

WALNEY EXTENSION

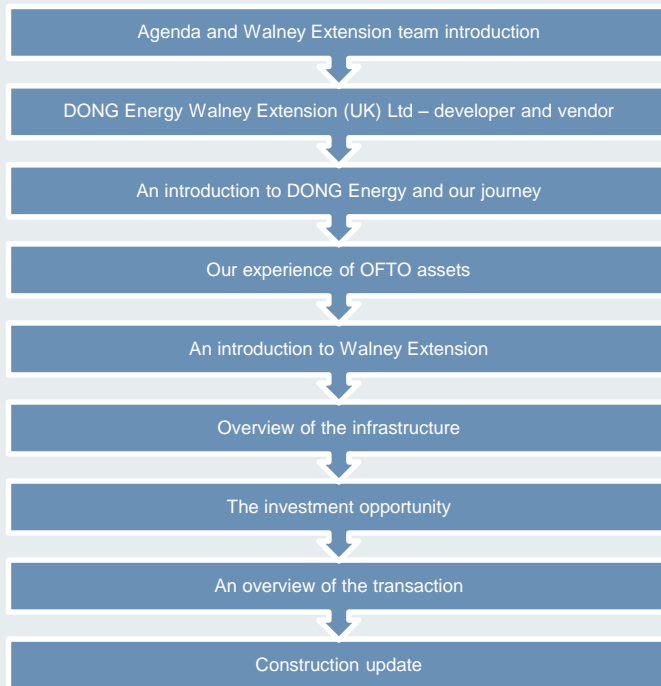
Project Overview



Presentation for Ofgem OFTO TR5 Launch Event
30th September 2016

Agenda and Walney Extension team introduction

Agenda



Walney Extension OFTO Divestment Team



Name: Andrew Cotterell

Role: Programme Director (Walney Extension)

Background:

- Joined DONG Energy in 2012
- Responsible for execution, asset and financial management of Walney Extension
- Selected experience includes: Programme Director of Borkum Riffgrund 1



Name: Richard Bodal-Hansen

Role: Head of OFTO Transactions

Background:

- Joined DONG Energy in 2012
- Responsible for OFTO transactions
- Selected experience includes: M&A management, DONG Energy M&A legal counsel



Name: Ebba Phillips John

Role: Senior OFTO Transaction Manager

Background:

- Joined DONG Energy in 2010
- Responsible for OFTO Transactions
- Selected experience includes: Senior Regulatory Affairs Advisor

DONG Energy Walney Extension (UK) Ltd – developer and vendor

Ownership overview

- The **Developer** and participating company in the WOW03 + 04 Offshore Wind Farm is **DONG Energy Walney Extension (UK) Ltd**
- The Developer is a directly owned subsidiary of **DONG Energy Wind Power A/S**
- DONG Energy were granted rights from The **Crown Estate** and **developed the project between 2010** and its financial investment decision (FID) in October 2015
- The wind farm including all transmission assets will be **constructed by DONG Energy Wind Power A/S**



DONG Energy Wind Power A/S

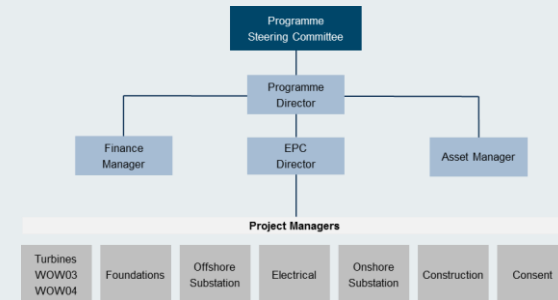
100%

DONG Energy Walney
Extension (UK) Ltd

Experienced project organisation

- DONG Energy has an unrivalled track-record in offshore wind with **over 20 years experience, having constructed 26% of global offshore wind capacity**
- **Walney Extension leverages this organisational experience**, benefiting from DONG Energy's mature and industrialised approach to planning and execution of offshore projects
- **The project team profits 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



