



For further information, please
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www.gov.uk/companieshouse

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.

AM10

Notice of administrator's progress report

6 Period of progress report

| | | | | | | | | |
|-----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| From date | ^d 2 | ^d 4 | ^m 0 | ^m 8 | ^y 2 | ^y 0 | ^y 2 | ^y 0 |
| To date | ^d 2 | ^d 3 | ^m 0 | ^m 2 | ^y 2 | ^y 0 | ^y 2 | ^y 1 |

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

J. Tucker

X

Signature date

| | | | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ^d 1 | ^d 7 | ^m 0 | ^m 3 | ^y 2 | ^y 0 | ^y 2 | ^y 1 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|

**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 Deborah Bain

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**

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

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Joint Administrators' first progress report for the period 24 August 2020 to 23 February 2021

Severn Power Limited - in
Administration

18 March 2021

Deemed delivered: 20 March
2021

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since our previous report.

We have also explained the exit route from the administration and the outcome for each class of creditors.

You will find other important information in the document such as the costs we have incurred.

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 report is attached (Appendix 8).

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1 Executive summary

This first progress report covers the period from 24 August 2020 to 23 February 2021.

Severn Power Limited ('Severn' / the 'Company') is the operating entity which owns the Severn Power Station. It is part of the Calon Energy Group (the 'Group') that operated as 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.

As set out in the Joint Administrators' Proposals, the Company was placed into a 'secure, safe and dormant' state ahead of a potential extended preservation plan to protect the assets, reduce operating (preservation) costs and preserve any future value of the power station assets. A funding agreement was entered into with the Secured Lender, CLMG, in order to fund the expenses of the administration along with ensuring that funds would be available to the unsecured and preferential creditors. (Section 2 - Progress to date).

As previously reported, there had been two previous sales processes to sell the group and during the Administration, we explored options to sell the Company's business and assets, however, no offers were received that were acceptable to the Secured Lender. As a result, it was concluded that a Company Voluntary Arrangement ('CVA') provided the best option to rescue the company as a going concern, preserve the assets of the Company, compromise the Company's unsecured liabilities and allow the Company to exit the administration and return to solvency. (Section 2 - Progress to date).

A CVA was proposed on 7 December 2020 and creditors were notified on this date. The CVA was approved by creditors with 100% of creditors voting in favour on 24 December 2020. The CVA Proposal was also approved by the shareholders on 29 December 2020. The Joint Administrators have been appointed the Joint Supervisors of the CVA and the purpose of the administration has been achieved. (Section 2 - Progress to date).

The Company's unsecured creditors will receive a better outcome than they would have under an administration strategy as additional funding is being provided by the Secured Lender which is available to certain classes of Compromised Creditors and a number of the Company's contracts, which are deemed to be critical to ongoing operations, are to be paid in full by the Company ('Critical Contracts'). Full details and terms of the CVA Proposal can be found at the insolvency portal at the following address <https://www.insolvency-kpmg.co.uk/case+KPMG+SKC07F3904.html>.

The administration will end when the notice of end of administration (form AM21) has been filed at Companies House and the Company has returned to solvency. We anticipate this notice being filed in the next month. The Company will continue to operate and maintain the power station under the control of its directors. We understand the directors plan to continue to hold the power station assets in a dormant state, under a preservation plan until such a point where market conditions allow the continued operation of the station. (Section 2 - Progress to date).

The secured creditors are unaffected by the CVA and as such liabilities will be settled by the Company under the terms of the Company's existing funding agreements. (Section 3 – Outcome for creditors).

The unsecured and preferential creditors of the Company will be paid in accordance with terms set out in the CVA Proposal dated 7 December which can be found at the CVA insolvency portal: <https://www.insolvency-kpmg.co.uk/case+KPMG+SKC07F3904.html>. (Section 3 – Outcome for creditors).

In summary:

Preferential creditors will be paid in full;

Creditors who hold Critical Contracts will be paid in full by the Company;

Compromised Creditors will be paid a dividend from both the Prescribed Part Equivalent Fund (totalling £600,000) and the Enhanced Compromised Creditor Fund (totalling £300,000). The dividend to Compromised Creditors is currently estimated at 0.79p in the £;

Intragroup Creditors will receive a dividend from the Prescribed Part Equivalent Fund (totalling £600,000) only. The dividend to Intragroup Creditors is currently estimated at 0.11p in the £ (Section 3 – Outcome for creditors).

Please note that any dividend estimates quoted above are indicative only and subject to change. The estimated dividends will be confirmed once the Joint Supervisors have completed the agreement of creditor claims.

Please note: you should read this progress report in conjunction with our previous progress report(s) and proposals issued to the Company's creditors.

