

OFTO Tender Round 11

Launch Webinar

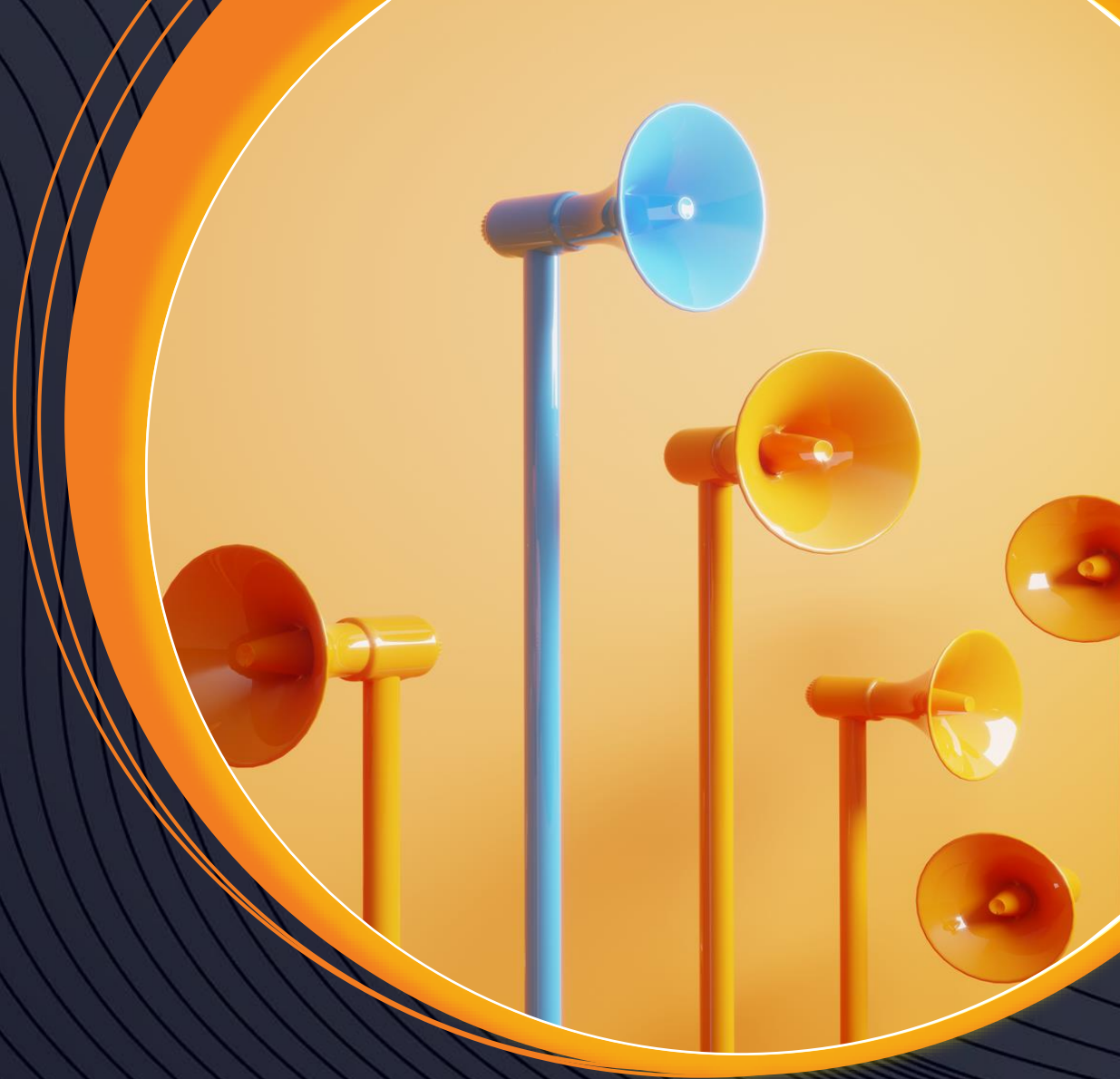
14 February 2024



Jennifer McGregor

Senior Stakeholder Manager,
OFTO
Ofgem

ofgem

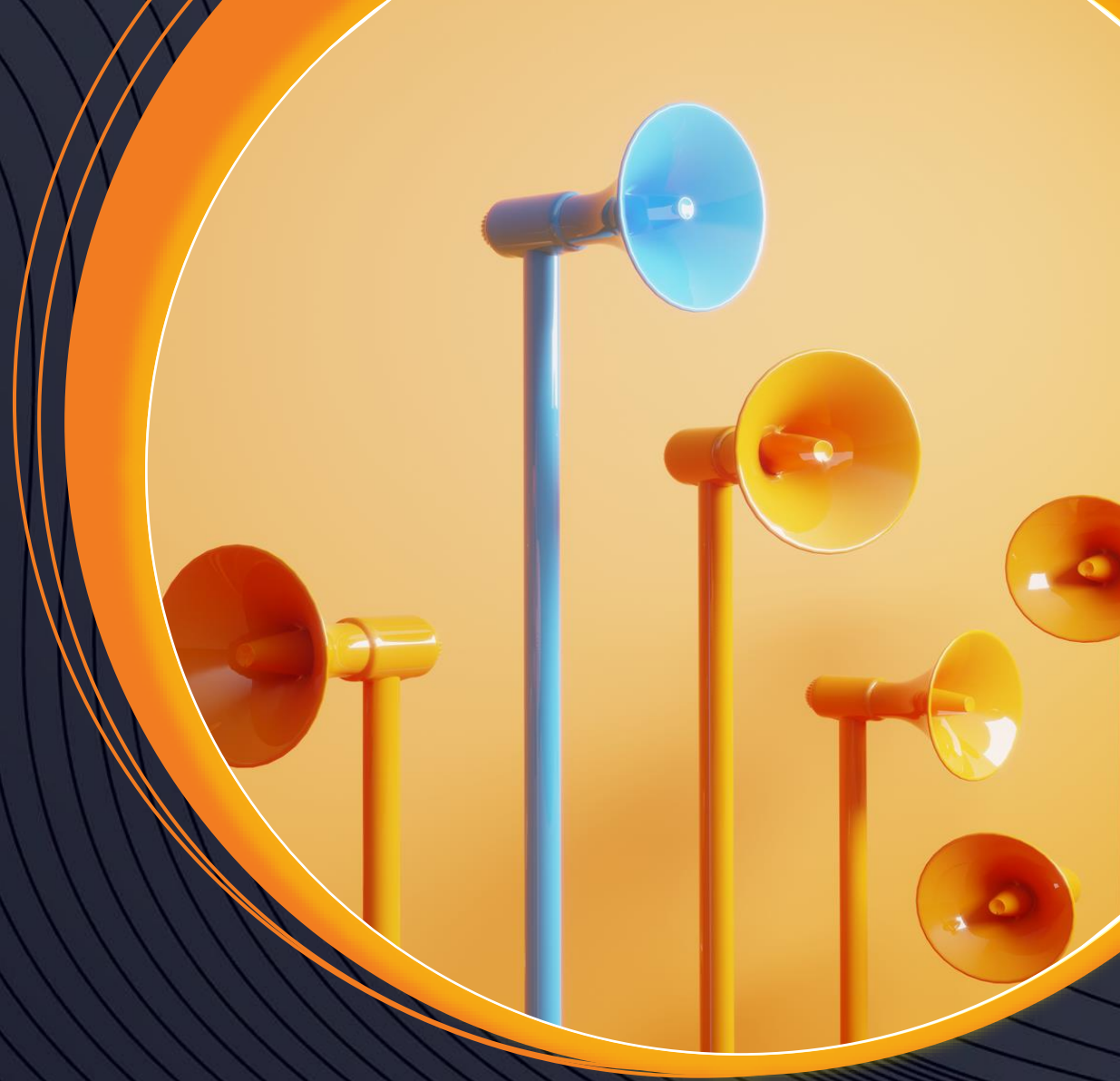


Agenda

Speaker / facilitator	Subject
Jennifer McGregor, Senior Stakeholder Manager Ofgem	Welcome
Rebecca Barnett, Director, Major Projects Ofgem	Opening address
Sinead Barrett, Head of OFTO Policy Ofgem	OFTO Policy update and look ahead to Tender Round 12
Sean Payne, Head of OFTO Tender Management Ofgem	OFTO tender process overview
Questions on OFTO Tender Regime	
