

AM03

Notice of administrator's proposals



Companies House

TUESDAY



A9FKF7XC

A19

13/10/2020

#13 se

COMPANIES HOUSE

1 Company details

Company number 0 5 3 9 2 5 5 2

Company name in full Severn Power Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) James Robert

Surname Tucker

3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Administrator's name ①

Full forename(s) David John

Surname Pike

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region


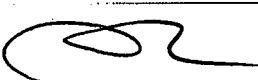
Postcode E 1 4 5 G L

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	

7	Sign and date	
Administrator's Signature	<div>Signature</div> <div><input checked="" type="checkbox"/>   <input checked="" type="checkbox"/></div>	
Signature date	<div><div><div><div>^d1</div><div>^d2</div></div><div>^m1</div><div>^m0</div></div><div><div>^y2^y0</div><div>^y2^y0</div></div></div>	

AM03

Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Jannice Adofo

Company name KPMG LLP

Address 15 Canada Square
Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

DX

Telephone Tel +44 (0) 20 7311 1000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint Administrators' proposals

Severn Power Limited - in
Administration

12 October 2020

Deemed delivered: 13
October 2020

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+SK82463912.html>. We hope this is helpful to you.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 8).

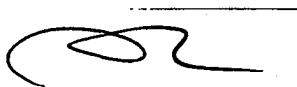


Contents

1	Executive summary	1
2	Group structure	3
3	Background and events leading to the administration	4
4	Strategy and progress of the administration to date	6
5	Dividend prospects	11
6	Ending the administration	12
7	Approval of proposals	13
8	Joint Administrators' remuneration and disbursements	13
9	Summary of proposals	14
Appendix 1	Statutory information	17
Appendix 2	Joint Administrators' receipts and payments account	18
Appendix 3	Joint Administrators' fees estimate	20
Appendix 4	Joint Administrators' expenses estimate	22
Appendix 5	Joint Administrators' charging and disbursements policy	24
Appendix 6	Statement of Affairs, including creditor list	30
Appendix 7	Glossary	36
Appendix 8	Notice: About this statement of proposals	38

1 Executive summary

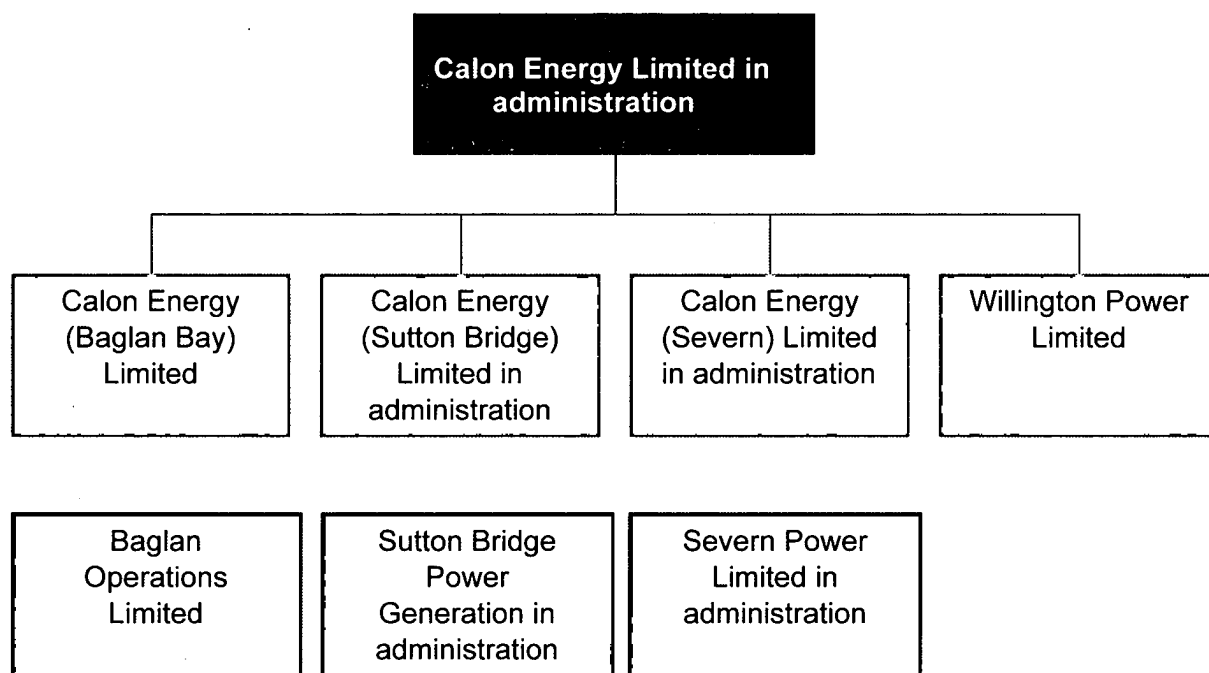
- The Company is the main operating entity in the 'Severn Power' sub-group which owns the Severn Power Station. The Company is also the employer in that sub-group. It is part of the Calon Energy Group that is an independent power producer in the UK. The Group's portfolio includes three Combined Cycle Gas Turbine ('CCGT') power stations and a CCGT development project. The Group experienced financial difficulties in recent years, primarily in respect of the market challenges it faces as set out in Section 3.3.
- The Directors appointed us, James Tucker and David Pike, as Joint Administrators of the Company on 24 August 2020. (Section 3 - Background and events leading to the administration).
- The power station operated by the Company is currently in a secure, safe and dormant state. The purpose of the administration is to stabilise the operations of the Company, to allow us to explore the possible options available to recover value to creditors. We are currently in discussions with interested parties and also the Secured Lender on options for a potential acquisition that will allow the power station to return to operation in due course. One such option being explored is the proposal of a Company Voluntary Arrangement ('CVA') to creditors to exit the administration and return the Company to solvency by way of compromise of the unsecured creditors. (Section 4 - Strategy and progress of the administration to date).
- At this time, it is not possible to comment on the likely ultimate outcome to the Secured Lender as this will be dependent on the realisation of the assets and the structure of any acquisition. The outcome from previous M&A processes suggested a significant shortfall to the Secured Lender (Section 5 - Dividend prospects).
- We anticipate there being some preferential claims in the form of 'Holiday Pay' claims for accrued holiday at the date of Administration, which are likely to be paid in full. (Section 5 - Dividend prospects).
- Based on the current financial position of the Company, there will be insufficient funds to enable a dividend to unsecured creditors outside of the prescribed part. The method of any distribution to unsecured creditors will depend on whether a CVA is proposed and the terms contained therein or whether it is a distribution of the prescribed part from Administration (Section 5 - Dividend prospects).
- Our Proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure. (Section 7 – Approval of proposals).
- We will seek approval for our remuneration from the Secured Lender and the preferential creditors of the Company. This does not form part of our Proposals. (Section 9 - Joint Administrators' remuneration and disbursements).
- In the event that the CVA proposal is approved and not successfully challenged the Company will exit from administration and be returned to the control of Directors. If this is not achievable then the most likely exit route will be dissolution. (Section 6 - Ending the administration).
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