An introduction to DONG Energy and our journey

Overview of DONG Energy constructed and under construction wind farms

An unrivalled track-record in offshore wind

World's 1st 8MW WTG deployed at a commercial offshore wind farm




World's 1st 6MW WTG deployed at a commercial offshore wind farm

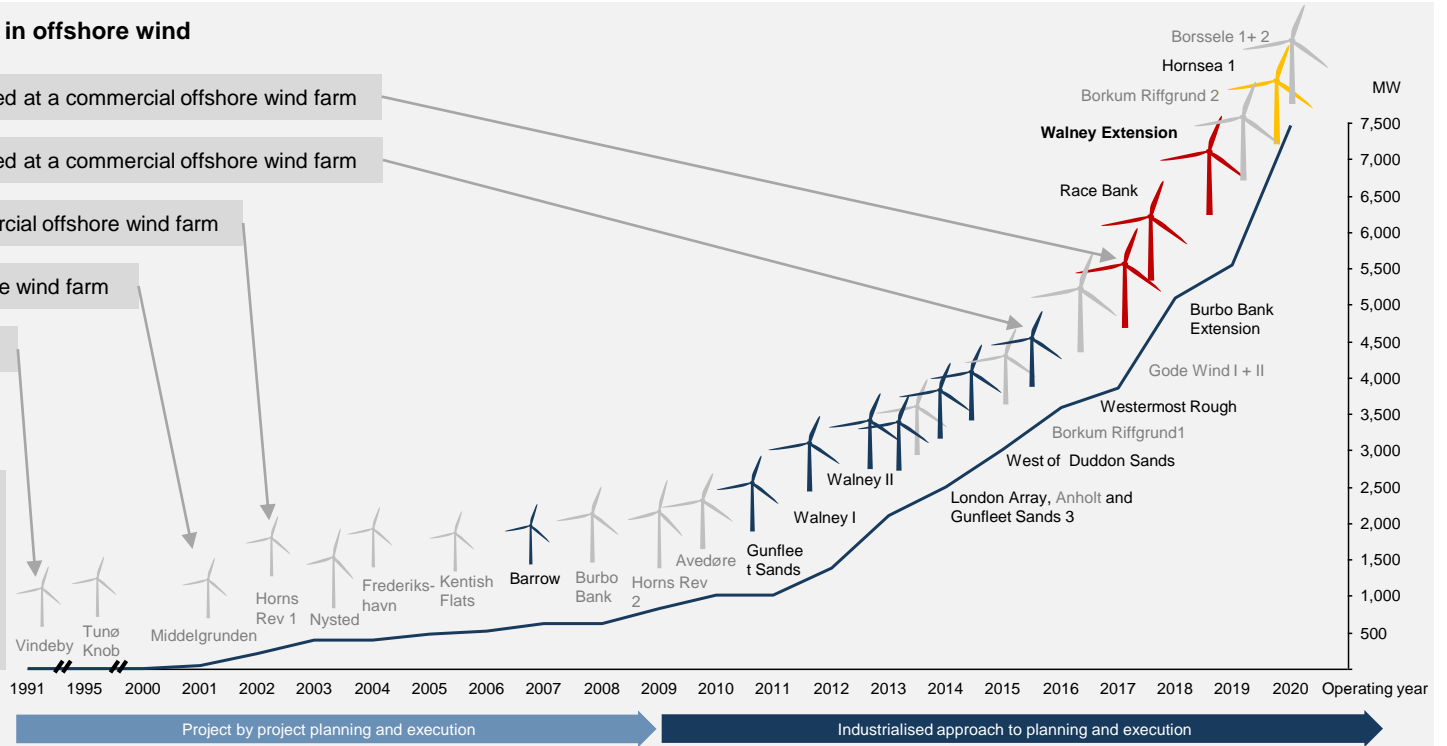
World's 1st large scale commercial offshore wind farm