Isaac de Araujo Tavares DB OFTO Transactions & Divestments Manager Matthew Seed DBB Asset Disposal Lead Dogger Bank B Offshore Wind Farm	Overview of Dogger Bank B OFTO assets
Questions on Dogger Bank B OFTO assets	
Sinead Barrett, Head of OFTO Policy Ofgem	Thanks and close

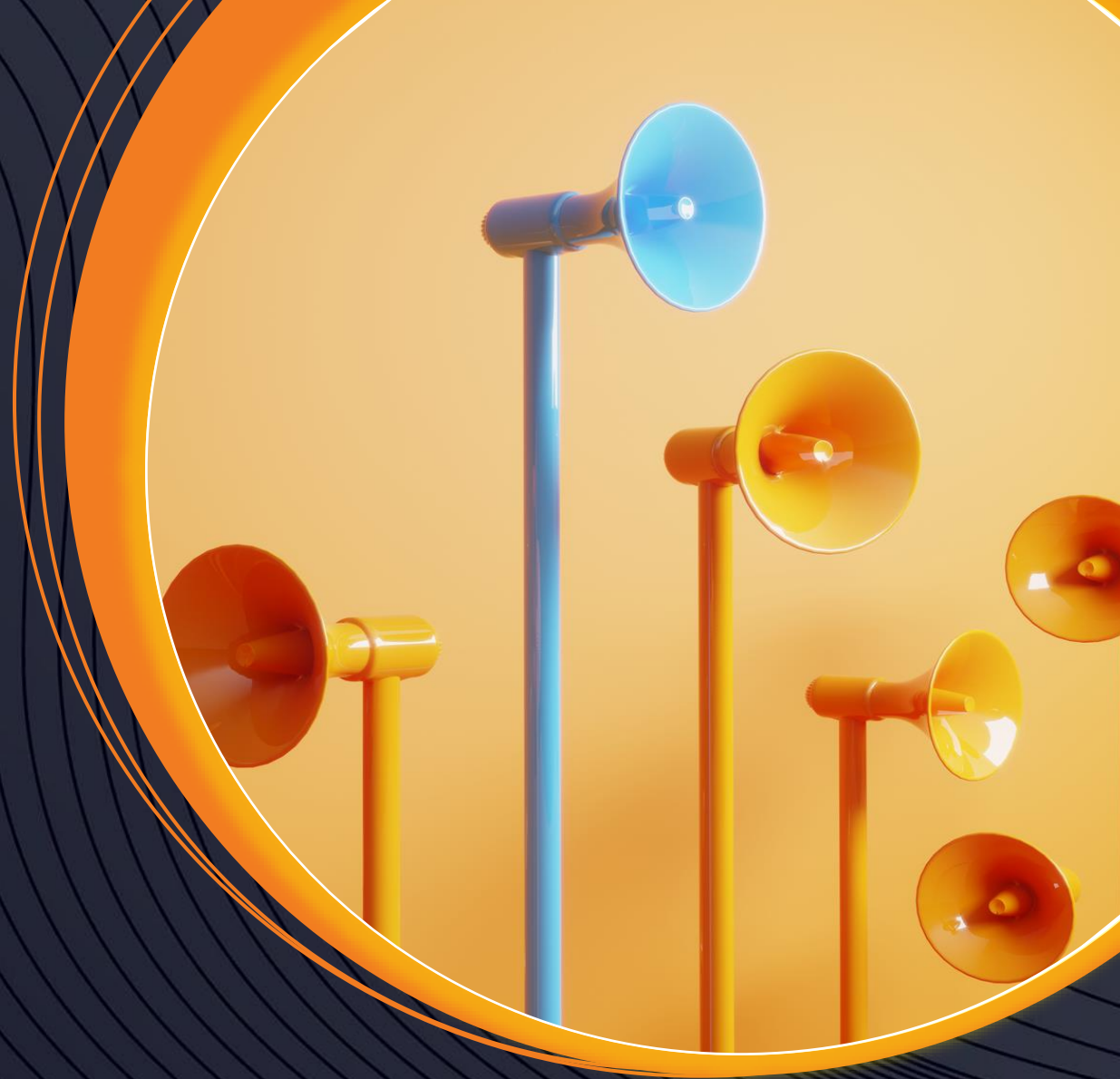
Rebecca Barnett

Director, Networks
Ofgem



Sinead Barrett

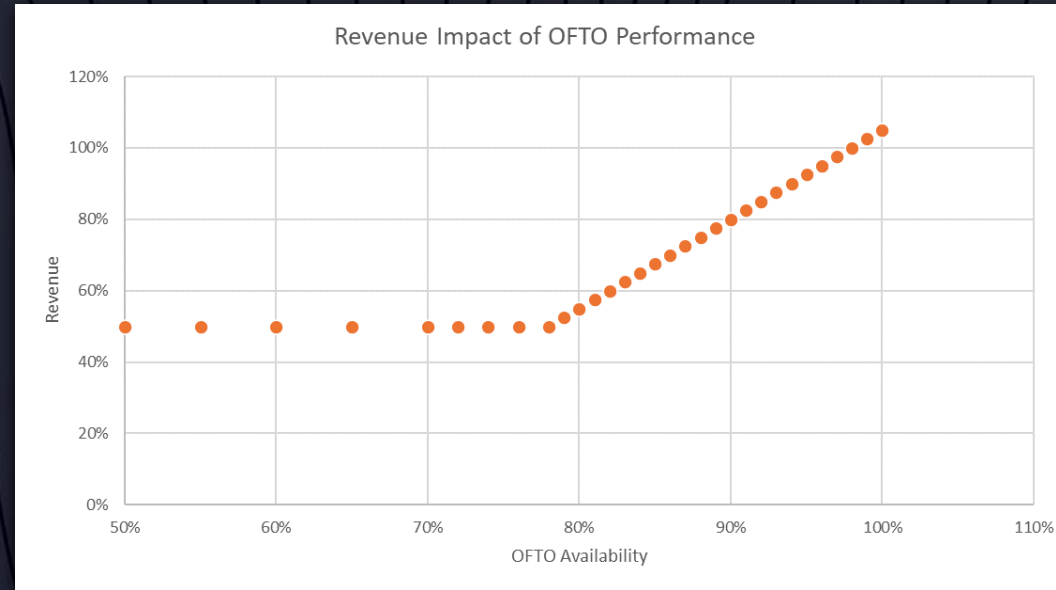
Head of OFTO Policy
Ofgem





Return profile for successful bidder

Inflation-linked revenue to finance, operate and maintain the OFTO assets for 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 over 99%.