pp James Tucker
Joint Administrator

2 Group structure

An extract of the Calon Energy Group structure is shown below.



In order to facilitate creditors' understanding of the remainder of these proposals, further detail on certain of the companies within the Group is set out below:

Severn Power Limited – in administration

The Company is part of the Group.

Calon Energy Limited – in administration

CEL was incorporated in May 2014 and is the holding company for the Group. CEL entered into administration on 24 June 2020.

Calon Energy (Baglan Bay) Limited

Calon Energy (Baglan Bay) Limited was incorporated in October 2012. Its principal trading activity is the operation of Baglan Bay Power Station which is a gas powered CCGT in Port Talbot, South Wales.

Calon Energy (Sutton Bridge) Limited – in administration

Calon Energy (Sutton Bridge) Limited was incorporated in November 2012. Its principal trading activity is the operation of Sutton Bridge Power Station which is a gas powered CCGT in Lincolnshire, England.

Calon Energy (Severn) Limited – in administration

Calon Energy (Severn) Limited was incorporated in April 2016. Its principal trading activity is the operation of Severn Power Station which is a gas powered CCGT in Newport, South Wales.

Willington Power Limited

Willington Power Limited was incorporated in November 2013. Willington is a CCGT development project based in Derbyshire, England.

3 Background and events leading to the administration

3.1 Background information

The Company operates one CCGT plant known as Severn Power Station, Newport. The Company facilitates the ongoing operations and day to day trading of the station.

On appointment, the Company employed 29 staff, all of whom were initially retained until 4 October 2020. At the time of this report there have been 7 redundancies.

3.2 Funding and financial position of the Company

The Company was a guarantor of the outstanding debt due to the Secured Lender which at the date of the administration of the Company totals approximately \$430m (approximately £330m) plus accrued interest of \$22 million and is formed of combination of loans, cash collateral and a revolving credit facility, all of which were fully drawn.

Since early 2020, CEL, on behalf of the obligors within the Group, had agreed standstill arrangements with the Secured Lender in respect of ongoing payment defaults including scheduled debt service payments. Debt service payments due in March 2020 and June 2020 had been deferred under these standstill agreements.

In order to fund the administration period, we have entered into a funding agreement agreed with the CLMG Corp ('CLMG', a commercial loan service company within the Beal Bank group). This is referred to further in Section 4.1.

3.3 Events leading to the administration

The Group has experienced difficult trading conditions in the UK energy market for a number of years. With the UK policy target of net zero greenhouse gas emissions by 2050, it placed

the Group at a disadvantage relative to competitors that operated within the renewables market segment.

Following a sales process run by the Group, its shareholders and Cantor Fitzgerald in Q4 2019 that did not result in a sale, it was evident that the Group would need either further equity from the Group's shareholders or an accommodation (standstill agreement) from the Secured Lender to continue to trade on a solvent basis.

The Secured Lender agreed to standstill arrangements in respect of its secured debt and debt service costs. During this time, further forecasts prepared for the Group showed that it would incur further losses in the 2020 financial year, given the challenging trading environment, and would be unable to pay its debts in the ensuing months unless significant further funding was obtained. Ultimately, the Group was both balance sheet insolvent as well as cash flow insolvent, with material balances due to the Secured Lender (the fixed charge holder via the collateral agent structure) and the Group not able to meet its debt service payments as they fell due.

To explore sale options, Cantor Fitzgerald was engaged by CLMG to run a revised sales process in April 2020. This process ultimately did not result in a sale. The standstill arrangements between the Group and the Secured Lender were also due to expire.

Concurrently with this sales process, and in the lead up to the administration of CEL, KPMG was engaged by CLMG to conduct a review of the business, analyse potential available options for the Group and to prepare suitable contingency plans for the Group in the event of an insolvency process. This included reviewing cash flow forecasts, identifying liquidity shortfalls, understanding legal, practical and commercial risks, undertaking a contractual review and exploring options available for CLMG/Secured Lender.

The directors of CEL placed CEL into administration on 24 June 2020.

Standstill arrangements remained in place between the Secured Lender and the Opcos, and the strategy for the administration of CEL was to prepare revised business plans for the Opcos and to consider options for protecting and ultimately realising assets in each of the Opcos, including the Company. With no evidence of material improvement in market conditions, and the Opcos, including the Company, unable to meet debt service payments as they fell due, KPMG was engaged by the Secured Lender to prepare for the administrations of the Opcos. At this time, the Directors concluded that there was no prospect of avoiding insolvency and accordingly placed the Company, and other entities within the Group, into administration on 24 August 2020.