World's 1st commercial offshore wind farm

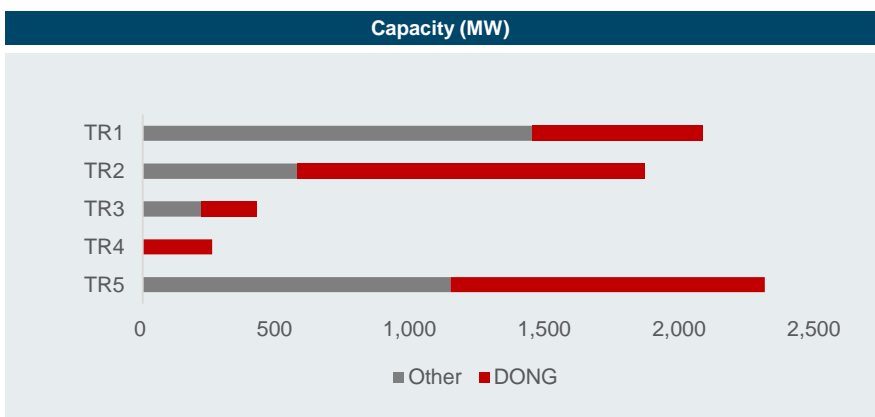
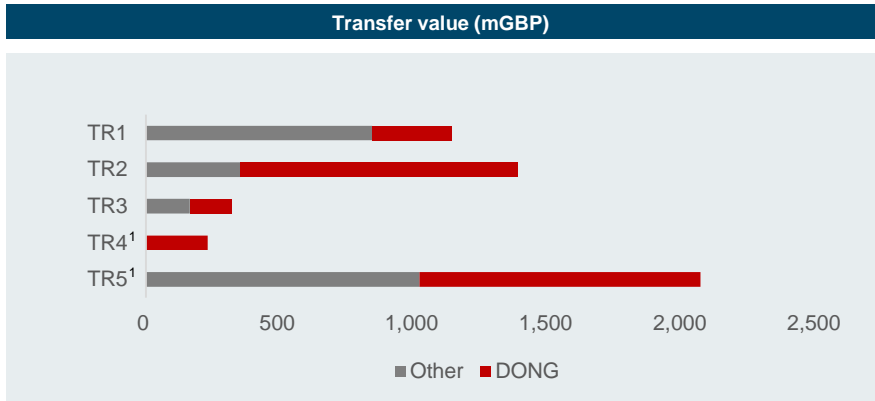
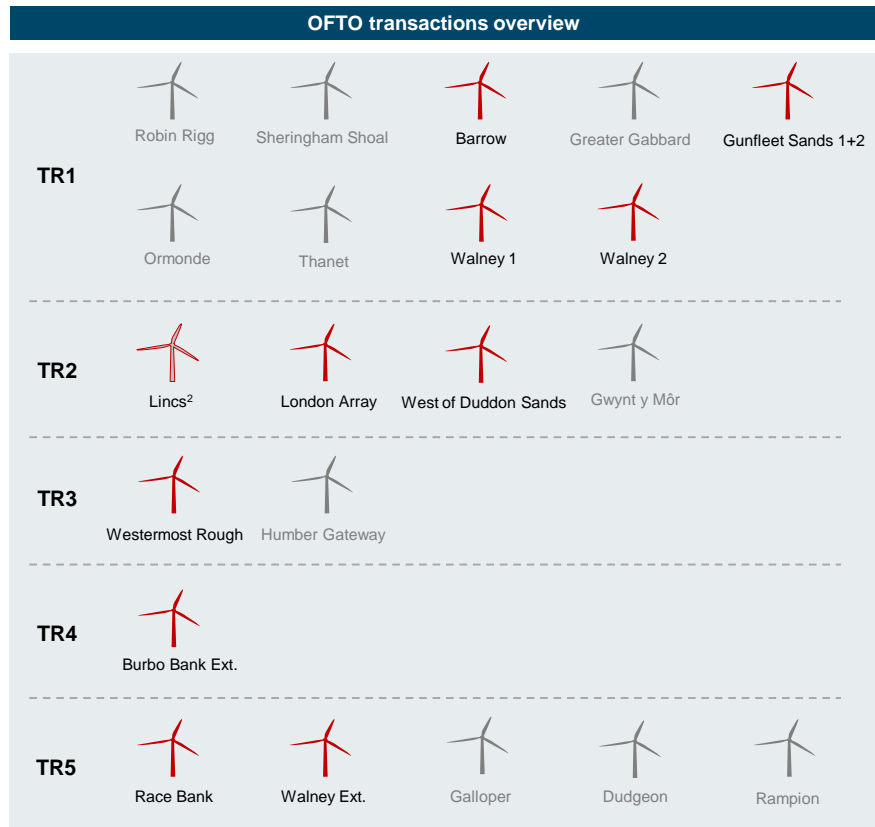
World's 1st offshore wind farm