<http://www.insolvency-kpmg.co.uk/case+KPMG+SK82463912.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT ("Value Added Tax").



Jim Tucker
Joint Administrator

2 Progress to date

This section provides an update on the strategy for the administration and on the progress made. It follows the information provided in the Joint Administrators' Proposals.

This report covers the period of the administration from 24 August 2020 to 23 February 2021.

2.1 Strategy and progress to date

Strategy

As set out in the Joint Administrators' Proposals, the administration strategy has been to protect the power station assets such that future value could be preserved. The assets were placed into a 'secure, safe and dormant' state ahead of a preservation plan to protect the assets. As noted below, our strategy was also to seek sale options and also to consider whether the Company could be rescued by way of a CVA – see further detail below.

We have continued to engage specialist third party engineering consultancy and health and safety advisory firms 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 to ensure that the Company continues 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 preservation agent, to preserve the Company's assets and achieve a reduction in ongoing operating (preservation) costs.

Funding Agreement

As set out in the Joint Administrators' Proposals, the Secured Lender provided £4.9 million to meet the operating costs and expenses in order to preserve the value of the business and assets of Severn from the date of the administration to an initial period of 30 November 2020. In addition, this funding ensured there would be sufficient funds to pay the preferential creditors in full and pay a dividend to the unsecured creditors.

As of around 30 November 2020, it was concluded that a Creditors Voluntary Arrangement ('CVA') would be pursued as a strategy to exit the administration (further details provided below) and as such the funding requirement was re-assessed in light of the administration being extended to the end of January. We worked with the Secured Lender to consider the funding in light of contingencies held and our analysis confirmed that the funding was sufficient to meet the operating costs and expenses of the administration, the dividends which would be made available to the preferential and unsecured creditors and the estimated costs of the CVA.

Sale of Business

As set out in the Joint Administrators' Proposals, we progressed discussions with a number of interested parties to identify whether any parties were interested in acquiring the business and assets of the Company. No offers were received which were deemed acceptable to the Secured Lender.

As a result, and as set out in our Joint Administrators' Proposals, it was concluded that a CVA provided the best option to preserve the assets of the Company, compromise the Company's unsecured liabilities and allow the Company to exit the administration and return to solvency.

Exit from Administration via CVA

As set out in the Proposals, we considered that a rescue of the Company under paragraph 3(1)(a) of Schedule B1 of the Insolvency Act was potentially achievable by a CVA being approved by the Company's creditors and shareholders.

We consulted with the majority Secured Lender throughout the administration on the administration strategy and exit options. It was concluded in November 2020 that the CVA would result in a better return to the Company's creditors than would be achieved in an administration, it also provided an exit route to allow the Company to return to solvency and the administration purpose to be achieved.

Under the control of the Directors, the power station is expected to remain in a preservation state until such a point where market conditions allow the continued operation of the station. The Secured Lender confirmed their intention to the administrators to fund the ongoing preservation costs of the power stations during this preservation stage.

The CVA was proposed on 7 December 2020 to the Company's creditors and shareholders and the deadline for creditors to vote on the CVA Proposal was 23.59pm on 24 December 2020. The full terms of the CVA Proposal are set out in the 'Proposals for CVAs' document dated 7 December 2020, however, the key terms of the CVA Proposal affecting creditors are as follows:

- **Creditors who hold Critical Contracts** as defined in Schedule 10 of the CVA Proposal will be paid by the Company in accordance with contractual terms and there will be no compromise of the debt related to Critical Contracts.
- **Compromised Creditors** will receive a dividend from the Prescribed Part Equivalent Fund which they would have received in administration (totalling £600,000). In addition, they are entitled to an additional dividend from the Enhanced Compromised Creditor Fund (totalling £300,000).
- **Intragroup Creditors** are entitled to receive a dividend from the Prescribed Part Equivalent Fund which they would have received in administration (totalling £600,000).
- The date for proving for Compromised and Intragroup Creditors is 31 August 2021 and it is anticipated that a dividend will be paid by 31 October 2021. These dates are based on the administrators' current expectations and may be subject to change.
- **Preferential creditors** will be paid in full by the supervisors.

The CVA was approved by creditors via electronic voting with 100% of creditors voting in favour on 24 December 2020. In addition, the shareholders also approved the voluntary arrangement on 29 December 2020.

As the CVA was approved by the creditors and shareholders, the Joint Administrators will shortly exit the administration as the administration purpose has been achieved. Dividends

payable to creditors will be dealt with by the Joint Supervisors in accordance with the CVA Proposal. Full details of the CVA can be found at the following CVA insolvency portal <https://www.insolvency-kpmg.co.uk/case+KPMG+SKC07F3904.html>

Involvement of Key Stakeholders and Regulatory Bodies

We have and continue to engage in regular communication with a number of the Company's key stakeholders to ensure they are aware of the administration strategy and progress of the CVA along with ensuring we are complying with health and safety environmental obligations. 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.