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time. We are satisfied that the work carried out by KPMG before our appointment has not resulted in any relationships which create a conflict of interest or which threaten our independence. Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.4 Pre-administration Work

The following work was carried out prior to our appointment, with a view to placing the Company into administration:

- KPMG assisted in the preparation of the relevant appointment documents and of other documents associated with the appointment including the funding agreement (see Section 4.1 'strategy' below);
- The Company's solicitors, Jones Day, provided legal advice to the Company in relation to the administration appointment;
- Jones Day assisted the Directors with the preparation and filing of the appointment documents;
- Pinsent Masons assisted KPMG with the preparation of the administration funding agreement and other appointment related matters.
- White & Case provided support to the Secured Lender with respect to appointment related formalities.

The work detailed above was necessary to place the Company into administration.

KPMG's work was carried out under an engagement letter dated 6 August 2020 with CLMG.

3.5 Appointment of Joint Administrators

The Directors resolved on 24 August 2020 to appoint us as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice Business & Property Courts of England & Wales on 24 August 2020 and we were duly appointed.

4 Strategy and progress of the administration to date

4.1 Strategy to date

Strategy

Once it became clear that the Company would not be able to avoid administration, the strategy, at first for the Company and subsequently for us, has been to protect the assets such that future value could be preserved.

The assets have not been in operation since late July 2020 and have been placed into a 'secure, safe and dormant' state ahead of a potential extended preservation plan to protect the assets. Prior to our proposed appointment, specialist third party engineering consultancy and Health & Safety Advisory firms were engaged in order to gain assurance that the actions taken by the Company to place the power plant into a dormant and safe state were fit for purpose and that the Company would be in a position to continue to comply with its Health and Safety and Environmental regulations and obligations.

Since our appointment, we have worked with Company staff and Siemens, in its capacity as a preservation agent retained to support the strategy, to preserve the Company's assets in a dormant state and achieve a reduction in ongoing operating (preservation) costs. This will allow for planning of the future strategy to be developed to maximise value for the creditors.

Funding agreement

We, the Company itself and other Opcos entered into a funding agreement with CLMG for funding of approximately £9.7m to meet the operating costs and expenses of preserving value in the business and assets in the administrations of the Company and other Opcos from 24 August 2020 (date of commencement of the administration) to cover an initial period to 30 November 2020.

This funding makes provision for the potential payment of preferential creditors and the prescribed part, if forecast recoveries suggest this is appropriate. In any case, based on current forecasts any prescribed part would represent the only recovery expected to be available for unsecured creditors at this time. We report to CLMG on a weekly basis regarding cash commitments and any asset recoveries achieved.

The terms of the agreement are such that if any funds remain at the end of the preservation period, these funds will be returned to the Secured Lender (as administration funding provider) and will not form an asset of the respective administration estates.

The funding was apportioned across the Group as detailed below. Creditors are advised that there are slight variances in the actual funds received which is due to the effect of foreign exchange rates.

Company	Initial Funding Amount (GBP)
Sutton Bridge Power Generation in administration	£4,668,000
Severn Power Limited in administration	£4,746,000
Calon Energy (Sutton Bridge) Limited in administration	£100,000
Sutton Bridge Power Systems (London) Limited in administration	£100,000
Calon Energy (Severn) Limited in administration	£100,000
Total	£9,714,000

Operations and Maintenance (O&M) arrangements

We entered into detailed discussions with Siemens, a major O&M contractor, which is the main operator of the Severn power plant. An agreement was reached in order to secure future services to maintain the plant under a preservation strategy. This included:

- Entering into a short-term agreement taking effect on the date of the administration.
- Developing a process of re-charging third party supplier costs for spare parts, repairs, transportation charges and other services; and
- Potentially developing a longer-term role to assist in the preservation process.

This was a key milestone that needed to be agreed before accepting the appointment as Joint Administrators. We continue to engage with Siemens to oversee, develop and operate

the preservation process and preserve ongoing compliance with 'Health, Safety and Environmental ('HSE') requirements and liaison with the NRW.

Sale of business

Following the announcement of the administrations of CEL, the Company and the other Opcos, we have received inbound inquiries and engaged in discussions with a number of interested parties, primarily those parties that were involved in the previous M&A processes. This has also included any additional expressions of interest from new parties via the KPMG network or from the resultant news articles. This engagement has involved updating interested parties on the latest position in respect of the assets and discussing with those parties their updated views of valuations and level of offers for the assets. This being done with a view to understanding if any expressions of interest would be capable of progression and providing a return to creditors, whilst also reflecting an appropriate value enhanced from the offers received in the previous marketing processes and on terms acceptable to stakeholders.

We are in ongoing discussions with various interested parties, but at this stage it looks uncertain that any offers received will be acceptable to the Secured Lender. We will continue to explore any offers received.

If no third-party offer for the assets is transacted, it is anticipated that the Secured Lender will prepare an offer to acquire the assets. We are currently in discussions with the Secured Lender on options to structure such an acquisition (with the aim that will allow the assets to return to operation in due course). One such option being explored is the proposal of a CVA to creditors that would compromise the Company's unsecured liabilities and allow the Company to exit the administration and return to solvency.

Exit from Administration via CVA

Our Proposals are discussed in more detail at Section 9 below. We consider that a rescue of the Company under paragraph 3(1)(a) of Schedule B1 of the Insolvency Act is potentially achievable on the basis a CVA could be proposed to creditors that is capable of being approved by the Company's shareholder and its creditors.

Accordingly, and in parallel to the other sale of business opportunities and other options being progressed, we are preparing a CVA proposal which might be presented to the creditors and shareholder of the Company. The details of this proposal will be issued to creditors for their review, and ultimately requisite approval from creditors is necessary for the CVA proposal to become effective. In line with their duties, the Administrators will only propose a CVA if it is in the interests of the creditors.