Legend

-  Completed OFTO divestment
-  Ongoing OFTO divestment
-  Future OFTO divestment



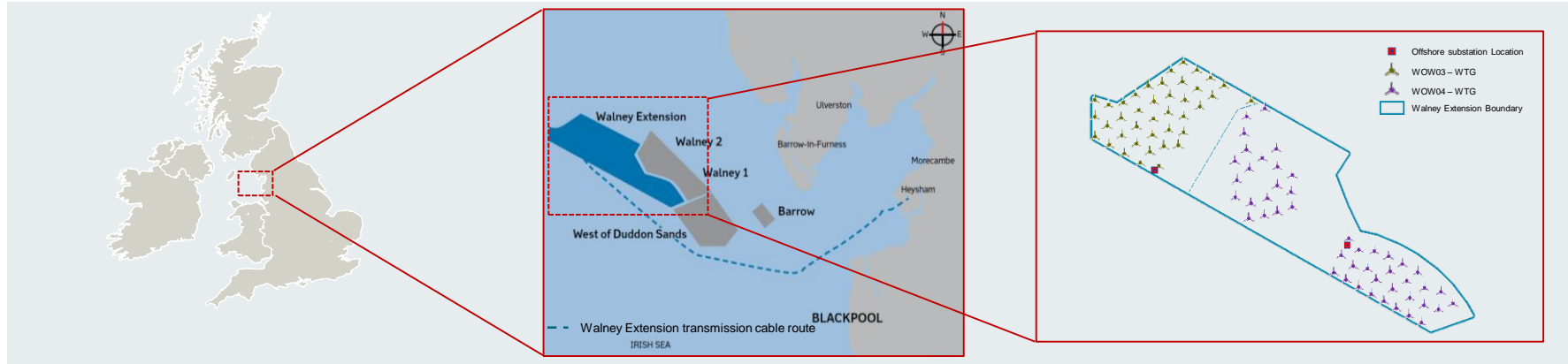
Our experience of OFTO assets



1. Figures based on Initial Transfer Value, data from Ofgem Website (September 2016)
 2. Centrica was the operating partner for Lincs construction and OFTO divestment