Forward look: Project Pipeline

- TR11 launches today, with Dogger Bank B
 - EPQ bid submission deadline: 1 May 2024
 - Deadline for bidders' clarification requests: 17 April 2024
- TR12 expected to launch in early 2025, with 4 projects anticipated*
 - Dogger Bank C
 - East Anglia 3
 - Inch Cape
 - Sofia

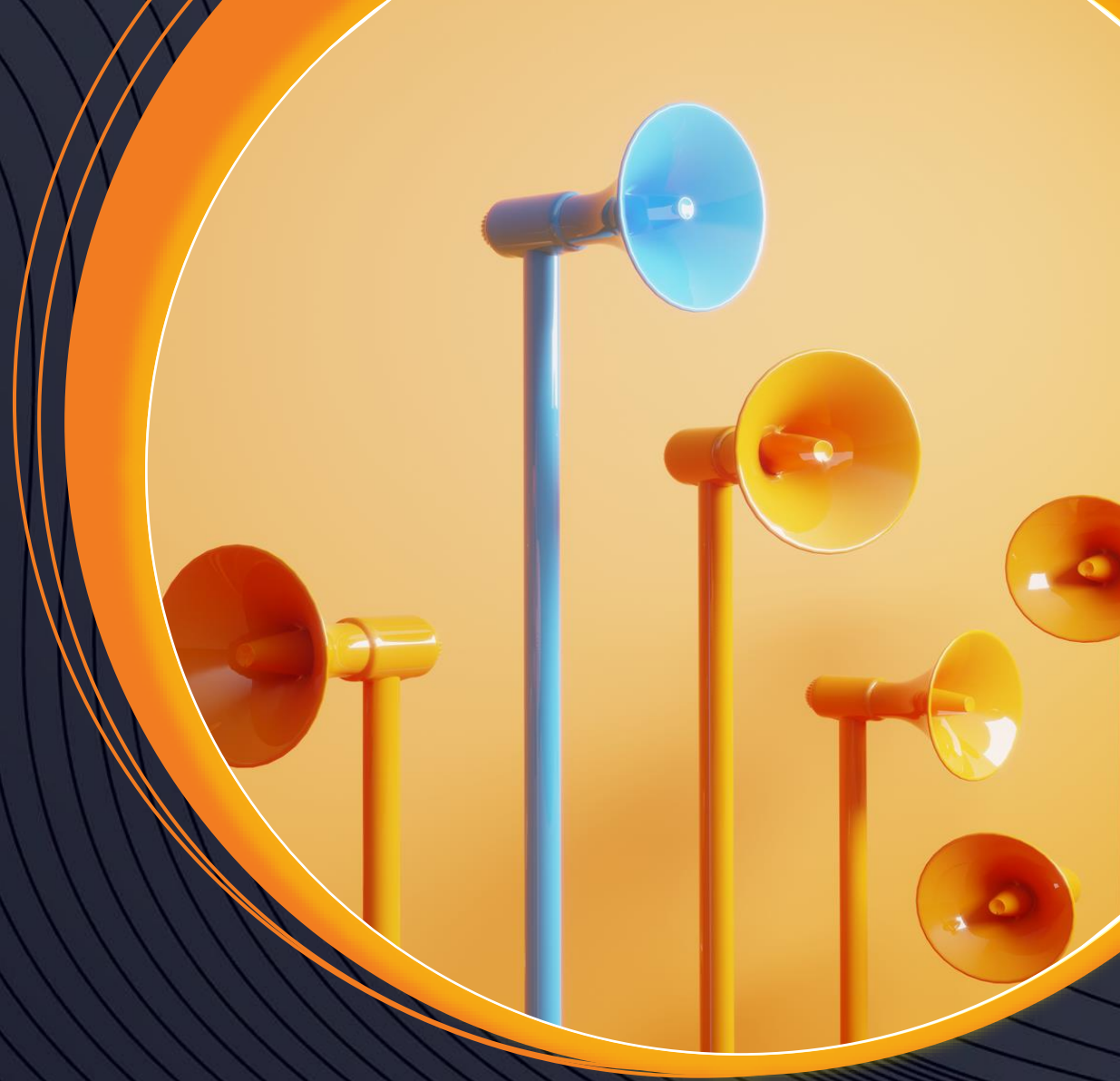
** This reflects developers' intentions based on planned project timings, which are subject to change. We will confirm TR12 projects closer to the time.*

Forward look: Policy

- **Policy being advanced in 2024:**
 - Life extensions: Health reviews & process for extension offers
 - Broader policy development on HND and coordinated assets

Sean Payne

Head of OFTO Tender
Management
Ofgem



The tender process

An overview

Sean Payne
Head of OFTO Tender Management
February 2024



Stages of the tender process and typical timelines

Stages of the tender process

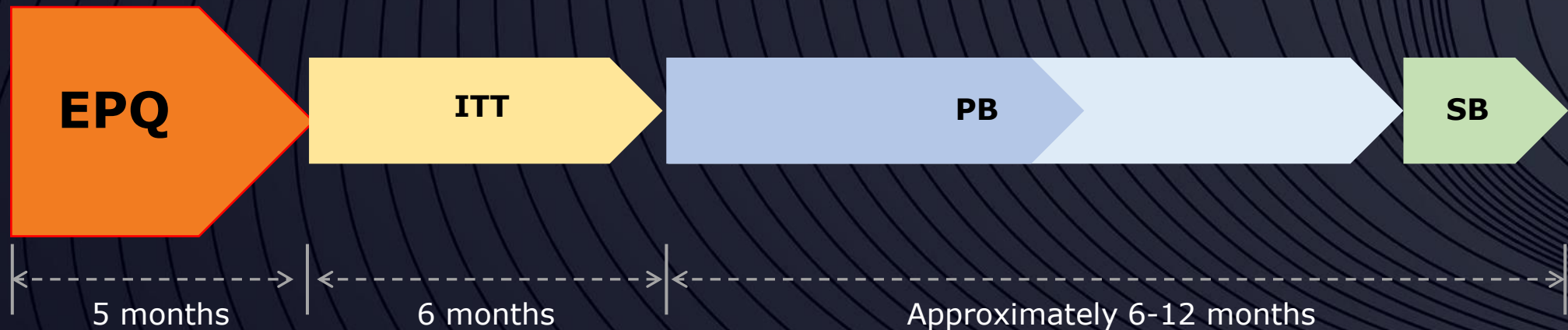
- Enhanced Pre-Qualification (EPQ)
- Invitation to Tender (ITT)
- Preferred Bidder (PB)
- Successful Bidder (SB)