Although the CVA plans are not yet finalised, it is anticipated that, should the CVA be approved and the Company returned to solvency by way of a compromise of the unsecured creditors, the shares in the Company would in due course transacted based on the options available at that time, which may include a sale of the shares to an entity that preserves value for the creditors, including in particular the Secured Lender which has the largest claim and shortfall in the estate.

As noted below at Section 9, if any CVA proposed is not approved then it is likely that other sale of business and asset options will be progressed, and the purpose of the administration of the Company would be under paragraph 3(1)(b) to achieve a better outcome for the creditors as a whole than would be likely than if the company were wound up by way of liquidation. This may be effected by way of a hive-down of the Company's assets to a newly-

incorporated subsidiary of the Company with a view to a subsequent sale of the Company's shareholding in the subsidiary.

Involvement of Key Stakeholders and regulatory bodies

As part of protecting value for the creditors, in the period immediately prior to administration and since our appointment, we have engaged in regular communication with a number of key stakeholders to ensure they are aware of the administration strategy and progress. This includes liaising with regulatory bodies and government departments. Accordingly, we are in regular communication with parties including BEIS, Ofgem, National Grid, West Wales Utilities, The Environment Agency and NRW.

These discussions include a number of purposes:

- To provide updates to key stakeholders as to the progress of the administration;
- To protect value of the assets by, as appropriate, seeking to keep in place certain licences and agreements governed by these bodies that will be value additive in an acquisition; and
- To comply with Health and Safety and Environmental obligations and, where appropriate, mitigate any costs or risks of loss of licence.

Employees

Prior to entering administration, CEL was the named employer in all employee contracts within the Group. With effect from 1 July 2020, all employee contracts were transferred to the relevant operating companies within the Group, by reference to the base location of the employee and to which operating company services were provided.

On the date of our appointment as Joint Administrators, we held two employee briefing conference calls to which all employees were invited. During these calls, employees were notified of the administration appointment and were provided with an overview of the administration strategy. No redundancies were made on the date of appointment.

We have liaised with employee specialists to provide support to employees. This includes the issue of regular FAQ documents to provide detailed responses to queries raised by employees and providing guidance in relation to the administration process. In addition, we have set up a dedicated mailbox, which is anticipated to remain active throughout the duration of the administration, for all employees to submit queries. We continue to engage with specialist employment solicitors to provide advice on the management of employees.

We commenced a formal collective redundancy consultation process on 4 September 2020 and have held regular briefings with nominated employee representatives. We continue to hold fortnightly meetings with the employee representatives to provide updates on the progress of the administration and information relating to any planned redundancies. These meetings also provide employees an opportunity to raise any questions and seek further guidance on the administration process relating to their ongoing employment.

At the time of appointment, the Company employed 29 staff. Shortly following our appointment, a total of six employees resigned from their positions and subsequently left the Company following the conclusion of their notice period.

First redundancies took place on 4 October and it is anticipated that some further redundancies will occur to reflect the reduced resourcing requirements in a managed preservation strategy.

Certain employee retention plans include offering short-term incentives in order to retain key personnel to support the administration strategy.

Cash at bank

On appointment, the Company held two bank accounts with HSBC with the balance on appointment totalling approximately £2 million.

Immediately following our appointment, we contacted HSBC to place the bank accounts of the Company on stop whilst allowing them to remain open to receive any credits in the post-appointment period. We also made a request for the balance of funds to be transferred to the administration bank account, with funds being received in full during the period.

4.2 Asset realisations

Realisations from the date of our appointment to 1 October 2020 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

Cash at bank

Funds totalling £2,007,410, which were held in the Company's pre-appointment bank account with HSBC, have been received in the administration. The pre-appointment bank account will be closed in due course.

Secured Lender contribution to costs

As previously reported, CLMG has provided funding to underwrite the projected preservation costs.

£4,862,252 has been received in this regard in the period. This is higher than originally anticipated and stated in section 4.1, due to the dollar conversion rate when received.

Pre-appointment VAT refund

The Company was in a pre-appointment repayment position in relation to the July 2020 VAT return.

The repayment of £602,483 has now been received.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Jannice Adofo at KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom.

4.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Payments made from the date of our appointment to 1 October 2020 are set out in the attached receipts and payments account (Appendix 2).

As detailed in Section 4 of this report, the power stations of the Company and other subsidiaries of CEL have been placed into a preservation state and CLMG has provided funding to underwrite the associated costs.

Siemens has been retained as the preservation agent, and we have set up a robust process to ensure that suppliers have agreed to the administration terms of trade, all orders have the requisite approval from the administration team, with further systems put in place to monitor commitments made all the way through to payment stage.

There will also be additional costs of the administration process, namely statutory, legal, our time costs and any costs related with floating charge asset realisations and these costs will be reported in our progress reports, in the periods in which the costs are incurred.

Summaries of the most significant payments made during the period are provided below.

Siemens preservation agent costs

To date we have made payments of £1,733,400 to Siemens in respect of the O&M services they are providing up to the end of November 2020.

Wages & Salaries

A payment of £210,755 has been made with regards to the head office staff employed through the Company. The head office staff provide shared HR, finance and other services that cover the three sites at Baglan Bay, Sutton Bridge and Severn and monthly recharges will be made between these entities as appropriate. This will reflect the same recharge arrangements as was operated within the group.

Contractors & agents

Given the complexity of the preservation operation and the many risks associated therewith, the Company has engaged a number of contractors to assist.

To date payments of £25,255 have been made to Taiga, through whom a turnaround director has been engaged to support the process and was formally appointed to the board prior to administration. These costs will be split between the Company and Sutton Bridge Power Generation.

Agents / Valuers fees

Payments totalling £10,526 have been made to Mercer Limited in relation to certain contractual employee benefits provided.

5 Dividend prospects

5.1 Secured creditor

The Secured Lender is the secured creditor, and holds fixed and floating charges over the Group and its assets. At the time of appointment, its secured indebtedness, excluding interest, totalled approximately \$430 million (c.£330 million) consisting of a combination of loans, cash collateral and a revolving credit facility, all of which were fully drawn.

