

# RACE BANK

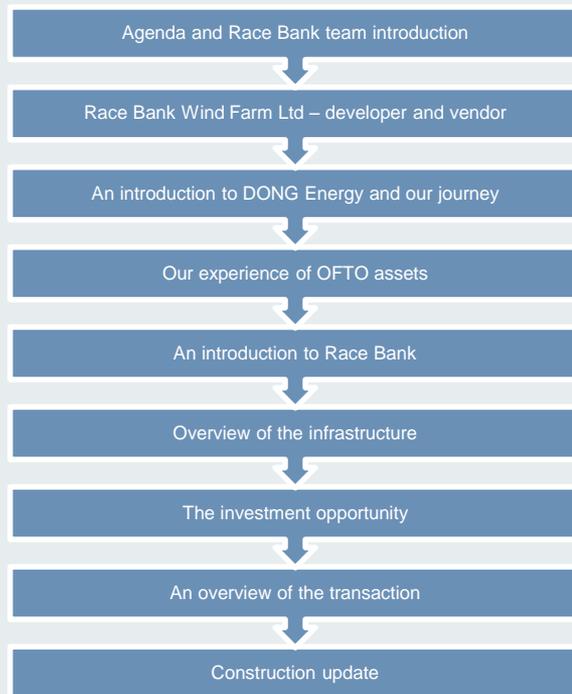
## Project Overview



**Presentation for Ofgem OFTO TR5 Launch Event**  
30<sup>th</sup> September 2016

# Agenda and Race Bank team introduction

## Agenda



## Race Bank OFTO Divestment Team



**Name:** Scott Urquhart

**Role:** Deputy Programme Director (Race Bank)

**Background:**

- Mechanical Engineering from Dalhousie University, Canada (2003) , MBA from University of Calgary, Canada (2007)
- Has been working for DONG Energy Wind Power since 2011 in cost reduction strategy and commercial project management for cross portfolio procurement, later as Head of Finance for West of Duddon Sands and Race Bank projects
- Earlier roles as Associate with energy transaction advisors Macquarie-Tristone and FirstEnergy Capital in UK and petroleum engineer with Pengrowth Corporation in Canada



**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:** David Bishop

**Role:** OFTO Transaction Manager

**Background:**

- First Joined DONG Energy in 2012
- Responsible for OFTO Transactions
- Selected experience includes: Project/Business/Market Development and M&A in renewables

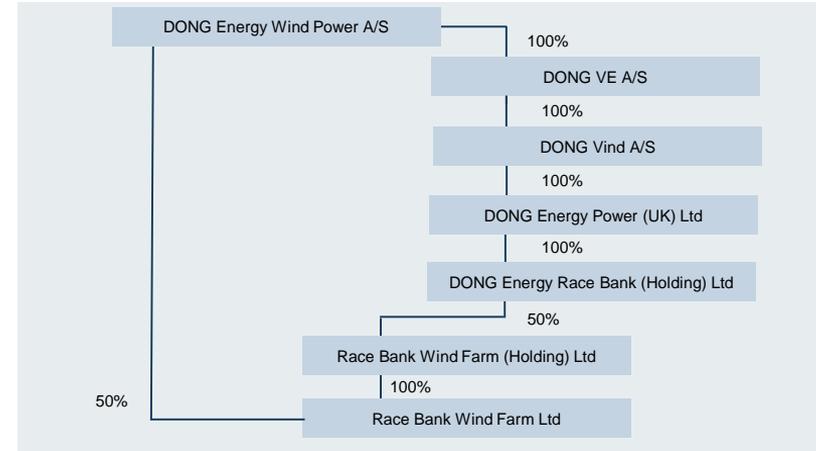
# Race Bank Wind Farm Ltd – developer and vendor