Employees

As previously reported, employee briefing conference calls were held on 24 August 2020 to notify all employees of the administration appointment and provide an overview of the strategy for the administration. None of the 29 employees were made redundant on the date of appointment.

The formal redundancy consultation process commenced on 4 September 2020 and we have since held regular briefings with nominated employee representatives to provide updates on the progress of the administration. To date, 21 employees have either resigned from their positions or have been made redundant as part of the preservation process.

We continue to liaise with employee specialists to provide support to employees. This includes the issuing of regular updated FAQ documents to provide responses to queries, as well as guidance on the administration process.

The directors of the Company are in advanced negotiations with a new operation and maintenance provider to oversee preservation activities at the power station. It is anticipated that the remaining employees will transfer to the new operator under Transfer of Undertaking (Protection of Employment) ('TUPE') shortly after the period this report covers. We have commenced a consultation process with the remaining 8 employees to ensure they are aware of the proposed changes to their employment terms. Following the TUPE transfer, we will hand back control of the Company to the Directors.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Cash at bank

Funds totalling £2,007,410, held in the Company's pre-appointment bank account with HSBC, were transferred into the estate of the administration. The pre-appointment bank account has now been closed.

Secured lender contribution to costs

As previously reported, the Secured Lender provided funding of £4,862,252 to underwrite the projected preservation costs.

Capacity market receipts

During the course of the administration, Severn has received £1,934,715 of capacity market receipts from National Grid in respect of energy provided to the UK's electricity grid.

Rates refund

A sum of £253,392 was received from Newham City Council in relation to a business rates refund due to the Company.

Pre-appointment VAT refund

The Company was in a pre-appointment repayment position in relation to VAT and a repayment of £1,019,443 has been received since appointment.

Baglan cost recovery

During the administration, the Company acted as the head office function for the Group and covered costs that would usually have been split between Sutton Bridge Power Generation ("Sutton"), Baglan Operations Limited ("Baglan") and the Company. These costs mainly included the wages of head office staff, IT and HR costs.

Baglan made a payment on account of £266,885 to reimburse Severn for their proportion of the costs. Any further cost reimbursement between the Group companies will be made in the CVA.

Sundry refunds and other prepayments

During the period, we have received sundry refunds totalling £12,335.

Investigations

We reviewed the affairs of the Company to find out if there were any actions which could be taken against third parties to increase recoveries for creditors, however, at this time we do not anticipate any recoveries as a result of our investigations.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below. As explained in Section 2.1 above, the below costs have been funded by a combination of funding provided by the Secured Lender together with asset recoveries achieved during the administration.

Siemens preservation agents costs

We have paid £2,466,198 to Siemens in respect of the operation and maintenance services they have provided during the administration.

Rates

To date we have paid £248,446 to Newport County Council in respect of business rates.

Preservation costs

To date we have paid £702,268 to suppliers in relation to the preservation of the power station.

Grid connection costs

To date we have paid £245,440 in grid connection costs to ensure continuity of connection and protect future value for the business.

Wages and salaries

To date we have paid £1,114,552 to the head office staff employed through the Company. The head office staff provide IT, HR, finance and other services that cover the three power station sites in the Group at Baglan Bay, Sutton Bridge and Severn. It is anticipated that these costs will be recharged to other Group entities once the CVA has been approved.

Contractors and agents

Given the complexity of the preservation operation and the many risks associated therewith, the Company have engaged a number of contractors to assist with the administration process. To date we have paid £139,782.

Legal fees

To date we have paid £212,850 in respect of legal fees. This has been paid to Pinsent Masons who are advising the Administrators on the preservation process and have provided legal advice in respect of the CVA drafting and preparation. King & Wood Mallesons were engaged as specialist real estate legal advisors due to the complex nature of the freehold property held by the Company.

SGTL Contribution to costs

As part of the agreement with the Secured Lender, the Company made funds of £29,865 available to Severn Gas Transportation Limited to pay their Wales and West Utilities bill.

2.4 Schedule of expenses

We have detailed the costs incurred during the period in the schedule of expenses attached (Appendix 3).

Joint Administrators' fees

The administrators' fees were approved by the secured and preferential creditors in line with the fees estimate provided in Appendix 3 of our Administration Proposals however, to date we have not drawn any fees. We anticipate that the supervisor will settle these in the CVA along with settling outstanding administration expenses.

Legal fees

Legal fees of £65,000 have been incurred in the period but not yet paid. These costs relate to pre-administration time costs not yet paid (as discussed below) as well advice provided in relation to the CVA.