An introduction to Walney Extension

Location and layout

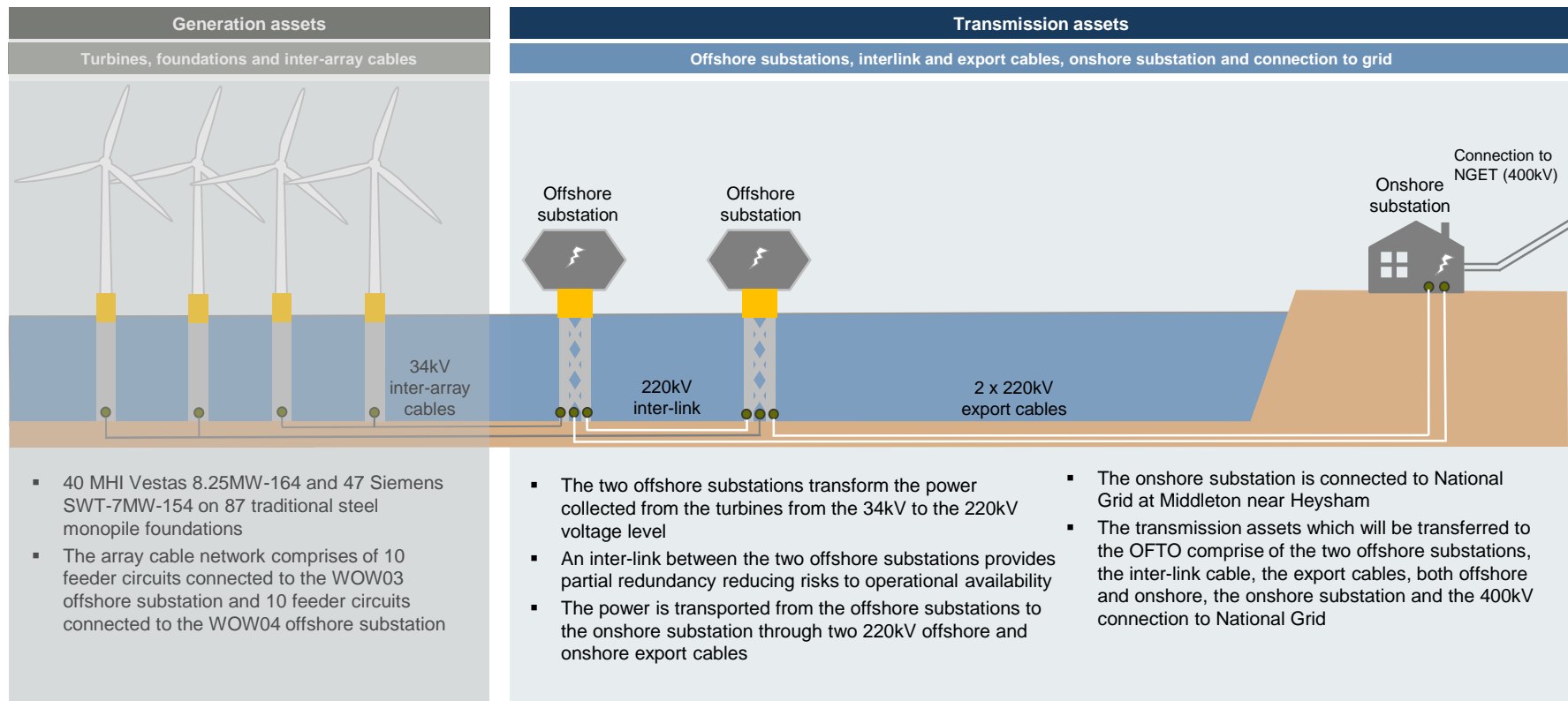


Parameter	Summary
Support regime	A two phase CfD contract for WOW03 (west) and WOW04 (east)
Number of turbines	WOW03: 40 Mitsubishi Vestas V16 8.25MW WOW04: 47 Siemens 7.0MW
Capacity (MW)	659
Water depth	21 – 37m LAT
Length of export cable route	Offshore: WOW03 ~80km, WOW04 67km, inter-link ~23km Onshore: ~4km

Characteristics

Well known operating environment	<input checked="" type="checkbox"/>
Well known and proven technology	<input checked="" type="checkbox"/>
Well tested and successful construction approach	<input checked="" type="checkbox"/>
Well designed with efficient cost and operability	<input checked="" type="checkbox"/>