## Ownership overview

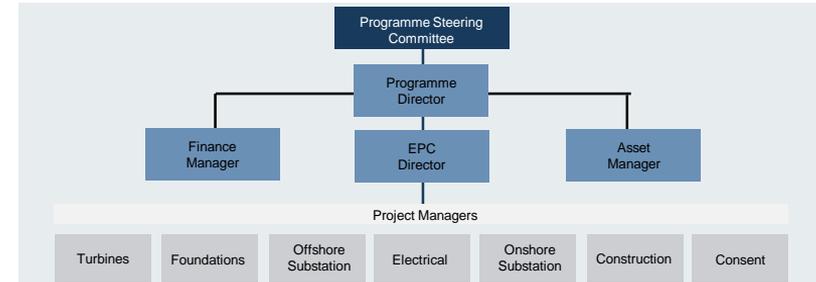
- The **Developer** and participating company in the ROW01 Offshore Wind Farm is **Race Bank Wind Farm Ltd**
- The Developer is an indirectly owned subsidiary of **DONG Energy Wind Power A/S**
- DONG Energy acquired the project from Centrica in December 2013 and **developed the project through to its financial investment decision (FID)** in June 2015
- The wind farm including all transmission assets will be **constructed by DONG Energy Wind Power A/S**

## 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**
- **Race Bank 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 1<sup>st</sup> 8MW WTG deployed at a commercial offshore wind farm

World's 1<sup>st</sup> 6MW WTG deployed at a commercial offshore wind farm

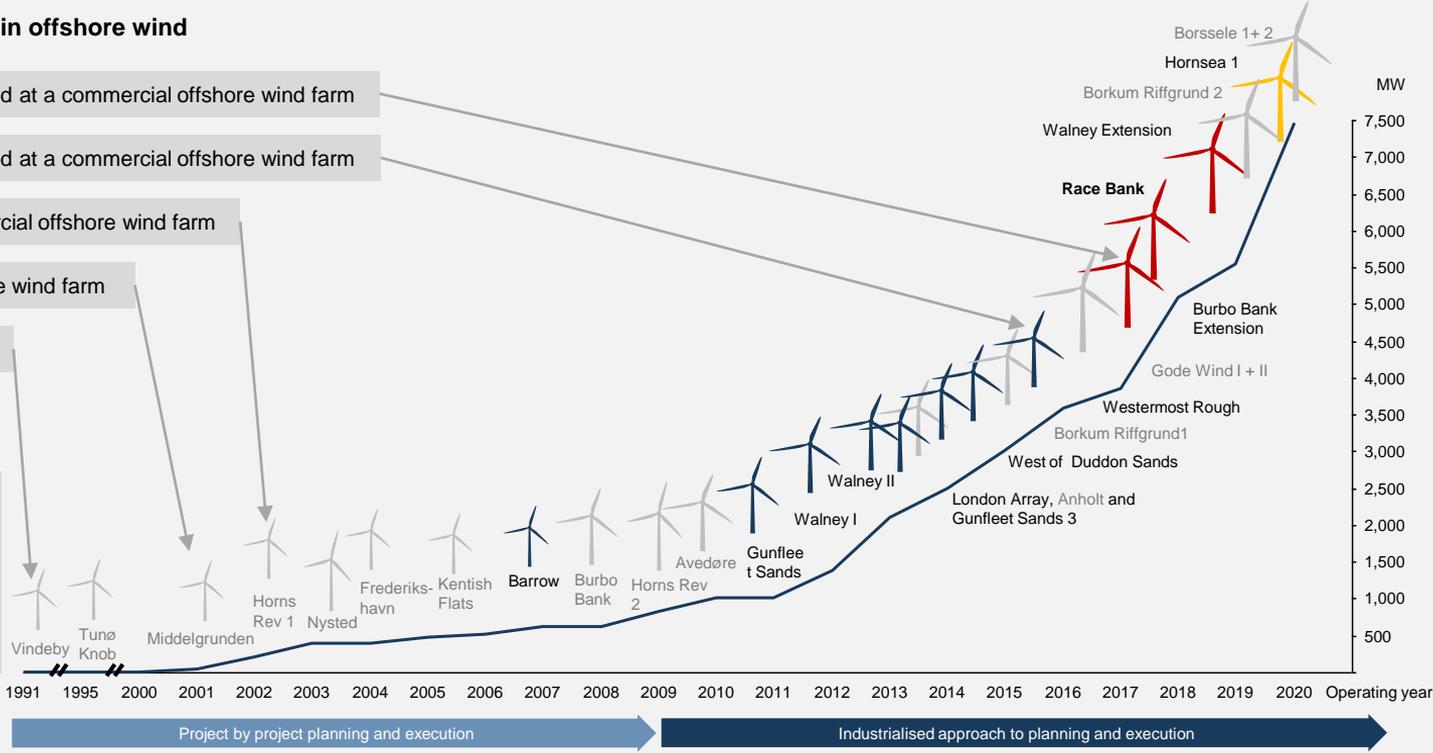
World's 1<sup>st</sup> large scale commercial offshore wind farm