Preservation costs

£251,726 has been incurred and not paid during the period in relation to outstanding purchase orders provided during the preservation process.

Wages & salaries and PAYE & NIC

£13,408 and £26,990 has been incurred during the period and will be discharged by the CVA supervisors in due course. These relate to pension, tax and national insurance contributions for employee wages incurred during the administration.

Grid connection costs

£5,151 was incurred during the period for grid connection costs but is yet to be paid.

Rates

The final business rates bill of £118,684 will be paid to Newport Council during the CVA.

Siemens

£77,342 is owed to Siemens relating to their role as preservation agents. This will be discharged by the CVA supervisors.

3 Outcome for creditors

3.1 Secured creditors

The Company's primary Secured Creditor is Beal Bank USA who holds fixed and floating charges over the Group and its assets.

At the time of appointment, their 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.

There were no balances due to FX or commodity hedge counterparties under the Intercreditor Deed ranking as Senior Creditors on appointment of Administrators at the Company and as such were not included on the directors Statement of Affairs. However, by virtue of claims arising under certain Gas Supply Agreements and the Company being party to the Intercreditor Deed, Macquarie Bank Limited (MBL) are a senior secured creditor of the Company in respect of liabilities falling due since the appointment of Administrators. As at the date of this report, amounts fallen due to MBL are approximately £260,000. These amounts are not compromised by the CVA and remain a liability of the Company.

Pinsent Masons LLP, solicitors conducted a security review and confirmed the validity of the security granted in favour of the Secured Lender.

The secured creditors will not be paid by the administrators or supervisors but instead are anticipated to continue to finance the Company following the successful implementation of the CVA Proposal. As such, the secured creditors are not impacted by the CVA.

3.2 Preferential creditors

The preferential claims at the date of commencement of the administration are estimated at £59,157.

The preferential creditors of the Company will be paid in full in accordance with terms set out in the CVA Proposal dated 7 December which can be found at the CVA insolvency portal: <https://www.insolvency-kpmg.co.uk/case+KPMG+SKC07F3904.html>.

3.3 Unsecured creditors

The unsecured creditors will be paid in accordance with the CVA Proposal terms dated 7 December 2020. In summary:

- Creditors who hold Critical Contracts (as set out in Schedule 10 of the CVA Proposal) will be paid in full in respect of these contracts by the Company.
- Compromised creditors will receive a dividend from the Prescribed Part Equivalent Fund (totalling £600,000) and the Enhanced Compromised Creditor fund (totalling £300,000). As set out in the CVA Proposal, the current estimated return to Compromised Creditors is estimated at 0.79p in the £.

- Intragroup Creditors will receive a dividend from the Prescribed Part Equivalent Fund (totalling £600,000) only. As set out in the CVA Proposal, the current estimated return to Compromised Creditors is estimated at 0.11p in the £.

Please note that any dividend estimates quoted above are subject to change and cannot be confirmed until the creditor claims agreement process is complete.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

During the period secured and preferential creditors have provided approval 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 of the Joint Administrators' Proposals and KPMG's usual charge-out rates for work of this nature.
- 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.

Time costs

From the date of our appointment to 23 February 2021, we have incurred time costs of £1,641,653. These represent 2,911 hours at an average rate of £564 per hour.

Please see detailed analysis of the time spent and a narrative description of the work performed (Appendix 5) and in our Proposals.

Remuneration

We have not drawn administrators' remuneration in the administration. This will be drawn in the CVA in line with fee approvals received from the secured and preferential creditors.

Disbursements

During the period, we have incurred disbursements of £1,067. None of these have been paid.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 24 August 2020 to 23 February 2021. We have also attached our charging and disbursements policy.

4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

| Pre-administration costs | | | | | |
|------------------------------|-------------------------------|-----------------|------------------------------------|---------------------------|--------------------|
| | Disclosed unpaid costs (£) | Approved (£) | Paid in the previous period (£) | Paid in the period (£) | Outstanding (£) |
| Legal fees and disbursements | 30,538.90 | - | - | - | 30,538.90 |
| Total | 30,538.90 | - | - | - | 30,538.90 |

We obtained approval from the preferential creditors and will obtain approval from the secured creditors to pay these pre-administration costs as an expense of the administration.

5 Future strategy

Following approval of the CVA's, the Joint Administrators have continued to remain in office to provide support to the Directors whilst terms are agreed with the new O&M provider and also to provide support with regards to the new funding arrangements.

We will provide a further progress report shortly for the period between the 24 February 2021 and the end of the administration.

The administration will end on filing the final report and the notice of end of administration (form AM21) at Companies House, following which the Company will return to solvency under the control of its directors and will remain subject to the CVA.

For more information regarding the CVA Proposal please refer to the CVA Proposal dated 7 December 2020 which is available on the insolvency portal - <https://www.insolvency-kpmg.co.uk/case+KPMG+SKC07F3904.html>.

