

INVESTOR REPORT FOR GREATER GABBARD OFTO Plc

As at September 2023

General Overview

Present Status:

Investors: Equitix Fund II and Equitix Fund IV

O&M Contractor: EDS HV Management Limited for Onshore and Topsides (“EDS”)

Subsea O&M Contractor: The OFTO is using a third party to provide support for subsea services as and when required.

O&M Guarantor: James Fisher Marine Services Limited

Security Trustee: Deutsche Trustee Company Limited

Principal Paying Agent: Deutsche Bank London Branch

Technical Adviser: Mott MacDonald Limited

Insurance Adviser: Howden

Ratings by Moodys Investors Services Limited: A3

Outstanding Principal Amount: £197,321k as at 30 September 2023 (after a principal repayment of £7,986k on 30 September 2023). The undrawn PBCE amount as at 30 September 2023 after the senior debt principal payment is £29,598k.

General Performance

The OFTO’s availability over the period is 93.70% against an expected 100%. This is due to two unplanned and one planned outage. An Exceptional Event (EE Claim) has been submitted to Ofgem to recover lost availability for an unplanned transformer outage and a further claim will be submitted for a busduct fault that also caused an unplanned outage. If both claims are accepted the OFTO will achieve a high availability performance target (circa 99.5%).

Monitored Operating Costs remain between the 80% and 120% band as required by the project agreements.

Following subsea surveys undertaken in 2017 and 2020, further surveys were undertaken in 2022. A remotely operated vehicle (ROV) survey was completed on the interconnector cable J tube and cable protection system (CPS) on the Galloper platform, and a multibeam echo sounder (MBES) and side scan SONAR (SSS) survey was completed on a section of the export cables. The ROV survey found no evidence of movement, abrasion or damage to the J tube or its brackets. The bellmouth, where the cable exits the J tube, was found to have no signs of movement or abrasion and the CPS was found to be intact, and centrally located, as designed.

Additionally in November 2022, an unmanned surface vehicle (USV) was used to perform an MBES and SSS survey of the nearshore region of the three export cables where freespanning sections of cable were previously identified. Note that the 2020 survey confirmed that some seabed variation has occurred in shallow waters closer to the coast. There was also evidence of seabed current and sediment migration along the export cable corridors due to changes to the shape and location of megaripples, sandwaves and sandbanks. This was further confirmed in the 2022 survey as evidence was found that the seabed continues to display large amounts of sediment mobility. The data from this USV survey has been provided to the OFTOs expert subsea advisor for their analysis, their

review suggests that the freespans on the export cables have migrated and are likely to continue to do so, but do not currently pose a significant risk to the cable integrity.

Given the morphological changes between the surveys, the OFTO (via an expert adviser) has compiled a seabed morphology to evaluate the likely contribution of the morphological features to the observed seabed to understand the potential underlying cause of variability and the potential for self recovery. The results of OFTO surveys, to be repeated at least every two years, will be reviewed by the OFTO's expert adviser in a cable integrity risk assessment (CIRA). This CIRA is a strategy document highlighting the current risks to the cable as well as any mitigations identified and the conditions under which these mitigations would be implemented. At the time of this report the risk is considered minimal and requires a monitoring regime. Additionally, to reduce the risk of fishing activity impacting the cable, a fisheries liaison officer is retained to continue ongoing agreements with local fishing vessels such that they avoid fishing in the vicinity of identified freespanning cable sections.

In early 2018, SCADA services were interrupted by failed optical fibres on the interconnector cable between the Inner Gabbard and Galloper substations. These failures have been traced to a common point very close to the Galloper substation. Given the amount of time since the fibre failure and positive indications from the ROV survey it is unlikely that this failure is indicative of damage to the entire cable assembly. However, industry experience shows that fibre failures can be connected with subsequent cable faults and as such the OFTO remains prudent in monitoring the health of the interconnector cable via an installed DTS (temperature sensing) system. The OFTO has also signed cable repair framework agreement to expedite any repair works required in future, and is in the process of establishing a Project Execution Plan to further solidify this close working relationship and improve readiness to perform a repair if required.

Maintenance Updates

EDS carried out inspections and maintenance campaigns in this period. All maintenance has been completed. This covered, amongst other things, monthly and quarterly inspections. There are assets that have required further work that could potentially impact revenue and monitoring regimes have been put in place since successful repairs have been completed. These are set out and discussed below:

- **Theft of copper earth matting from Leiston substation compound** Following the trespass incidents in April and December 2022 and the installation of the electric fence to the main substation compound, no further incidents have been reported. All repairs to the CCTV and security systems have been completed in this period. Works to install an additional electric fence to the smaller external CVT compound have been planned for Winter 2023. Scrap copper recovered after the December 2022 trespass incident has been recovered by EDS HV Ltd and will be sold on behalf of the OFTO.
- **Circuit 3 Outage** The unplanned outage in January that lasted 18 days was subject to a successful temporary repair that enabled the OFTO to return the circuit to service. EDS HV has scheduled permanent repair works that will take place in September 2023. The works will involve the replacement of sections of busduct that will ensure the ongoing integrity of the system. The works will require a maximum of two weeks outage resulting in the loss of one circuit availability. An Exceptional Event (EE) claim for the 18 day outage has been drafted and is under internal review and will be submitted to Ofgem in due course. An EE claim for the permanent repair will also be submitted to Ofgem.
- **Offshore Transformer Outage** Works were completed to resolve an unplanned transformer outage on the Inner Gabbard platform. The outage occurred on 22 February 23 and lasted for 44 days. The cause of the outage was a faulty diverter switch insert (DSI) unit. A replacement DSI unit was procured, installed and a repair was successfully completed on the 3rd April 2023. To support the repair, the OFTO appointed a transformer specialist to undertake a transformer condition assessment and to seek advice on the post return to service monitoring regime which involves regular transformer oil monitoring. Testing immediately after the

repair and on a quarterly basis has shown a reduction in thermal energy gases indicating a healthy operation of the transformer post repair. The OFTO has submitted an EE claim to Ofgem for the lost availability and is waiting for Ofgem to progress the claim.

- Following the root cause analysis of the fault that was completed by the DSI unit manufacturer, EDS HV enacted a monitoring regime, that included oil testing of the DSI units in the Grid Transformers that are located on the Inner Gabbard (IG Sub) and Galloper (GA Sub) Offshore platforms for traces of thermal energy gases. One transformer on the IG Sub (TX1) was found to have small traces of thermal energy gases which is an indication of a fault developing, the remaining transformers showed no evidence of early stages of fault development. Following discussion with the transformer equipment manufacturer and EDS HV, immediate precautionary action was taken to protect the integrity of the transformer by placing into a protective (operational with limitations) state and a replacement DSI unit has been procured and is planned to be replaced during October 2023. The works will require a short outage (a single circuit for less than one day). The OFTO will progress an additional EE claim for these works. As none of the other transformers that were subject to oil testing, showed early indications of the fault developing, they will be subject to an ongoing monitoring regime with no operational limitations proposed.
- **Onshore cable sheath testing** Sheath fault location testing was completed in May 2023, the results indicated that the faults identified were in the same locations as those previously identified in 2016 and as such no further testing or works are planned at this time.
- **Planned outage and offshore campaign** EDS are planning to take a ten days of outage in September 2023, on circuit 3. The main requirement for the outage is to undertake the busduct repair works mentioned above. EDS have also proposed a one-day outage to replace the DSI unit on transformer 1 which is also mentioned above.
- **LVAC Works** Following faults on the LVAC board at the Leiston onshore substation, works have been completed to restore full functionality. EDS have also made suggestions for improvements to the system to increase fault resilience which will be assessed and implemented.

Other maintenance issues of note include:

Heila Knuckle Boom Crane – Following initial repairs in October 2022 the crane was reassessed and passed its LOLER assessment and was returned to service. In February 2023 the crane was observed to be unable to maintain hydraulic pressure and has been removed from service until the complete repair has taken place. These repairs were scheduled to take place alongside the previously mentioned offshore campaign in May 2023. However, due to supply chain issues, these works have been placed on hold and the O&M Contractor is due to confirm a repair date in due course.

Regulatory and business update

1. There have been no new significant regulatory and business and performance developments since the previous Investor Report in March 2023.
2. There have been no significant announcements/publications by the Authority by or relating to the Security Group since the previous Investor Report in March 2023.

Current Hedging Position

3. A hedging agreement is in place to swap c64% of revenue over the life of the senior debt term on a pari passu basis to mitigate risks associated with lower than expected RPI.

Current availability / drawn amounts under the PBCE

4. The European Investment Bank (the PBCE Provider) has provided a letter of credit for an amount of £29,598k (the PBCE Letter of Credit) as at 30 September 2023 as a form of

subordinated credit enhancement for the Issuer in relation to the bonds and the hedging arrangements. No amounts have been drawn from the letter of credit as at 30 September 2023.

Ratios

5. We confirm that the ratios (together the **Ratios**) are as detailed in the tables below:

Ratio	Ratio for Relevant Period/Date (excluding undrawn PBCE)	Lock-Up Ratio Level (excluding undrawn PBCE)	Ratio for Relevant Period/Date (including undrawn PBCE)	Default Ratio Level (includes undrawn PBCE)
Projected DSCR:	1.25x	1.10x	2.53x	1.05x
Historic DSCR:	1.21x	1.10x	2.52x	1.05x
Debt Life Cover Ratio:	1.44x	1.15x	1.59x	1.05x

6. We confirm that the Ratios have been calculated using the most recently available financial information required to be provided by the Obligors under Schedule 2 (Obligor Covenants) of the Common Terms Agreement.

7. We set out below the computation of the Ratios for your information:

The numerator excludes the PBCE letter of credit facility

Senior Debt excludes mark-to-market liabilities under hedging agreements

- (a) Projected DSCR - 1.25

Net Cash flow (Dec 23 – Sept 24)	<u>29,081</u>
Debt Service (Dec 23 – Sept 24)	23,223

Net Cash flow is comprised of Gross Revenue less Operating Costs, Capital Costs and Taxes

Gross Revenue is net of RPI swap payments and movements in and out of the Emergency Reserve Account (ERA), Decommissioning Reserve Account (DRA) and Working Capital Reserve Account (WCRA)

Debt Service includes all scheduled payments of interest and principal payable in respect of senior debt and any termination payments then due and payable under any hedging agreement.

- (b) Historic DSCR – 1.44

Net Cash flow (Dec 22 – Sept 23)	<u>29,471</u>
Debt Service (Dec 22 – Sept 23)	24,369

Debt Life Cover Ratio (DLCR) – 1.43

NPV of Net Cash flow plus DSRA, ERA, WCRA plus residual balance of operating account	283,744
Senior Debt	197,321

We confirm that:

- (c) There are no defaults in the period.
- (d) the statements set out in this Investor Report are accurate in all material respects;
- (e) No Restricted Payment has been made since the previous Investor Report in September 2022

Additional Matter

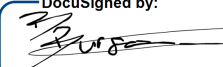
As part of the agreements signed at financial close, Greater Gabbard OFTO plc has an obligation under clause 4.17 of agreement A.1.9 BE Lease Deed of Variation dated 25 November 2013 between EDF and GGOWL for the onshore substation to provide for a bond or an Escrow account for the initial sum of £2,316,000 for the dismantling of the onshore substation.

In accordance with this obligation Greater Gabbard OFTO plc have procured a Surety which has the agreement of EDF and Greater Gabbard OFTO plc.

As per standard industry practice, the Surety provider has requested an indemnity from Greater Gabbard OFTO Holdings Limited. This will effectively be subordinate to any debt service obligations that Greater Gabbard OFTO plc has and therefore does not increase the risk profile of the borrowings given by the Lenders.

Greater Gabbard OFTO plc has considered this matter and has sent a notification to the Security Trustee.

Yours faithfully,

DocuSigned by:

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Ben Burgess

Director

Signing without personal liability, for and on behalf of **Greater Gabbard OFTO Plc** for and on behalf of each Obligor

Date 29 September 2023