World's 1<sup>st</sup> commercial offshore wind farm

World's 1<sup>st</sup> offshore wind farm

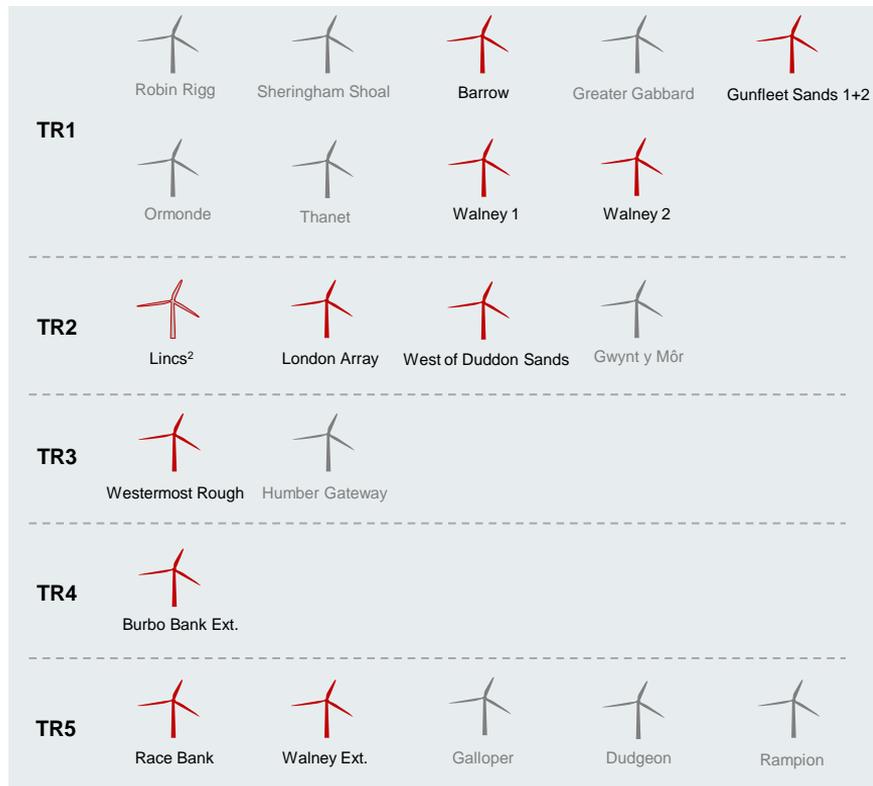
**Legend**

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

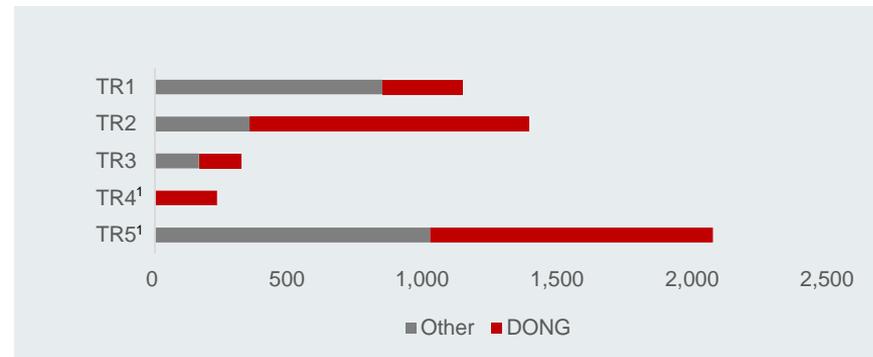


# Our experience of OFTO assets

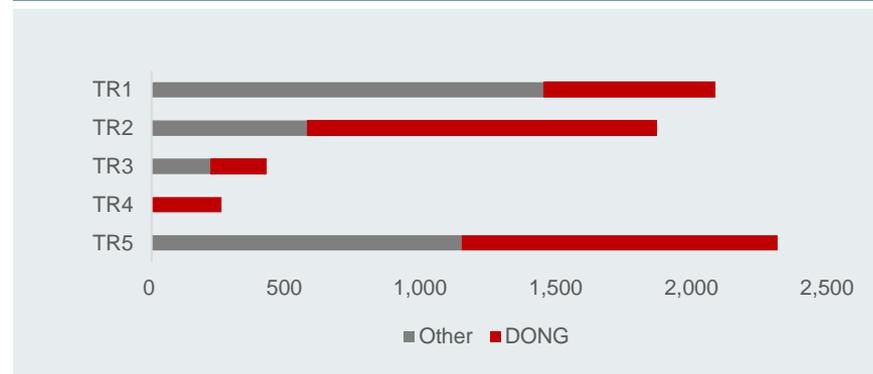
## OFTO transactions overview



## Transfer value (mGBP)

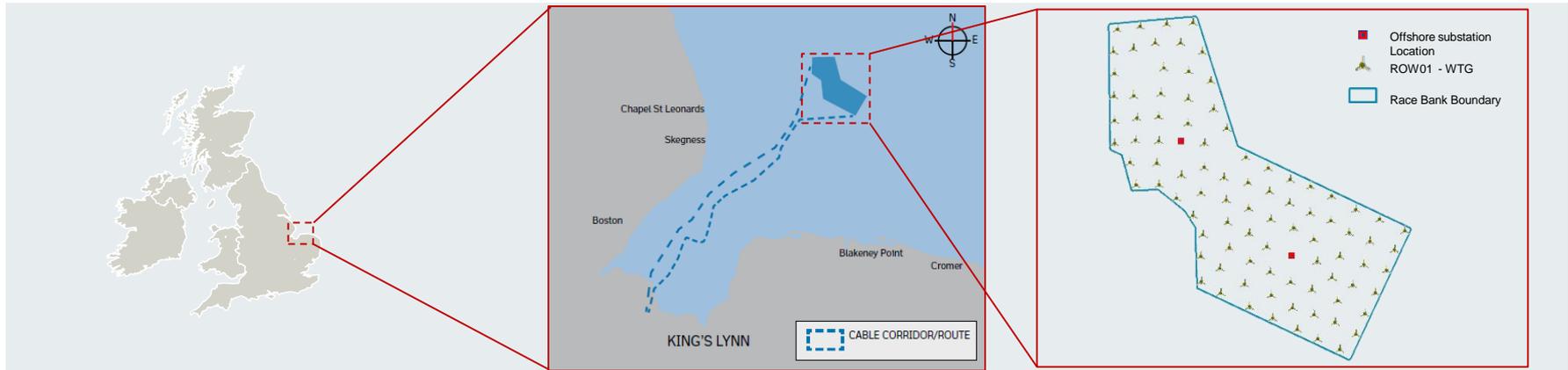