The Supervisors will carry out the following key tasks during the CVA:

- Settlement of unpaid administration expenses;
- Agreement of claims and payment of dividends to the Compromised creditors and Intragroup Creditors;
- Agreement of preferential creditor claims and payment of a 100p in the £ dividend; and
- Repayment of any surplus balances held on settlement of the above to Beal Bank under the funding agreement.

It is anticipated the CVA will be terminated by 31 December 2021.

Appendix 1 Statutory information

Company information

| | |
|-----------------------------|---|
| Company name | Severn Power Limited |
| Date of incorporation | 15 March 2005 |
| Company registration number | 05392552 |
| Present registered office | KPMG LLP, 15 Canada Square, London, E14 5GL |

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' details | Jim Tucker and David Pike |
| Functions | The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2). |
| Current administration expiry date | 23 August 2021 |
| Values of the Net Property and Prescribed Part | Net Property was £15,657,000. Prescribed Part was £600,000. |
| Prescribed Part distribution | The Prescribed Part was disapplied by a voluntary arrangement. |

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 23/02/2021 (£) | From 24/08/2020 To 23/02/2021 (£) |
| FIXED CHARGE ASSETS | | | |
| 65,600,000.00 | Property, plant & equipment | NIL | NIL |
| | | NIL | NIL |
| FIXED CHARGE COSTS | | | |
| | SGTL Contribution to Costs | (29,865.04) | (29,865.04) |
| | Legal fees - Preservation and asset real | (114,815.18) | (114,815.18) |
| | Contractors & agents | (139,782.09) | (139,782.09) |
| | Preservation costs | (702,431.18) | (702,431.18) |
| | Grid connection costs | (245,440.49) | (245,440.49) |
| | Wages & salaries | (10,901.31) | (10,901.31) |
| | Siemens | (2,466,197.70) | (2,466,197.70) |
| | Rates | (248,446.12) | (248,446.12) |
| | Water rates | (5,398.24) | (5,398.24) |
| | | (3,963,277.35) | (3,963,277.35) |
| ASSET REALISATIONS | | | |
| | Recharges for costs | 90,920.81 | 90,920.81 |
| | Sundry refunds | 9,784.00 | 9,784.00 |
| | Reimbursement of CEL SMT bonuses | 230,018.25 | 230,018.25 |
| | Baglan Cost Recovery | 266,885.00 | 266,885.00 |
| 73,751.00 | Accrued income (capacity and other) | NIL | NIL |
| | Third party funds | 19,473.17 | 19,473.17 |
| | Capacity market receipts | 1,934,714.65 | 1,934,714.65 |
| 284,747.00 | Rates Refund | 253,392.12 | 253,392.12 |
| 5,745,950.00 | CO2 allowance | NIL | NIL |
| 1,019,443.00 | VAT refunds | NIL | NIL |
| 1,927,606.00 | Cash at bank | 2,007,410.25 | 2,007,410.25 |
| 812,776.00 | Insurance refund | NIL | NIL |
| | | 4,812,598.25 | 4,812,598.25 |
| 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 |

Severn Power Limited - in Administration

Abstract of receipts & payments

| Statement of affairs (£) | | From 24/08/2020 To 23/02/2021 (£) | From 24/08/2020 To 23/02/2021 (£) |
|---------------------------|-----------------------------|--------------------------------------|--------------------------------------|
| | Pre-appointment VAT refund | 1,019,443.27 | 1,019,443.27 |
| | | 5,884,246.43 | 5,884,246.43 |
| | COST OF REALISATIONS | | |
| | Irrecoverable VAT | (305.66) | (305.66) |
| | Agents'/Valuers' fees | (10,526.00) | (10,526.00) |
| | Legal fees | (98,034.80) | (98,034.80) |
| | Statutory advertising | (79.00) | (79.00) |
| | Wages & salaries | (677,439.56) | (677,439.56) |
| | PAYE & NIC | (457,916.28) | (457,916.28) |
| | Bank charges | (20.00) | (20.00) |
| | | (1,244,321.30) | (1,244,321.30) |
| | UNSECURED CREDITORS | | |
| (936,829.00) | Trade & expense | NIL | NIL |
| (18,940,359.00) | Other creditors | NIL | NIL |
| (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) | | 5,489,246.03 | 5,489,246.03 |
| | REPRESENTED BY | | |
| | Floating ch. VAT rec'able | | 22,010.95 |
| | Floating charge current | | 4,793,574.92 |
| | Fixed charge VAT rec'able | | 673,660.16 |
| | | | 5,489,246.03 |