Pinsent Masons LLP, solicitors, have been engaged to complete a validity of security review including an analysis on each respective security. The security review has confirmed the validity of the security granted in favour of the Secured Lender.

The return to the Secured Lender will be dependent on the sale of business process and the structure of any sale of the Company's assets. This will, amongst other factors, further be impacted by whether a CVA is implemented. We do not expect there to be sufficient asset realisations to allow the Secured Lender to be paid in full.

5.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

We anticipate there to be preferential claims in the administration, however, the quantum of these claims is currently unknown.

5.3 Unsecured creditors

Based on current estimates, it is uncertain whether there will be a dividend to unsecured creditors. We think that the Company presently has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part. The method of any distribution to unsecured creditors will depend on whether a CVA is proposed and the terms contained therein or whether it is a distribution of the prescribed part from Administration (see further details at Section 4.1).

6 Ending the administration

6.1 Exit route from administration

We consider it prudent to retain all of the options available to us, including those listed in Section 9 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be via a Company Voluntary Arrangement (CVA) of the Company. Please refer to Section 4.1 for further information on this proposed exit route.

6.2 Discharge from liability

We propose to seek approval from the secured and preferential creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final progress report with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the administration change, we reserve the right to revert to the Court in order to obtain discharge from liability.

7 Approval of proposals

7.1 Deemed approval of proposals

The Joint Administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has, as matters currently stand, insufficient property to enable us to make a distribution to the unsecured creditors – other than by virtue of the Prescribed Part, as detailed in Appendix 1.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

7.2 Creditors' right to request a decision

We will use a decision making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form available on the insolvency portal.

8 Joint Administrators' remuneration and disbursements

8.1 Approval of the basis of remuneration and disbursements

We propose to seek approval from the secured and preferential creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

- ▣ disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.

Should the circumstances of the administration change, we reserve the right to revert to the secured and preferential creditors in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements.

Time costs

From the date of our appointment to 30 September 2020, we have incurred time costs of £413,727. These represent 696 hours at an average rate of £595 per hour.

Disbursements

We have not incurred any disbursements during the period.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 1 October 2020. We have also attached our charging and disbursements recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
Legal fees and disbursements	-	30,538.90	30,538.90
Total	-	30,538.90	30,538.90

The pre-administration costs in the table above represent the total time spent in the lead up to administration.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

9 Summary of proposals

Our primary objective is to rescue the Company as a going concern in accordance with Paragraph 3(1)(a). It is envisaged that we will prepare a proposal for exit from administration which will be via a CVA to be approved by the shareholder of the Company and its creditors.

If the primary objective is not achievable then the objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate. If the Company is to be placed into CVA, the Joint Administrators' (or any person appointed as replacement office holder) propose to be appointed Joint Supervisors of the CVA and will each be authorised to carry out all functions, duties and powers either jointly or severally;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, James Tucker and David Pike, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, James Tucker and David Pike, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration

We propose that:

- ❑ our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5.;
- ❑ disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final progress report with the Registrar of Companies.

Appendix 1 Statutory information

Company information

Company and Trading name	Severn Power Limited
Date of incorporation	15 March 2005
Company registration number	05392552
Trading address	West Nash Road, Nash, NEWPORT, NP18 2BZ
Previous registered office	West Nash Road, Nash, NEWPORT, NP18 2BZ
Present registered office	KPMG LLP, 15 Canada Square, London, E14 5GL
Company Directors	Michael David Higginbotham Jeffrey James Holder Kevin McCullough
Company Secretary	Alter Domus (UK) Limited

Administration information

Administration appointment	The administration appointment granted in High Court of Justice Business & Property Courts of England & Wales Insolvency & Companies List(ChD), 3521 of 2020
Appointor	Directors
Date of appointment	24 August 2020
Joint Administrators	James Tucker and David Pike
Purpose of the administration	Rescuing the Company as a going concern
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	23 August 2021
Prescribed Part	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £Unknown. Estimated Prescribed Part is £Unknown.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Application of EC Regulations	EC Regulations apply and these proceedings will be Main Proceedings as defined in Article 3 of the EC Regulations.

Appendix 2 Joint Administrators' receipts and payments account

Severn Power Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 24/08/2020 To 01/10/2020 (£)	From 24/08/2020 To 01/10/2020 (£)
FIXED CHARGE ASSETS			
65,600,000.00	Property, plant & equipment	NIL	NIL
		NIL	NIL
FIXED CHARGE COSTS			
	Contractors & agents	(25,255.47)	(25,255.47)
	Siemens	(1,733,400.00)	(1,733,400.00)
		(1,758,655.47)	(1,758,655.47)
FIXED CHARGE CREDITORS			
(346,174,804.00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
73,751.00	Accrued income (capacity and other)	NIL	NIL
284,747.00	Rates	NIL	NIL
5,745,950.00	CO2 allowance	NIL	NIL
1,019,443.00	VAT refunds	NIL	NIL
1,927,606.00	Cash at bank	2,307,410.25	2,307,410.25
812,776.00	Insurance refund	NIL	NIL
		2,307,410.25	2,307,410.25
OTHER REALISATIONS			
200,000.00	Cash collateral (elexon)	NIL	NIL
	Other prepayments	2,551.17	2,551.17
	Secured Lender contribution to costs	4,862,251.99	4,862,251.99
	Pre-appointment VAT refund	602,482.88	602,482.88
		5,467,286.04	5,467,286.04
COST OF REALISATIONS			
	Agents'/Valuers' fees	(10,526.00)	(10,526.00)
	Wages & salaries	(210,755.44)	(210,755.44)
		(221,281.44)	(221,281.44)
UNSECURED CREDITORS			
(936,829.00)	Trade & expense	NIL	NIL
(18,940,359.00)	Other creditors	NIL	NIL