## Capacity (MW)



# An introduction to Race Bank

## Location and layout

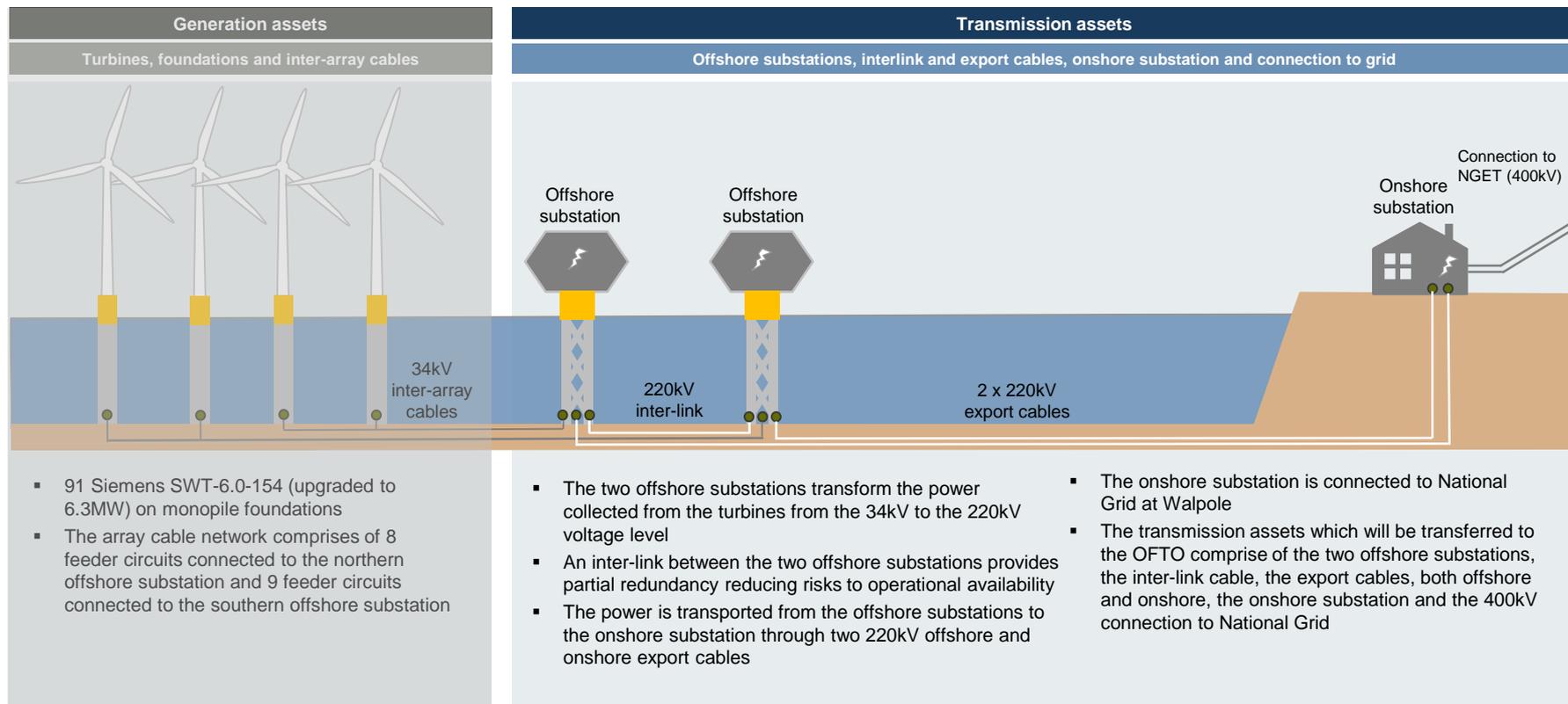


Parameter	Summary
Support regime	1.8 ROCs/MWh
Number of turbines	91 (Siemens SWT-6.0-154; upgraded to 6.3MW)
Capacity (MW)	573
Water depth	6-24m LAT
Length of export cable route	~71km offshore and ~12km onshore