Typical tender process timelines



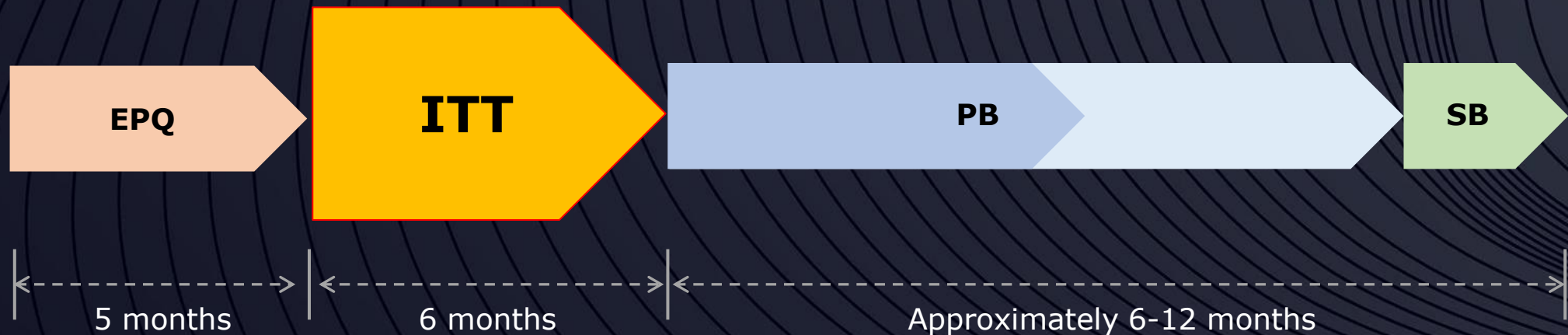
Enhanced Pre-Qualification

- Open to all to submit an EPQ bid
- Bidders must show relevant experience on past projects
 - 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

- Only qualifying bidders are invited to participate
- ITT questions and answers are based on project specific assets
- Electronic data room of information is used to enable bidders to undertake asset due diligence
- Questions evaluated on pass/fail basis, with lowest Tender Revenue Stream (TRS) is selected to progress to the Preferred Bidder stage



What we look for



Infrastructure asset experience



Understanding of the nature of the assets being acquired



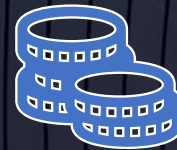
Understanding of both operations and regulatory framework



Understanding the risks inherent in acquisition, management, operation and decommissioning and how to manage and mitigate them



How to diligence an asset acquisition



Understanding how to finance – either through your own resources or capability and experience of raising finance



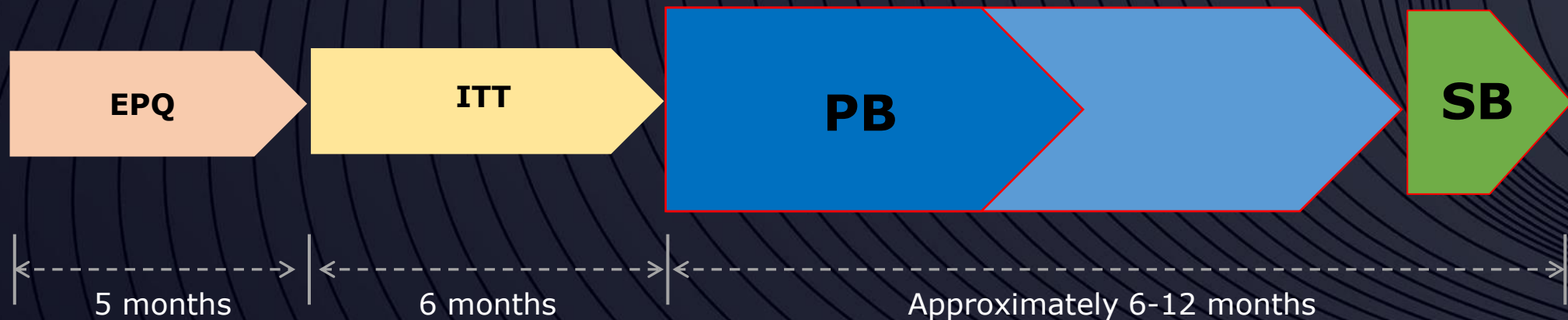
Assembly of a management team



Understanding of funding structure issues: taxation, indexation, operating costs, non-TRS income, financial risks

Preferred Bidder & Successful Bidder

- Preferred Bidder Stage allows for final due diligence in preparation for the asset transfer
- Communication between the Preferred Bidder and Developer is open
- Once conditions have been met at the PB stage the bidder enters the Successful Bidder stage where final preparations are made to transfer the assets from the Developer to the OFTO



Questions?



