the offshore substation, via a reactive compensation station, to the onshore substation through three 220 kV offshore and onshore export cables

- The onshore substation is connected to National Grid at Killingholme
- The transmission assets which will be transferred to the OFTO comprise of the offshore substation; the reactive compensation station; the export cables, both offshore and onshore; the onshore substation and the 400 kV connection to National Grid

HOW02: the investment opportunity

Project highlights

Highlights	▪ 1386 MW generation capacity[1] with transmission asset Initial Transfer Value 1.212 GBPbn ▪ Transmission asset construction nearing completion
Project	▪ Favourable site conditions and well known location ▪ The characteristics of the site enable the project to make use of known technology ▪ Mature and efficient design based upon previous operational experience, resulting in highly operable and robust assets
Supply chain	▪ Experienced supply and installation contractors procured by Ørsted
Experienced Developer and EPC Manager	▪ Ørsted active in the offshore wind sector for nearing 30 years ▪ Ørsted has participated in the majority of Ofgem's OFTO tender rounds to date ▪ Competencies in place to deliver the project to the highest industry standard
O&M	▪ Appropriate interim maintenance arrangements will be in place until asset transfer ▪ With a long track record of operating wind farms in Europe, Ørsted is greatly experienced in managing the long term operation of windfarms and associated transmission assets ▪ Ørsted expects to offer an O&M agreement (OMA) for the service of the HOW02 transmission assets
Transaction	▪ Project specific transfer and interface agreements based on Ofgem guidelines and market developments ▪ Transfer of OFTO related contracts including benefit of supplier warranties ▪ Division of responsibilities pre- and post- asset transfer ▪ Credit support to be procured by the Developer



1. 1320 MW Transmission Entry Capacity (TEC), 1386 MW Connection Entry Capacity (CEC)

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HOW02 - An update on the construction progress

HOW02 installation and construction [1]

- **2011** Grid connection agreements with National Grid
- **Q4 2015** Application for Development Consent Order
- **2010-2017** Site surveys and geoscience campaigns
- **Q3 2016** Development Consent Order granted
- **Q3 2017** Final Investment Decision
- **Q4 2017** Investment Contracts (CfD) signed
- **H2 2018** Onshore construction start
- **Q1 2020** Crown Estate Leases signed
- **Q3 2020** Offshore construction start
- **Q2 2021** Energisation of transmission system
- **Q2 2021** WTG installation start[2]
- **Q4 2021** ION B Certificate authorising first power export
- **Q1 2022** WTG commission complete

2015 2016 2017 2018 2019 2020 2021 2022

Onshore progress

Onshore Substation

- Onshore construction complete and commissioning ongoing
- All HV components delivered and installed

Onshore Export Cables

- All cables installed and joints complete

Offshore progress

Offshore Substation & Reactive Compensation Station

- Jackets installed
- Topsides nearing completion, ready for sailaway in August 2021

Offshore Export Cables

- Jointing and cable laying ongoing, due to complete H2 2021

1. All future dates indicative and subject to change
2. Wind Turbine Generator

Construction photos – Aerial view of Onshore Substation

Construction photos – Reactive Compensation Station & Offshore Substation in yard

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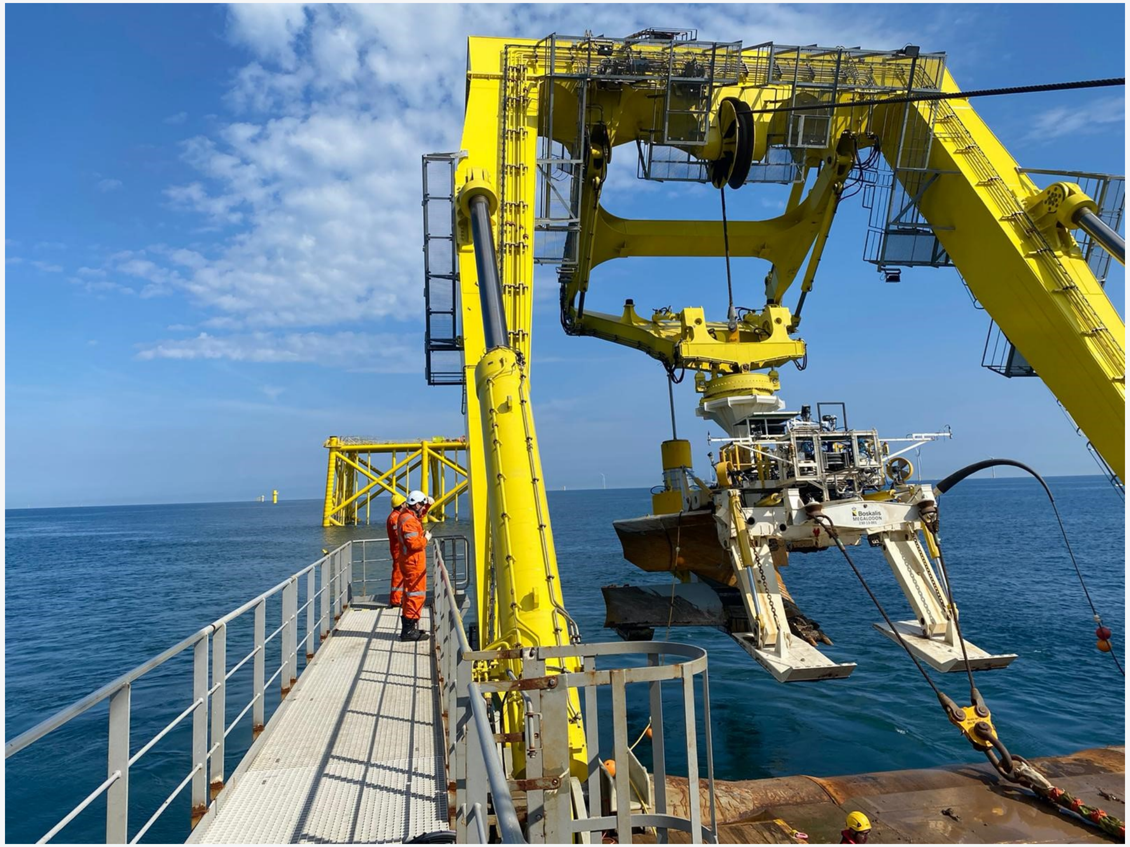
Construction photos - Subsea and Onshore Export Cable Installation



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Our vision

Let's create a world that runs entirely on green energy

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Questions

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