## 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



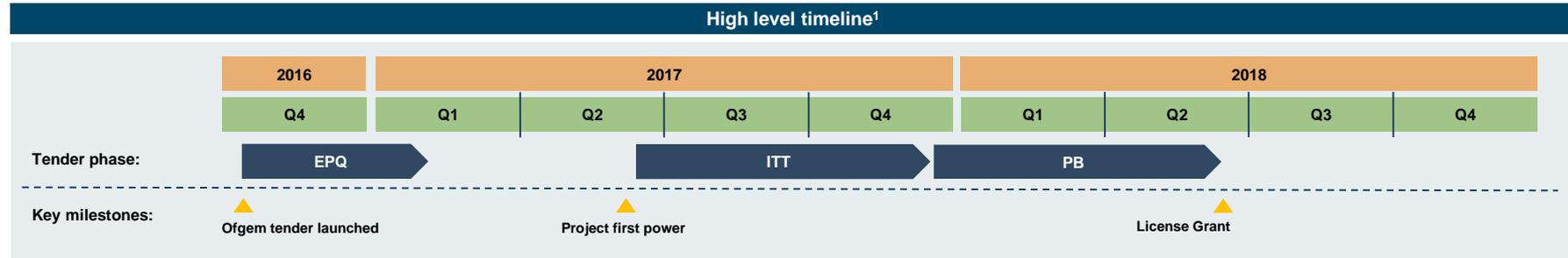
# The investment opportunity

## Project highlights

<b>Highlights</b>	<ul style="list-style-type: none"> <li>▪ The project will operate under the ROC framework</li> <li>▪ 573MW generation capacity with transmission assets Initial Transfer Value approx. 530 GBPm</li> <li>▪ All consents in place and transmission asset construction underway</li> <li>▪ Race Bank is anticipated to be DONG Energy's tenth transmission asset divestment</li> </ul>
<b>Project</b>	<ul style="list-style-type: none"> <li>▪ Favourable site conditions and well known operating environment for OFTOs</li> <li>▪ The characteristics of the site enable the project to make use of known technology</li> <li>▪ Mature and efficient design developed based upon previous operational experience, resulting in highly operable and robust assets</li> </ul>
<b>Supply chain</b>	<ul style="list-style-type: none"> <li>▪ Experienced supply and installation contractors, strategically appointed through competitive tenders</li> <li>▪ Tendered utilising DONG Energy's product lines to contribute in the holistic goal to reduce the cost of electricity</li> </ul>
<b>Experienced Developer and EPC Manager</b>	<ul style="list-style-type: none"> <li>▪ DONG Energy active in the offshore wind sector for more than 20 years</li> <li>▪ DONG Energy has participated in all of Ofgem's OFTO tender rounds to date</li> <li>▪ Highly experienced project developer bringing significant expertise to the project</li> <li>▪ Transaction and operational competencies in place to deliver the project to the highest industry standard</li> </ul>
<b>O&amp;M</b>	<ul style="list-style-type: none"> <li>▪ Appropriate interim maintenance arrangements will be in place until asset transfer</li> <li>▪ 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</li> <li>▪ DONG Energy is willing to enter dialogue regarding certain routine O&amp;M services but the focus is on providing emergency response services</li> </ul>