Appendix 3 Schedule of expenses

| Schedule of expenses (24/08/2020 to 23/02/2021) | | | |
|---|---------------------------------|-------------------------------------|------------------|
| Expenses | Incurred and paid in the period | Incurred in the period not yet paid | Total |
| | (£) | (£) | (£) |
| SGTL Contribution to Costs | 29,865 | - | 29,865 |
| Legal fees | 212,850 | 65,000 | 277,850 |
| Administrators' fees | - | 1,576,144 | 1,576,144 |
| Contractors & agents | 139,782 | - | 139,782 |
| Preservation costs | 702,431 | 251,726 | 954,157 |
| Grid connection costs | 245,440 | 5,152 | 250,592 |
| Siemens | 2,466,198 | 77,342 | 2,543,540 |
| Rates | 248,446 | 118,684 | 367,130 |
| Water rates | 5,398 | 5,632 | 11,031 |
| Irrecoverable VAT | 306 | - | 306 |
| Agents'/Valuers' fees | 10,526 | - | 10,526 |
| Statutory advertising | 79 | - | 79 |
| Wages & salaries | 688,341 | 13,408 | 701,749 |
| PAYE & NIC | 457,916 | 26,990 | 484,906 |
| Bank charges | 20 | - | 20 |
| TOTAL | 5,207,599 | 2,140,078 | 7,347,677 |

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Marlen Vaki on KPMG LLP, 15 Canada Square, London, E14 5GL.

Appendix 4 Joint Administrators' revised expenses estimate

| Summary of expenses - Severn Power Limited | | | | | |
|--|-------|-------------------|------------------|------------------|------------------|
| Expenses (£) | Notes | Initial Estimates | Paid to date (£) | Future costs (£) | Total (£) |
| Legal fees | 1 | 400,000 | 212,850 | 97,150 | 310,000 |
| Contractors & agents | 2 | 100,000 | 150,308 | 19,692 | 170,000 |
| Preservation costs | 3 | 900,000 | 704,136 | 595,864 | 1,300,000 |
| Grid connection costs | 4 | 250,000 | 245,440 | 104,560 | 350,000 |
| Bank charges | 5 | 10,000 | 20 | 80 | 100 |
| Rates | 6 | 750,000 | 253,844 | 112,156 | 366,000 |
| Wages & salaries | 7 | 350,000 | 1,144,552 | 155,448 | 1,300,000 |
| Siemens | 8 | 2,400,000 | 2,466,198 | 433,802 | 2,900,000 |
| Statutory costs | 9 | 20,000 | 385 | 9,615 | 10,000 |
| SGTL Contribution to costs | 10 | - | 29,865 | 135 | 30,000 |
| Exceptionals/Contingency | 11 | 1,750,000 | - | 200,000 | 200,000 |
| Total | | 6,930,000 | 5,207,599 | 1,728,501 | 6,936,100 |

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 – Rates

Business rates incurred during the administration.

Note 7 - Wages & salaries

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

Note 8 - Siemens

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

Note 9 - Statutory costs

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

Note 10 - SGTL Contribution to costs

Holding costs paid on behalf of a Calon Energy Group company.

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, employee and pensions (up to 1 March 2020) 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 Marlen Vaki on 0207 3118140.

Hourly rates

Set out below are the relevant charge-out rates per hour worked 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.

Table of charge-out rates

| Grade | From 01 Jan 2020 £/hr |
|----------------------|-----------------------|
| Partner | 920 |
| Director | 810 |
| Senior Manager | 710 |
| Manager | 565 |
| Senior Administrator | 415 |
| Administrator | 315 |
| Support | 157 |

Policy for the recovery of disbursements

We have recovered 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 incurred the following disbursements (excluding VAT) during the period 24 August 2020 to 4 February 2021.

| SIP 9 - Disbursements | | | | | |
|-----------------------|------------|---------------|------------|---------------|-----------------|
| Disbursements | Category 1 | | Category 2 | | Totals (£) |
| | Paid (£) | Unpaid (£) | Paid (£) | Unpaid (£) | |
| Accommodation | | 34.40 | | NIL | 34.40 |
| External printing | | 78.14 | | NIL | 78.14 |
| Meals | | 16.46 | | NIL | 16.46 |
| Mileage | | NIL | | 130.94 | 130.94 |
| IT costs | | 400.00 | | NIL | 400.00 |
| Postage | | 217.20 | | NIL | 217.20 |
| Sundry | | 190.00 | | NIL | 190.00 |
| Total | | 936.20 | | 130.94 | 1,067.14 |

Please bear in mind that this table includes expenses incurred by KPMG and is therefore unlikely to reconcile with the disbursements shown in the Schedule of Expenses.