Overview of the infrastructure



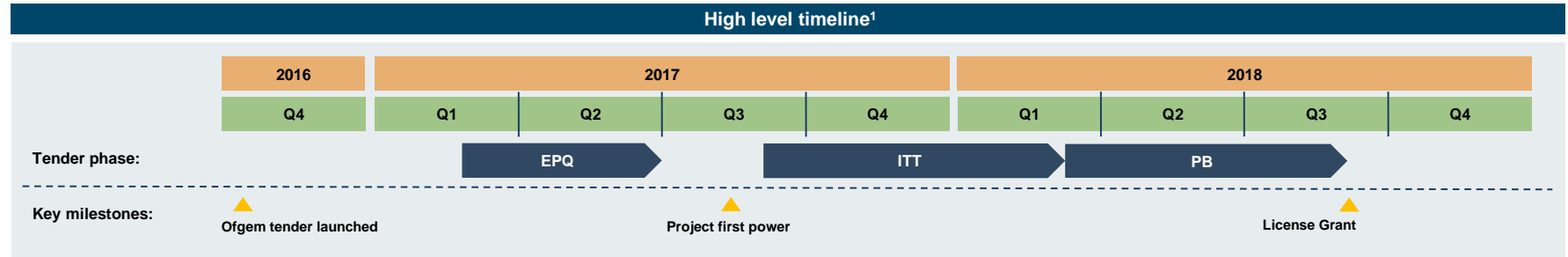
The investment opportunity

Project highlights

Highlights	<ul style="list-style-type: none"> ▪ The project will operate under the UK CfD framework ▪ 659MW generation capacity with transmission assets Initial Transfer Value approx. 517 GBPm ▪ All consents in place and transmission asset construction underway ▪ Walney Extension is anticipated to be DONG Energy's eleventh transmission asset divestment
Project	<ul style="list-style-type: none"> ▪ Favourable site conditions and well known operating environment for OFTOs ▪ The characteristics of the site enable the project to make use of known technology ▪ Mature and efficient design developed based upon previous operational experience, resulting in highly operable and robust assets
Supply chain	<ul style="list-style-type: none"> ▪ Experienced supply and installation contractors, strategically appointed through competitive tenders ▪ Tendered utilising DONG Energy's product lines to contribute in the holistic goal to reduce the cost of electricity
Experienced Developer and EPC Manager	<ul style="list-style-type: none"> ▪ DONG Energy active in the offshore wind sector for more than 20 years ▪ DONG Energy has participated in all of Ofgem's OFTO tender rounds to date ▪ Highly experienced project developer bringing significant expertise to the project ▪ Transaction and operational competences in place to deliver the project to the highest industry standard
O&M	<ul style="list-style-type: none"> ▪ Appropriate interim maintenance arrangements will be in place until asset transfer ▪ DONG Energy will offer an emergency response service for export cables with full access to a broad base of in-house knowledge, expertise and resources ▪ DONG Energy is willing to enter dialogue regarding certain routine O&M services but the focus is on providing emergency response services