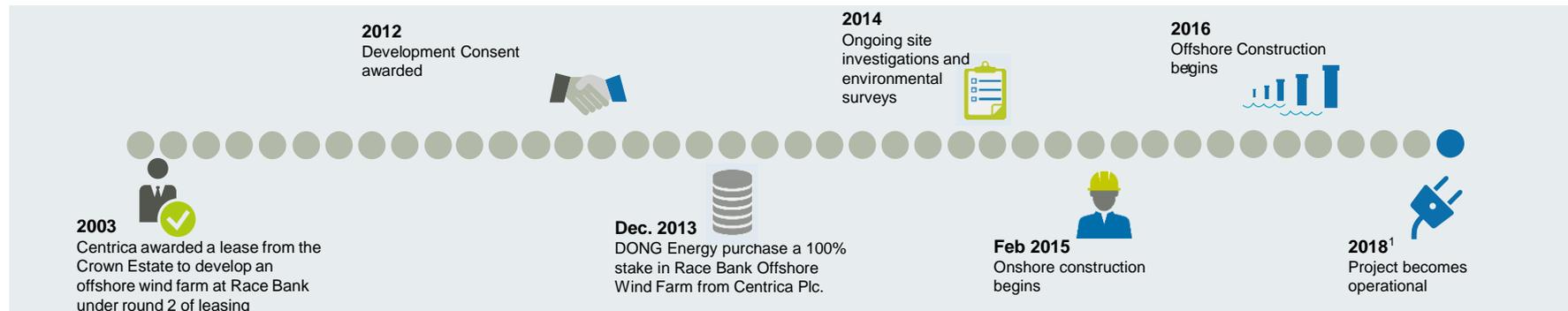
# An overview of the transaction



<b>Key takaways</b>	
<b>EPQ Launch</b>	<ul style="list-style-type: none"> <li>▪ Preliminary Information Memorandum available from 30<sup>th</sup> September 2016</li> <li>▪ Enhanced Pre-Qualification – 10<sup>th</sup> October 2016</li> <li>▪ Information Memorandum and transfer agreement will be made available</li> </ul>
<b>Asset Transfer</b>	<ul style="list-style-type: none"> <li>▪ Transfer to OFTO once all assets are fully commissioned (with appropriate interim maintenance arrangements in place)</li> <li>▪ Transfer of transmission asset related contracts where appropriate – including appropriate benefit of warranties</li> </ul>
<b>Transfer Agreement</b>	<ul style="list-style-type: none"> <li>▪ The transfer agreement will be based on Ofgem guidelines</li> <li>▪ Race Bank Wind Farm Ltd as vendor</li> <li>▪ Bespoke warranty package for the Race Bank project</li> <li>▪ Division of responsibilities pre- and post- asset transfer</li> <li>▪ Market standard credit support will be offered by the Developer</li> </ul>
<b>Interface Agreement</b>	<ul style="list-style-type: none"> <li>▪ The Interface Agreement will be bespoke for Race Bank</li> <li>▪ Based on the relevant industry standard form precedent, developed to reflect operational project experience to date</li> </ul>

# An update on construction progress

## Race Bank installation and construction



### Onshore progress

#### Onshore Substation

- All major civil works substantially complete
- All HV components delivered and installed
- Commissioning well advanced
- On target for Circuit 2 (south) energization October 2016 and Circuit 1 (north) energization Q2 2017