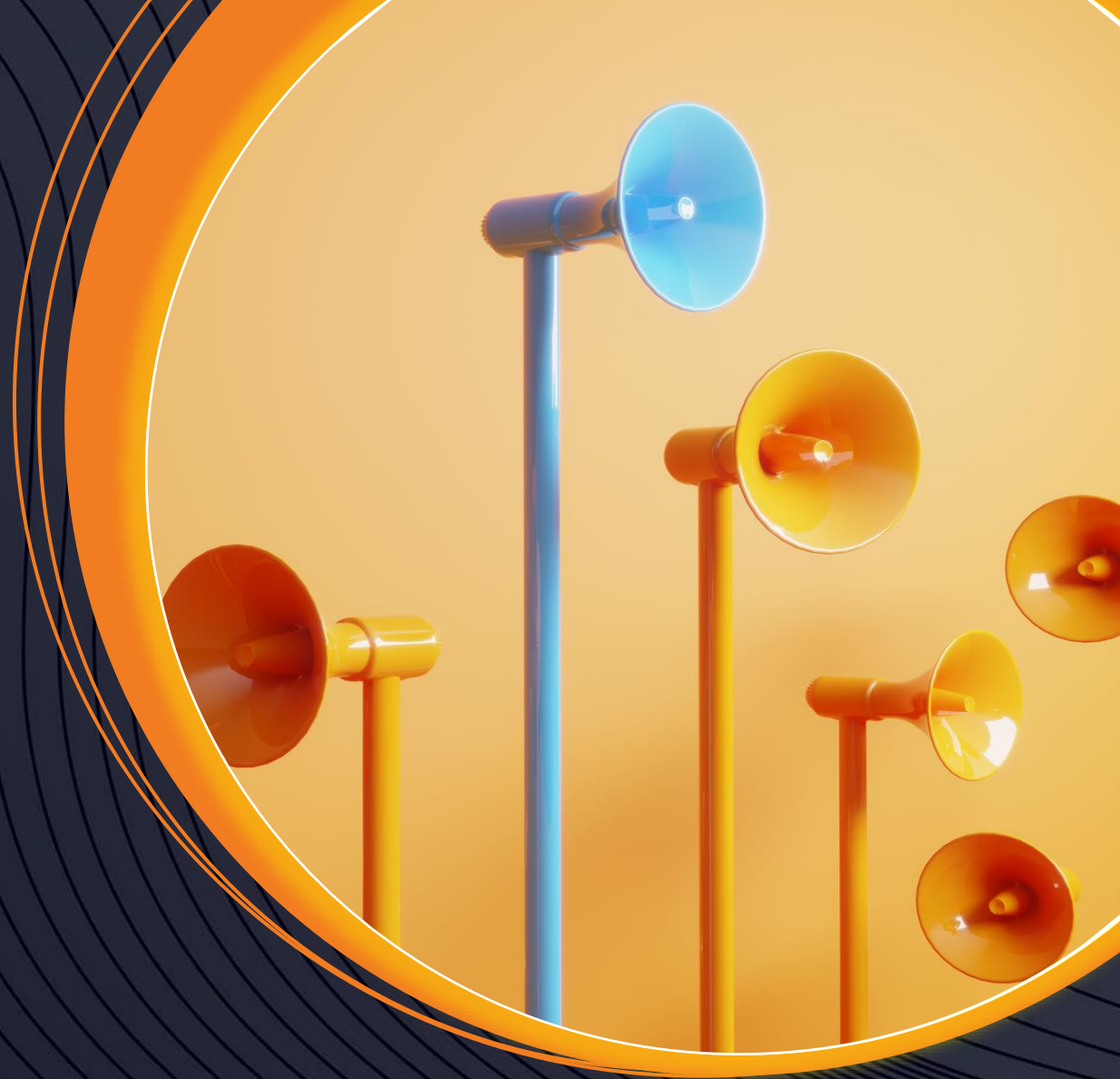
Isaac de Araujo Tavares

DB OFTO Transactions & Divestments
Manager

Matthew Seed

DBB Asset Disposal Lead

Dogger Bank B Offshore Wind Farm



DOGGER BANK WIND FARM

Dogger Bank B

OFTO Tender Round 11



Introductions

DOGGER BANK
WIND FARM

OFTO Deal Team



Isaac Tavares
DB OFTO Transactions &
Divestments Manager



Matthew Seed
DB Asset Disposal Lead

JV Structure



- The Dogger Bank offshore wind farm is a joint venture partnership between SSE Renewables (40%), Equinor (40%) and Vårgrønn (20%).

Delivery

- SSE Renewables is leading the development and construction of Dogger Bank Wind Farm, and Equinor will operate the wind farm on completion for its expected operational life of around 35 years.