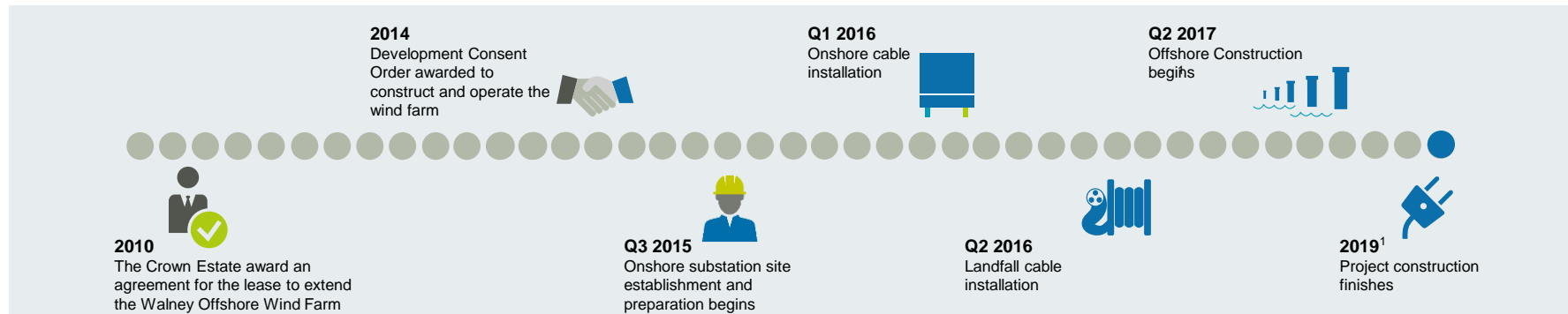
An overview of the transaction



Key takaways	
EPQ Launch	<ul style="list-style-type: none"> ▪ Preliminary Information Memorandum available from 30th September 2016 ▪ Enhanced Pre-Qualification – February 2017 ▪ Information Memorandum, technical vendor due diligence report and transfer agreement will be made available
Asset Transfer	<ul style="list-style-type: none"> ▪ Transfer to OFTO once all assets are fully commissioned (with appropriate interim maintenance arrangements in place) ▪ Transfer of transmission asset related contracts where appropriate – including appropriate benefit of warranties
Transfer Agreement	<ul style="list-style-type: none"> ▪ The transfer agreement will be based on Ofgem guidelines ▪ DONG Energy Walney Extension (UK) Ltd as vendor ▪ Bespoke warranty package for the Walney Extension project ▪ Division of responsibilities pre- and post- asset transfer ▪ Market standard credit support will be offered by the Developer
Interface Agreement	<ul style="list-style-type: none"> ▪ The Interface Agreement will be bespoke for Walney Extension ▪ Based on the relevant industry standard form precedent, developed to reflect operational project experience to date

An update on construction progress

Walney Extension installation and construction



Onshore progress

Onshore Substation

- Civil works under construction
- All High Voltage (HV) components have passed Factory Acceptance Test and are being delivered to site
- On track to energise grid connection as planned in spring 2017

Onshore Cable Route

- 220kV cable route substantially complete
- The horizontal directional drilling HDD at the landfall to the beach completed as planned
- Construction of the 400kV cable route to the Onshore Substation to the NGET Middleton substation has begun and the cables delivered

Offshore progress

Marine Cable

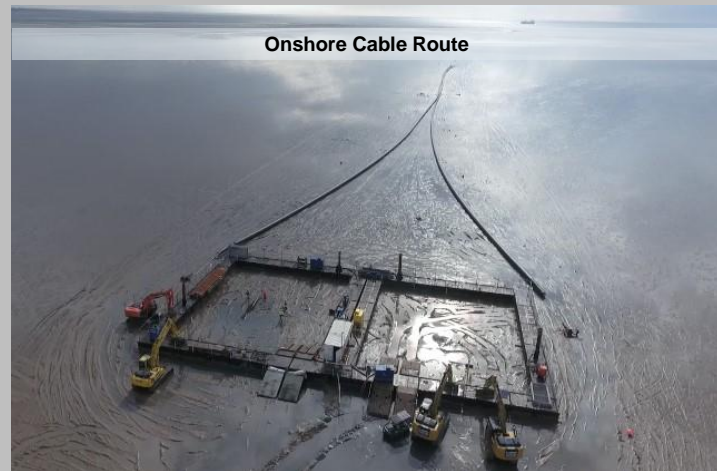
- 220kV offshore export cable manufacture on track for loadout spring 2017

Offshore substation

- Manufacture of the Offshore Substations ahead of schedule and on track for loadout spring 2017
- All electrical components are delivered to the manufacturing yard and installation has begun



Construction photos





Construction photos



Offshore Substation Topside



Offshore Substation Jacket

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