#### Onshore Export Cables

- All cables installed and HV tested

### Offshore progress

#### Offshore Substation Z02

- Offshore installation complete
- Hook up and commissioning in progress
- Export cable pull completed

#### Offshore Substation Z01

- More than 60% complete in fabrication yard
- All HV / MV equipment and control systems delivered and installation well advanced
- Load out on target

#### Offshore Export Cables

- South cable installed and jointing operations underway. Completion expected November 2016
- North cable – 8km intertidal cable installed. Remaining 63km and interlink cable planned for Q2 2017

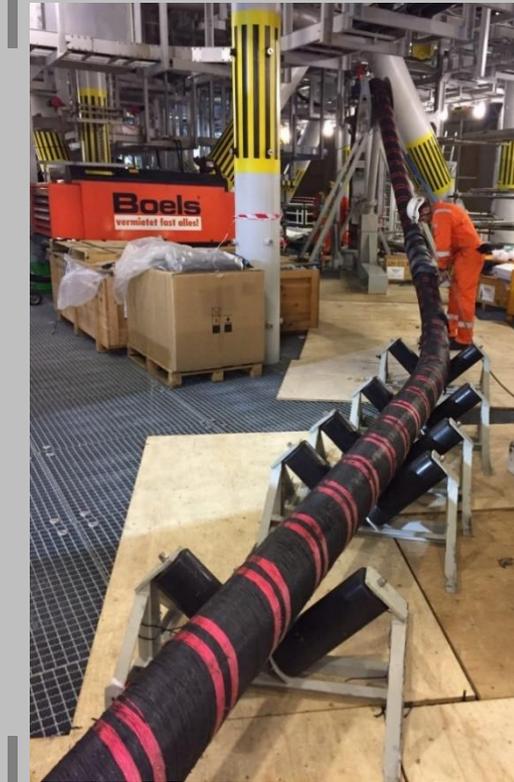
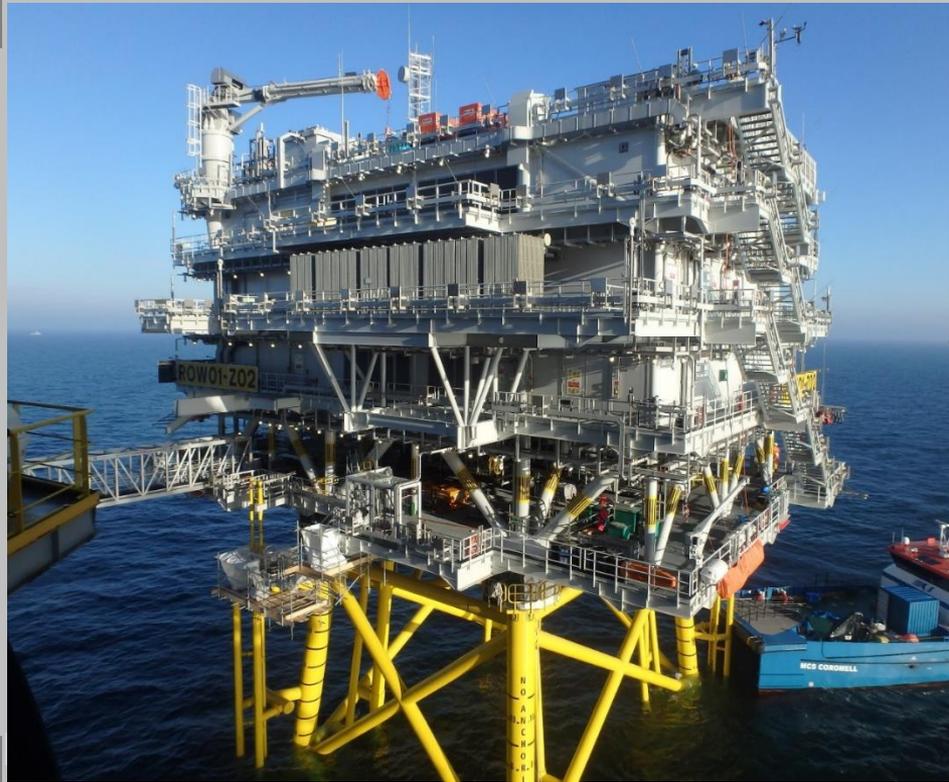


# Construction photos





# Construction photos



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