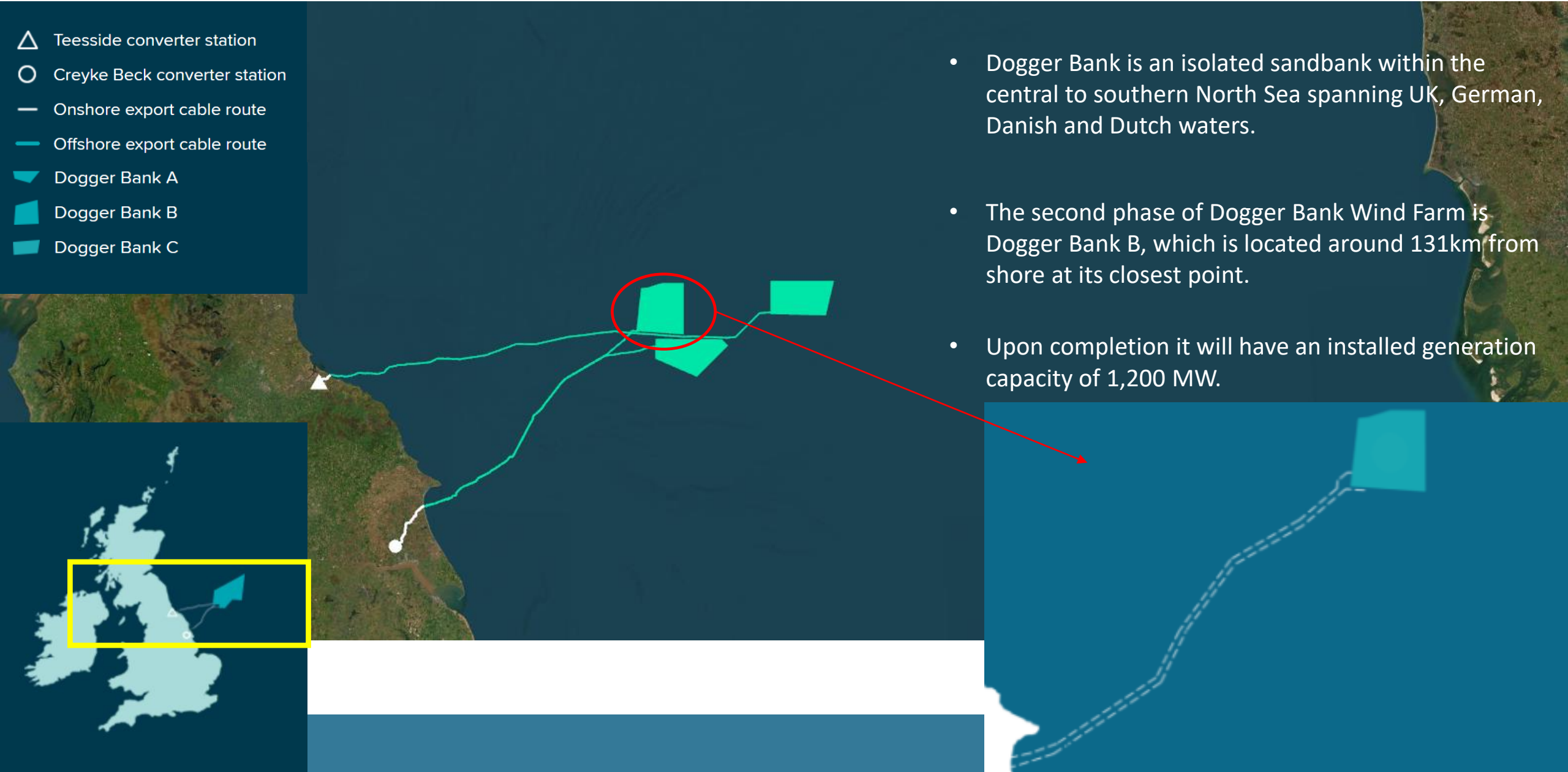
More details @ our website

- The World's Largest Offshore Wind Farm - Dogger Bank Wind Farm¹

¹ <https://doggerbank.com/>

The Dogger Bank Development

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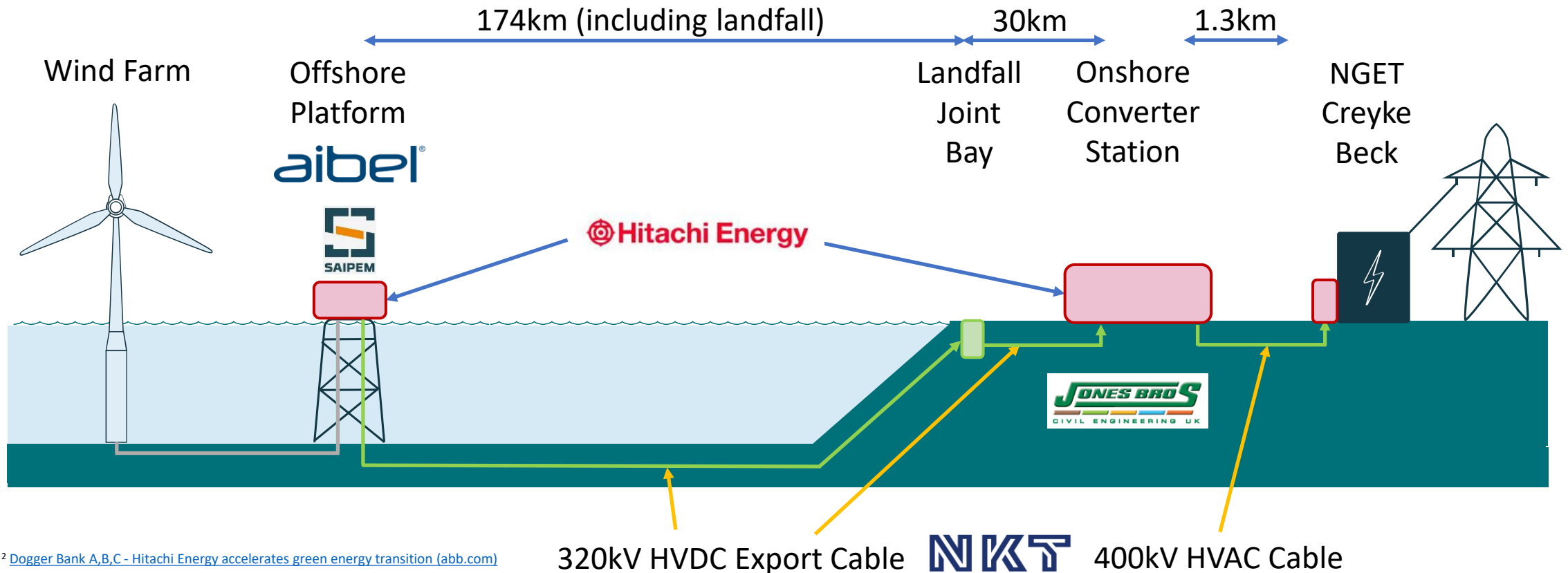


Transmission Asset and Contractors

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Why HVDC?²

- Reduced cost, which benefits the consumer and investors;
- Efficiency (low losses compared to AC), which benefits consumers and supports government targets.

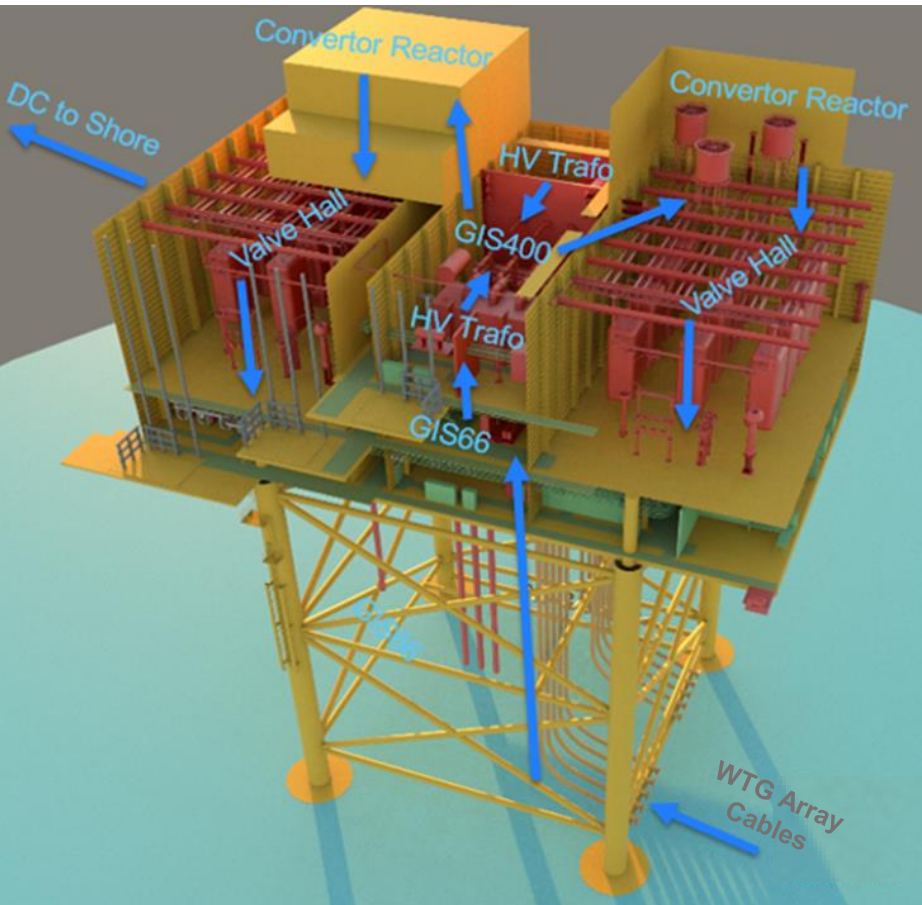


² [Dogger Bank A,B,C - Hitachi Energy accelerates green energy transition \(abb.com\)](https://www.abb.com/press/2022/02/02/dogger-bank-a-b-c-hitachi-energy-accelerates-green-energy-transition)

Offshore Substation Platform

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WIND FARM

- Highly efficient design, based on normally unmanned installation, and reliability by design to ensure availability.
- Tonnes per MW reduced by 70% from benchmarks.
- Includes wind farm power collection and systems.



- Fabrication and equipment fit out in Thailand (above)
- HVDC equipment install and commissioning in Norway (right)
- Jacket fabrication in Sardinia
- Installation by Saipem



Offshore Substation Platform

DOGGER BANK
WIND FARM



February 2024
– Preparing for
load out



- 66kV Gas Insulated Switchgear (left), grid entry point (orange)
- Earthing transformer (right)
- Reactors with sea-fastening in place (above)