Severn Power Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 24/08/2020 To 01/10/2020 (£)	From 24/08/2020 To 01/10/2020 (£)
(499,150,739.00)	Connected companies	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			
(290,000,002.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(1,079,538,460.00)		5,794,759.38	5,794,759.38
REPRESENTED BY			
	Floating ch. VAT rec'able		2,133.79
	Floating charge current		5,440,894.50
	Fixed charge VAT rec'able		351,731.09
			5,794,759.38

Appendix 3 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
Administration & Planning				
Cashiering - processing receipts, payments and bank reconciliations	Note 1	174.60	71,990.10	412.31
General - books & records, fees & work in progress	Note 2	136.10	65,966.50	484.69
Strategy, Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	357.4	201,804.60	564.65
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	133.50	75,273.50	563.85
Creditors				
Creditors and claims - general correspondence, notification of appointment, statutory reports	Note 5	278.05	147,735.55	531.33
Employees – engagement and correspondence	Note 6	183.70	93,275.50	507.76
Investigations				
Directors - correspondence, statement of affairs, questionnaires	Note 7	76.45	36,035.00	471.35
Investigations - director conduct and affairs of the Company	Note 8	100.70	57,864.00	574.62
Realisation of Assets				
Asset Realisation - including insurance of assets and health and safety	Note 9	635.2	429,786.30	676.62
Trading, suppliers and preservation of assets - purchases, sales, cash projections	Note 10	614.05	341,708.05	556.48
Total		2,689.75	1,521,439.10	565.64

Whilst specific notes have been provided below to give more context around the fees estimate, these should be read in conjunction with the report as a whole.

Below is further detail of the work to be undertaken for this engagement:

Note 1 – Cashiering

Cashiering time costs are expected to include processing payments, receipts and facilitating bank reconciliations throughout the period of the administration.

Note 2 – General

General time costs include matters such as securing the Company's books and records and maintaining files.

Note 3 - Statutory and compliance

Statutory and compliance work will include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring compliance with all statutory obligations such as reporting to creditors.

This will also include work relating to ongoing engagement management comprising setting and reviewing strategy for the administration, ensuring sufficient funds are available to meet third party costs and undertaking progress reviews.

Note 4 – Tax

VAT and Tax specialists from within KPMG will review the Company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required.

Note 5 – Creditors and claims

Our work will include liaising with third party creditors and dealing with any enquiries thereof.

Note 6 – Employees

Time costs in relation to employees relates primarily to ongoing engagement with employees following the transfer of employee contracts to the operating companies with effect from 1 July 2020. This has included conducting a collective redundancy consultation process, conducting employee briefings and responding to ongoing queries from employees.

Note 7 – Directors

Our anticipated work in relation to directors will involve correspondence with directors requesting completion of the Statement of Affairs and questionnaire, and review of these documents.

Note 8 – Investigations

Investigations work will include reviewing the Company's affairs and submitting our findings on the directors' conduct to the Insolvency Service.

Note 9 – Asset realisations

As discussed above, this includes time spent on the sale of business process as well as realising any other assets of the Company.

Note 10 – Trading, suppliers and preservation of assets

This involves reporting to the Secured Lender regarding cash flow projections, the ongoing management of the preservation process and negotiating ongoing services with critical suppliers.

In the event that additional work is necessary due to a change in the circumstances of the administration we may need to increase our fees estimate and request approval to draw additional remuneration.

Appendix 4 Joint Administrators' expenses estimate

Summary of expenses - Severn Power Limited		
Expenses (£)	Notes	Initial Estimates
Legal fees - Preservation and asset realisations	1	350,000
Legal fees - General	1	50,000
Contractors & agents	2	100,000
Preservation costs	3	900,000
Grid connection costs	4	250,000
Bank charges	5	10,000
Rent	6	10,000
Rates	7	750,000
Wages & salaries	8	350,000
Siemens	9	2,400,000
Statutory costs	10	20,000
Exceptionals/Contingency	11	1,750,000
Total		6,941,000

Below is detail of the expenses anticipated for the duration of this engagement and should be read in conjunction with the Joint Administrators' Proposals as a whole.

Note 1 – Legal fees

These costs will include legal fees related to the sale of business, the preservation process and other general legal advice.

Note 2 - Contractors & agents

The costs of specialist agents brought in to assist in the insolvency and turnaround of the power plants.

Note 3 - Preservation costs

Costs related to placing the power plant into a state of preservation. These include costs for dehumidifiers, insulation and scaffolding, as well as health and safety related costs that are critical to safely preserve the plants.

Note 4 - Grid connection costs

These are various costs incurred to allow the Company to remain connected to the grid (and pay for the energy it consumes) to maximise the potential value of the power plant.

Note 5 - Bank charges

This will include regular bank charges and any costs of cheques and bank transfers.

Note 6 - Rent

Land rent for land utilised by the Company.

Note 7 – Rates

Business rates incurred during the administration.

Note 8 - Wages & salaries

Wages, salaries, benefits and pensions for staff retained by the Joint Administrators.

Note 9 - Siemens

Services provided by a specialist the O&M provider to support the power plant preservation process.

Note 10 - Statutory costs

Statutory costs related to the administration including books and records storage, mail redirection and statutory advertising.

Note 11 - Exceptionals/Contingency

Unforeseen overruns and one-off costs of the preservation process.

Appendix 5 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and employees from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Jannice Adofo on 0207 3116354.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Jan 2020 £/hr
Partner	920
Director	810
Senior Manager	710
Manager	565
Senior Administrator	415
Administrator	315
Support	157

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any disbursements during the period 24 August 2020 to 1 October 2020.