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 have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 24 August 2020 to 23 February 2021

The key areas of work have been:

| | |
|---|---|
| Statutory and compliance | 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; 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 | 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; 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 | providing written and oral updates to representatives of secured creditors regarding the progress of the administration and case strategy. |
| Cashiering | 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; preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments. |
| Tax | gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; 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; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; dealing with post appointment tax compliance. |
| General | 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 | collating information from the Company's records regarding the assets; recovery of pre-administration refunds owed to the Company; reviewing the inter-company debtor position between the Company and other group companies. |
| Property matters | reviewing the Company's leasehold properties, including review of leases; performing land registry searches. |
| Sale of business | dealing with queries from interested parties and managing the information flow to potential purchasers; |

| | |
|--------------------------|--|
| Health and safety | 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; liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance. |
| Open cover insurance | arranging ongoing insurance cover for the Company's business and assets; notifying various regulatory bodies of the appointment and further correspondence to ensure compliance with administration; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums. |
| Employees | 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; administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns; communicating and corresponding with HM Revenue and Customs; dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; managing claims from employees; ensuring security of assets held by employees. |
| Pensions | collating information and reviewing the Company's pension schemes; calculating employee pension contributions and review of pre-appointment unpaid contributions; ensuring compliance with our duties to issue statutory notices; communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries. |
| Creditors and claims | 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 | 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; reviewing the questionnaires submitted by the Directors of the Company; reviewing pre-appointment transactions; submitting the online director conduct assessment to the relevant authority. |

Time costs

SIP 9 –Time costs analysis (24/08/2020 to 23/02/2021)

| | Hours | Time Cost (£) | Average Hourly Rate (£) |
|--|---------------|---------------|-------------------------|
| Administration & planning | | | |
| Bankrupt/Director/Member | | | |
| Statutory reports | 1.10 | 1,012.00 | 920.00 |
| Cashiering | | | |
| General (Cashiering) | 113.50 | 38,576.60 | 339.88 |
| Reconciliations (& IPS accounting reviews) | 2.00 | 810.00 | 405.00 |
| General | | | |
| Books and records | 40.90 | 16,973.50 | 415.00 |
| Fees and WIP | 8.70 | 3,038.00 | 349.20 |

SIP 9 –Time costs analysis (24/08/2020 to 23/02/2021)

| | Hours | Time Cost (£) | Average Hourly Rate (£) |
|--|---------------|---------------|-------------------------|
| Statutory and compliance | | | |
| Appointment and related formalities | 17.65 | 11,267.00 | 638.36 |
| Appointment documents | 6.10 | 3,482.00 | 570.82 |
| Bonding & Cover Schedule | 0.60 | 339.00 | 565.00 |
| Budgets & Estimated outcome statements | 62.75 | 28,917.50 | 460.84 |
| Checklist & reviews | 15.10 | 5,921.50 | 392.15 |
| Closure and related formalities | 49.50 | 24,010.00 | 485.05 |
| Pre-administration checks | 0.50 | 405.00 | 810.00 |
| Reports to debenture holders | 2.50 | 1,187.50 | 475.00 |
| Statutory advertising | 0.50 | 157.50 | 315.00 |
| Strategy documents | 195.05 | 116,355.25 | 596.54 |
| Tax | | | |
| Initial reviews - CT and VAT | 5.00 | 2,762.50 | 552.50 |
| Post appointment corporation tax | 84.10 | 51,097.25 | 607.58 |
| Post appointment VAT | 3.70 | 1,520.50 | 410.95 |
| Creditors | | | |
| Creditors and claims | | | |
| Agreement of claims | 18.10 | 16,652.00 | 920.00 |
| General correspondence | 31.90 | 18,385.00 | 576.33 |
| Notification of appointment | 2.50 | 1,157.50 | 463.00 |
| Pre-appointment VAT / PAYE / CT | 0.25 | 177.50 | 710.00 |
| Secured creditors | 71.60 | 59,114.50 | 825.62 |
| Statutory reports | 92.05 | 49,684.75 | 539.76 |
| Employees | | | |
| Correspondence | 97.10 | 53,426.00 | 550.22 |
| DTI redundancy payments service | 1.00 | 315.00 | 315.00 |
| CVA Preparation | | | |
| Preparation and implementation of CVA | 857.10 | 445,020.00 | 519.22 |
| Investigation | | | |
| Directors | | | |
| Correspondence with directors | 7.75 | 5,385.50 | 694.90 |
| D form drafting and submission | 17.45 | 7,478.00 | 428.54 |
| Directors' questionnaire / checklist | 3.30 | 2,169.00 | 657.27 |
| Statement of affairs | 1.55 | 787.00 | 507.74 |
| Investigations | | | |
| Correspondence re investigations | 24.75 | 22,517.50 | 909.80 |