Export Cable – Subsea and Land

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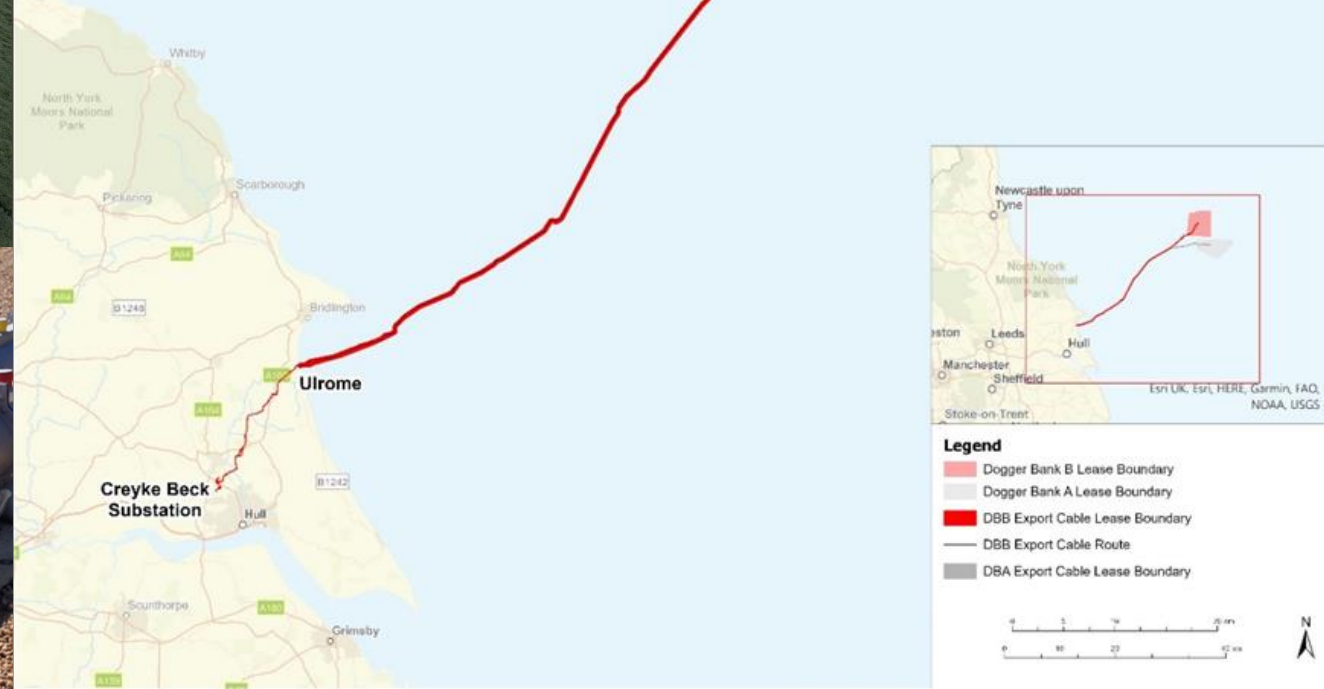


320kV HVDC Export Cable

- 174km subsea (including landfall)
- 30km onshore

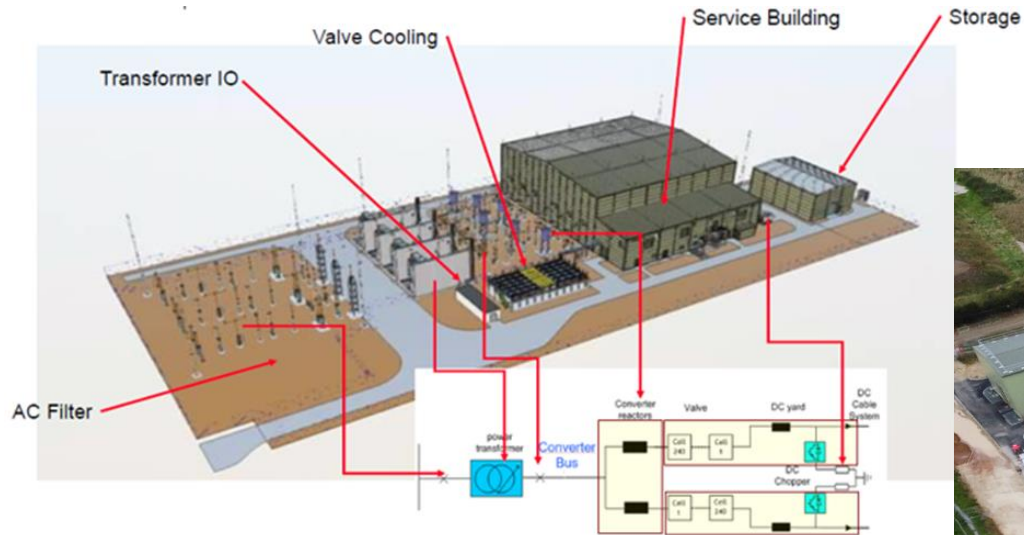
400kV AC to National Grid

- 1.3km



Onshore Converter Station

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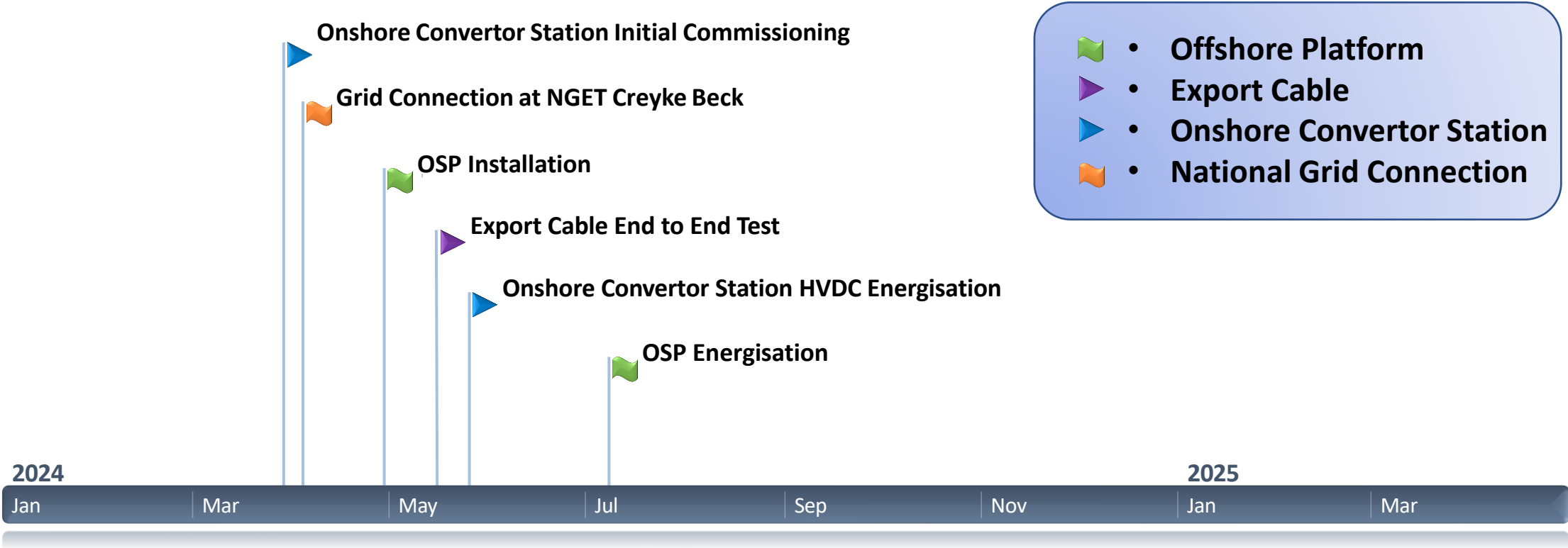
DBB foreground, DBA behind



Converter Transformer Units



Installation & Commissioning Plan



Landfall



Onshore Converter Station Transformer Unit delivery



Sailaway from Haugesund
for installation



Topside tow into position for installation lift



Topside installation



Topside installation



The first UK HVDC Offshore Substation (DBA)