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 24 August 2020 to 1 October 2020

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none">■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences;■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment;■ issuing regular press releases and posting information on a dedicated web page;■ preparing statutory receipts and payments accounts;■ arranging bonding and complying with statutory requirements;■ dealing with all closure related formalities;■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none">■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;■ briefing of our staff on the administration strategy and matters in relation to various work-streams;■ regular case management and reviewing of progress, including regular team update meetings and calls;■ meeting with management to review and update strategy and monitor progress;

	<ul style="list-style-type: none"> ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of the Secured Lender regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company; ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment; ■ responding to enquiries from shareholders regarding the administration; ■ providing copies of statutory reports to the shareholders.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets; ■ liaising with finance companies in respect of assets subject to finance agreements; ■ liaising with agents regarding the sale of assets; ■ dealing with issues associated with the sale of stock; ■ reviewing outstanding debtors; ■ liaising with Company credit control staff; ■ reviewing the inter-company debtor position between the Company and other group companies.
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases; ■ communicating with landlords regarding rent, property occupation and other issues; ■ performing land registry searches.
Sale of business	<ul style="list-style-type: none"> ■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers; ■ dealing with queries from interested parties and managing the information flow to potential purchasers;
Health and safety	<ul style="list-style-type: none"> ■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ notifying various regulatory bodies of the appointment and further correspondence to ensure compliance in the administration; ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ Considering alternative options for insurance e.g. self-insurance and update the Secured Lender ■ assessing the level of insurance premiums.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment; ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; ■ holding employee briefing meetings to update employees on progress in the administration and our strategy;

	<ul style="list-style-type: none"> ❑ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns; ❑ liaising with various benefit providers to ensure a continuation of services; ❑ communicating and corresponding with HM Revenue and Customs; ❑ ensuring security of assets held by employees.
Pensions	<ul style="list-style-type: none"> ❑ collating information and reviewing the Company's pension schemes; ❑ ensuring compliance with our duties to issue statutory notices.
Creditors and claims	<ul style="list-style-type: none"> ❑ drafting and circulating our proposals; ❑ creating and updating the list of unsecured creditors; ❑ responding to enquiries from creditors regarding the administration and submission of their claims.
Investigations/ directors	<ul style="list-style-type: none"> ❑ reviewing Company and directorship searches and advising the directors of the effect of the administration; ❑ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies; ❑ arranging for the redirection of the Company's mail; ❑ reviewing pre-appointment transactions.

Time costs

SIP 9 –Time costs analysis (24/08/2020 to 30/09/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	14.30	4,944.60	345.78
Reconciliations (& IPS accounting reviews)	0.20	88.00	440.00
General			
Books and records	15.40	6,391.00	415.00
Statutory and compliance			
Appointment and related formalities	13.10	7,415.00	566.03
Appointment documents	6.00	3,390.00	565.00
Bonding & Cover Schedule	0.60	339.00	565.00
Budgets & Estimated outcome statements	0.80	332.00	415.00
Checklist & reviews	5.90	2,531.50	429.07
Reports to debenture holders	2.50	1,187.50	475.00
Statutory advertising	0.30	94.50	315.00
Strategy documents	111.90	63,705.50	569.31
Tax			
Initial reviews - CT and VAT	1.10	496.50	451.36
Post appointment corporation tax	8.80	7,038.00	799.77
Post appointment VAT	1.60	659.00	411.88
Creditors			
Creditors and claims			
General correspondence	4.90	3,870.00	789.80
Notification of appointment	2.50	1,157.50	463.00
Secured creditors	29.00	24,275.00	837.07
Statutory reports	41.60	22,807.00	548.25
Employees			
Correspondence	33.40	16,591.00	496.74
Investigation			
Directors			
Correspondence with directors	4.45	3,042.50	683.71
Directors' questionnaire / checklist	1.20	678.00	565.00
Statement of affairs	0.30	169.50	565.00
Investigations			
Correspondence re investigations	16.70	15,364.00	920.00

SIP 9 –Time costs analysis (24/08/2020 to 30/09/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Realisation of assets			
Asset Realisation			
Cash and investments	4.45	3,227.00	725.17
Health & safety	6.40	4,337.50	677.73
Insurance	10.30	7,973.50	774.13
Intellectual Property	0.25	177.50	710.00
Leasehold property	1.20	378.00	315.00
Other assets	12.70	9,494.50	747.60
Plant and machinery	2.00	1,620.00	810.00
Preparation and structuring for sale of business	100.10	77,514.00	774.37
Preservation of assets			
Cash & profit projections & strategy	33.65	22,865.25	679.50
Employee Matters / PAYE	45.25	27,830.75	615.04
Negotiations with suppliers / landlords	128.35	48,562.25	378.36
Purchases and trading costs	29.10	18,229.75	626.45
Trading Management	5.50	4,950.00	900.00
Total in period	695.80	413,726.60	594.61
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	695.80	413,726.60	
Carry forward time (appointment date to SIP 9 period end date)	695.80	413,726.60	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time in the above analysis is shown in units of 6 minutes.

Appendix 6 Statement of Affairs, including creditor list

This is the Statement of Affairs for the Company as at the date of our appointment as provided by the director Jeff Holder.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

Rule 3.30

Statement of Affairs

Name of company
Severn Power Limited

Company number
5392552

In the
**High Court of Justice Business & Property Courts of England & Wales
Insolvency & Companies List(ChD)**
(full name of court)

Court case number
CR – 2020 – 003521

Statement as to the affairs of (a)

Severn Power Limited, West Nash Road, Nash, Newport, Gwent, NP18 2BZ

(a) Insert name and address of registered office of the company

on the (b) 24-Aug-20 the date that the company entered administration.

(b) Insert date of appointment

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 24 August 2020, the date that the company entered administration.