SIP 9 –Time costs analysis (24/08/2020 to 23/02/2021)

| | Hours | Time Cost (£) | Average Hourly Rate (£) |
|--|-----------------|---------------------|-------------------------|
| Review of pre-appt transactions | 2.25 | 933.75 | 415.00 |
| Realisation of assets | | | |
| Asset Realisation | | | |
| Cash and investments | 5.95 | 3,947.00 | 663.36 |
| Debtors | 6.00 | 5,520.00 | 920.00 |
| Health & safety | 15.90 | 11,082.50 | 697.01 |
| Insurance | 20.40 | 15,722.50 | 770.71 |
| Intellectual Property | 1.35 | 958.50 | 710.00 |
| Leasehold property | 1.20 | 378.00 | 315.00 |
| Other assets | 21.70 | 15,883.50 | 731.96 |
| Plant and machinery | 2.00 | 1,620.00 | 810.00 |
| Pre-Administration Sale of business - preparation | 24.40 | 22,448.00 | 920.00 |
| Sale of business | 103.30 | 77,448.00 | 749.74 |
| Trading and preservation of assets | | | |
| Cash & profit projections & strategy | 90.45 | 53,477.00 | 591.23 |
| Employee Matters / PAYE | 103.95 | 64,984.25 | 625.15 |
| Negotiations with customers | 27.75 | 11,516.25 | 415.00 |
| Negotiations with suppliers / landlords | 200.80 | 89,844.50 | 447.43 |
| Post trading related matters | 32.50 | 23,075.00 | 710.00 |
| Purchases and trading costs | 320.80 | 204,891.25 | 638.69 |
| Trading Management | 94.65 | 47,821.25 | 505.24 |
| Total in period | 2,911.00 | 1,641,653.10 | 563.95 |
| 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) | 2,911.00 | 1,641,653.10 | |
| Carry forward time (appointment date to SIP 9 period end date) | 2,911.00 | 1,641,653.10 | |

Appendix 6 Summary of Joint Administrators' proposals

Our primary objective is to rescue the Company as a going concern in accordance with Paragraph 3(1)(a) of the Insolvency Act. 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 7 Glossary

| | |
|---|---|
| BEIS | Department for Business, Energy and Industrial Strategy |
| CCGT | Combined Cycle Gas Turbines |
| Company | Sutton Bridge Power Generation - in Administration |
| Compromised Creditors | The CVA Creditors including, but not limited to, the GHG Creditors, the Redundancy Creditors and the Intragroup Creditors, but excluding the Secured Creditors and the Critical Creditors. |
| Critical Contracts | The Contracts as listed in schedule 10 (Schedule of Critical Contracts) in the 'Proposals for CVAs' dated 7 December 2020 |
| CVA | Company Voluntary Arrangement |
| Directors | Michael David Higginbotham Jeffrey James Holder Kevin McCullough |
| Enhanced Compromised Creditors | The Compromised Creditors save that the Intragroup Creditors shall not be Enhanced Compromised Creditors. |
| Enhanced Compromised Creditors' Fund | The additional funds set aside to be distributed to the Enhanced Compromised Creditors. |
| FAQ | Frequently asked questions |
| Group | The Company together with; Calon Energy (Baglan Bay) Limited Calon Energy (Sutton Bridge) Limited Calon Energy (Severn Limited) Willington Power Limited Baglan Operations Limited Severn Power Limited |

| | |
|--|---|
| Intragroup Creditors | Group companies (listed above) with creditor balances |
| Joint Administrators/we/our/us | Jim Tucker and David Pike |
| KPMG | KPMG LLP |
| Macquarie | Macquarie Bank Limited |
| NRW | Natural Resources Wales |
| Ofgem | Office of Gas and Electricity Markets |
| Pinsent Masons | Pinsent Masons LLP |
| Prescribed Part Equivalent Fund | The amount to be distributed by each of the Companies to those Compromised Creditors with an Allowed Claim which shall be equivalent to the Administrators' estimate (calculated on or around the date that the Administrators vacate office) of each Prescribed Part which would have been payable were the Companies to remain in administration. |
| Secured Creditor / Secured Lender (s) | CLMG Corp. is the Administrative Agent under the facilities agreement between, amongst others, the Company as borrower and Beal Bank USA and Beal Bank SSB as the Secured Creditor / the Lender |
| Taiga | Taiga Associates Limited |
| VAT | Value Added Tax |

Any references in this progress report 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 report

This report has been prepared by Jim Tucker and David Pike the Joint Administrators of Severn Power Limited – in Administration (the 'Company') solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress 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.

This report has not been prepared in contemplation of it being used, and is 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 Group.

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

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its 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 this report to any such person.

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 Officeholders 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 this report or the conduct of the administration.

www.kpmg.com

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