O&M Service Agreement



O&M Service Agreement

- Specific features of the Dogger Bank B OFTO assets:
 - Only the second **HVDC** transmission link for a UK offshore wind farm (DBA being the first)
 - **Remote** offshore location in **harsh** conditions
- Dogger Bank B will offer all OFTO bidders a comprehensive O&M Service Agreement for up to **25 years** for consideration of **£1**
- Objective from Dogger Bank side:
 - Ensure OFTO **asset lifetime** beyond 25 years,
 - Higher **system availability and lower opex** through synergy with the O&M and control room of the Dogger Bank Wind Farm
- Benefit for the OFTO:
 - Downside risk mitigation towards **availability penalty**
 - O&M **cost certainty**
- Benefit for the Consumer:
 - Synergies across Dogger Bank Wind Farm present lower O&M costs
- A detailed draft **O&M Agreement** will be presented during the tender phase, comprising a **comprehensive scope** which typically includes:
 - The operations and maintenance of the assets (**including HVDC and ancillary systems**)
 - Control room and operations services

O&M Service Agreement

HVDC experienced operator:

- Dogger Bank's operator, Equinor, is an experienced operator of offshore HVDC links (since 2005)
- Equinor operates 4 HVDC links supplying the Troll (A) gas installation and 2 HVDC links supplying the Johan Sverdrup installations on the Norwegian Continental Shelf
- The Dogger Bank team understands the importance of system reliability at the Dogger Bank Wind Farm and the specialist O&M requirements to ensure HVDC (and ancillary) system availability



- Multiple Service Operations Vessels (SOV's) and daughter craft deployed to provide rapid response across the windfarm
- Our SOV's provide significant offshore support providing accommodation to technicians, tool / spares storage and workshop space
- Highly trained wind farm technicians deployed from the SOVs provide 1st line rapid response to emergent issues with further support from in-house HVDC engineers at the O&M base



DOGGER BANK WIND FARM





Operations & Maintenance

(located at the Port of Tyne)

- Dogger Bank Net Zero Carbon O&M Base
 - Coordination centre for O&M activities
 - Main warehouse and logistics support
 - Engineering support team location (including HVDC engineers)

State of the art control room

- Located adjacent to Dogger Bank O&M Base facilities
- Equinor will provide Control Room Services 24 hours a day, 365 days a year



DOGGER BANK WIND FARM



Disclaimer

*This presentation has been prepared by Doggerbank Offshore Wind Farm Project 2 Projco Limited (the “**Sellers**”) in connection with the proposed sale of the offshore transmission assets (the “**Assets**”) at the Dogger Bank B Offshore Wind Farm.*

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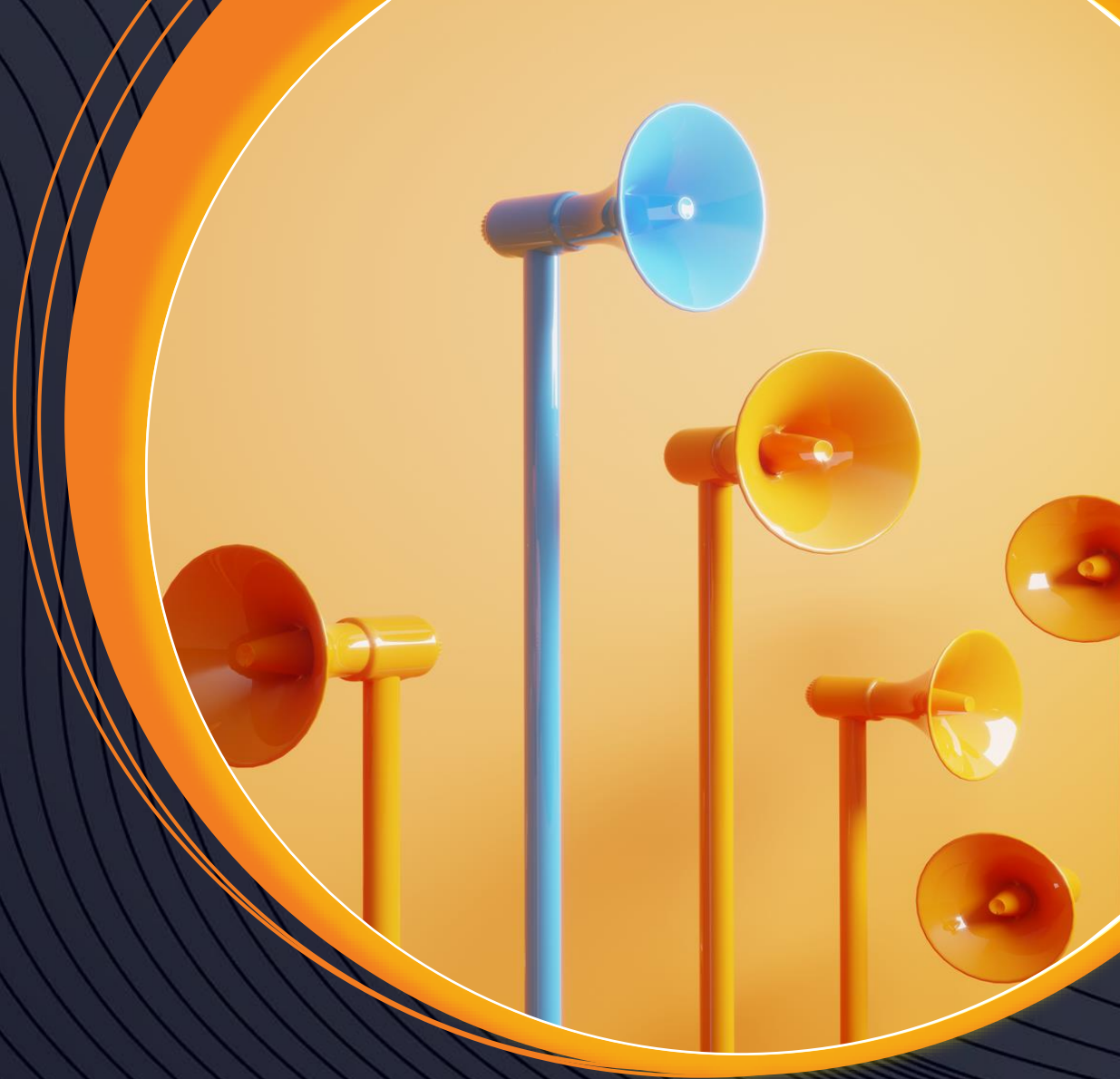
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Questions?



Sinead Barrett

Head of OFTO Policy
Ofgem



Next steps

- See TR11 documentation on our website from today
- Register on Tender portal for access to bid documents:
<https://ofgem.bravosolution.co.uk/>
- Reminder of key TR11 dates:
 - Bidder clarification requests by **17 April 2024**
 - EPQ bid submissions by **1 May 2024**
- Programme of events upcoming including an OFTO conference this summer and masterclasses for future bidders

Thank you

Any questions to:

tendercoordinator@ofgem.gov.uk