Full name Jeff Holder

Signed

Dated 29 Sep-20

A - Summary of Assets

Assets

	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		0
Property, plant and equipment	228,362,284	65,600,000
Investments	7,000,001	0
Total assets subject to fixed charge	235,362,285	65,600,000
Less: Amount(s) due to fixed charge holder(s)		
Beal loans	-329,323,951	-329,323,951
Beal accrued and unpaid interest	-16,850,853	-16,850,853
Shortfall/surplus to fixed charge holder(s) c/d	-110,812,519	-280,574,804
Assets subject to floating charge:		
Trade debtors (negative value on trade creditors listing)	0	0
Stock	0	0
Cash at bank	1,927,606	1,927,606
Cash collateral (elexon)	200,000	200,000
Assets under construction (SP7 - primarily Siemens)	2,837,464	0
Intercompany debtors - Sutton Bridge Power Generation	794,705	0
Intercompany debtors - Willington Power Limited	85,289	0
Intercompany debtors - Baglan Operations Limited	4,326,852	0
Milestone payments prepaid (Siemens)	20,787,071	0
Insurance prepayments	812,776	812,776
Rates prepayments	284,747	284,747
Other prepayments	409,267	0
Accrued income - capacity market	1,885,188	0
Accrued income - other	73,751	73,751
CO2 allowance - book value	5,745,950	5,745,950
VAT refunds	1,019,443	1,019,443
Total assets subject to floating charge	41,190,108	10,064,273
Uncharged assets:		
Total uncharged assets	0	0
Estimated total assets available for preferential creditors		10,064,273

Signature

Date : 29 September 2020

A1 - Summary of Liabilities

	£	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)		10,064,273
Liabilities		
Preferential creditors:		
Preferential (employee) creditors (No.)	0	0
Other preferential creditors		
Estimated deficiency/surplus as regards preferential creditors		10,064,273
Less uncharged assets		0
Net property		10,064,273
Estimated prescribed part of net property where applicable (to carry forward)		-600,000
Estimated total assets available for floating charge holders		9,464,273
Debts secured by floating charges		-280,574,804
Estimated deficiency/surplus of assets after floating charges		-271,110,531
Estimated prescribed part of net property where applicable (brought down)		600,000
Uncharged assets		0
Total assets available to unsecured creditors		600,000
Unsecured (trade) (non-preferential) creditors	-936,829	-936,829
Deferred income - Siemens (outage accommodation)	-192,307	-192,307
Intercompany creditor - Severn Gas Transportation Limited	-3,394,382	-3,394,382
Intercompany creditor - Calon Energy (Severn) Limited	-1,294,985	-1,294,985
Intercompany creditor - MPF Holdings Limited	-1,751,425	-1,751,425
Intercompany creditor - Calon Energy Limited	-26,054,660	-26,054,660
Loan from Calon Energy (Severn) Limited	-446,763,329	-446,763,329
Loan from Severn Gas Transportation Limited	-19,891,958	-19,891,958
CCL liability	-1,392,278	-1,392,278
CO2 allowance accrual	-9,134,104	-9,134,104
CO2 trading charges accrual	-27,843	-27,843
Accruals - milestone (Siemens)	-6,334,993	-6,334,993
Accruals - SP7 (Siemens)	-722,484	-722,484
Accruals - employee bonus	-343,186	-343,186
Accruals	-600,286	-600,286
Gross margin accruals	-192,878	-192,878
Provision for decommissioning	-7,571,403	0
Unsecured (employee) creditors (No.)		0
Unsecured (pre-paid consumer) creditors (No.)		0
Estimated deficiency/surplus as regards unsecured creditors		-518,427,926
Shortfall to fixed charge holders (brought down)		-280,574,804
Shortfall to preferential creditors (brought down)		0
Shortfall to floating charge holders (brought down)		-271,110,531
Estimated deficiency/surplus as regards creditors		-789,538,457
Issued and called up capital		-290,000,002
Estimated total deficiency/surplus as regards members		-1,079,538,459

Signature



Date: 29 September 2020

NOTE: You must include all creditors with the EXCEPTION of employee creditors and pre-paid consumer creditors. You must confirm if any of the creditors are under hire-purchase, chattel leasing or conditional sale agreements by stating which of these (if any) are applicable in the column below. You must also identify any creditors claiming retention of title over property in the Company's possession by including a tick in the ROT column below.

Signature _____

Date: 29 September 2020

[illegible]

Date: 29 September 2020

Appendix 7 Glossary

CEL	Calon Energy Limited
CLMG	CLMG Corp, a commercial loan service company within the Beal Bank group
BEIS	Department for Business, Energy and Industrial Strategy
Company	Severn Power Limited - in administration
CVA	Company Voluntary Arrangement
Directors	Michael David Higginbotham Jeffrey James Holder Kevin McCullough
FAQ	Frequently asked questions
Group	The Company together with; Calon Energy Limited in administration Calon Energy (Baglan Bay) Limited Calon Energy (Sutton Bridge) Limited in administration Calon Energy (Severn) Limited in administration Willington Power Limited Baglan Operations Limited Sutton Bridge Power Generation in administration
Joint Administrators/we/our/us	James Tucker and David Pike as joint

	administrators of the Company
Jones Day	Jones Day solicitors
KPMG	KPMG LLP
M&A	Merger and acquisition
NRW	Natural Resources Wales
O&M	Operations and maintenance
Ofgem	Office of Gas and Electricity Markets
Operating Companies / Opcos	Operating companies in the Group, namely Severn Power Limited and Sutton Bridge Power Generation
Section	a section of these proposals
Secured Lender	Beal Bank USA and Beal Bank SSB or HSBC Bank plc as collateral agent and security trustee for, amongst others, Beal Bank USA and Beal Bank SSB (as applicable)
Siemens	Siemens PLC
Taiga	Taiga Associates Limited

Unless otherwise stated within these proposals, any references in these proposals to sections, paragraphs and rules are to sections, paragraphs and rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 8 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by James Tucker and David Pike, the Joint Administrators of Severn Power Limited – in administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

James Robert Tucker and David John Pike are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

www.kpmg.com

© 2020 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

For full details of our professional regulation please refer to 'Regulatory Information' at www.kpmg.com/uk

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative.