

Wave Hub Ltd
Chi Gallos
Hayle Marine Renewables Business Park
North Quay
Hayle
CORNWALL TR27 4DD

31 March 2020

FINANCIAL ADVISOR

ITT Clarification Request Response

- ***Would you be open to variant fee structures, to better align our incentives to maximise sales proceeds realised from the divestment of Wave Hub?***
 - We ask that, as a pass-fail criteria, respondents provide a fee structure as indicated in the ITT, p.11 at para 9.E - Fees.
 - We are open to respondents indicating their intended breakdown of fees within the 3 stages, noted at para 9.E – Fees, and will weight responses according a scoring matrix, updated from p.13 Tender Evaluation Methodology, as set out below:

Ref 10.A. Covering Letter			
Acceptable covering letter including confirmation of the requirements.			Pass/ Fail
Ref 10.B Project Proposal			50
How you will deliver the scope as outlined in 3 Scope of Services,			30
How your experience will result in securing the right buyer and a successful transaction and your confidence of securing the right buyer and successful transactions,			10
An assessment of key risk associate with the Scope of Services and your proposed management/ mitigation measures.			10
Scoring Matrix for Award Criteria			15
Score	Judgement	Interpretation	
100%	Excellent	Exceptional demonstration of the relevant understanding, experience, skills, resource and/or measures required to provide the goods/works/s Full evidence provided where required to supp response.	
80%	Good	Above average demonstration of the relevant understanding, experience, skills, resource and/or	

		measures required to provide the goods/works/s Majority evidence provided to support the respons	
60%	Acceptable	Demonstration of the relevant ability, underst experience, skills, resource and/or quality m required to provide the goods/works/services, wit evidence to support the response.	
40%	Minor Reservations	Some minor reservations of the relevant understanding, experience, skills, resource and/or measures required to provide the goods/works/s with little or no evidence to support the response.	
20%	Serious Reservations	Considerable reservations of the relevant understanding, experience, skills, resource and/or measures required to provide the goods/works/s with little or no evidence to support the response.	
0%	Unacceptable	Does not comply and/or insufficient information p to demonstrate that there is the ability, underst experience, skills, resource and/or quality m required to provide the goods/works/services, with no evidence to support the response.	
Ref 10.C Project Team			
Relevant experience of the staff			15
Ref 10.D Expertise			15
Three examples the most relevant transactions your firm has been involved with			15
Ref 10.E Budget			20
<p>A fixed fee for this work (exc VAT) including travel and other expenses The lowest bid in each stage will be awarded the full marks, according to the indicated %:</p> <p>1) Completion of IM</p> <p>2) Receipt of Non-binding offers</p> <p>3) Receipt of binding offers and transaction closed.</p> <p>Other bids will be awarded a mark that is proportionate to the level of their bid in comparison to the lowest bid i.e. Marks awarded = 2.5 or 5.0 or 12.5 x lowest bid / bid</p>			<p>2.5</p> <p>5.0</p> <p>12.5</p>

- ***Could you please provide the approximate development spend to date? To the extent these amounts have been capitalised, has there been any impairments recognised on the development spend?***
 - Because the Wave Hub installation was designed and installed as a wave energy test & evaluation site over a period of 10 years, rather than floating offshore wind project, the Vendor do not believe that the development spend to date is relevant to the project value or the transaction.
- ***What is the anticipated internal deal team structure on the Cornwall Council side?***
 - The internal deal time will comprise Wave Hub Non-Executives and Executives, supported by Cornwall Council Legal and Commercial teams subject to need.
- ***According to the RfP, there has been some early market sounding that has been conducted. Through a formal EOI process and that there is a good level of interest from both project / technology developers. Would you be able to share details on the EOI process, including:***
 - ***materials distributed (teaser / opportunity overview)***
 - ***number of and names of investors that were approached and discussions held with outcome of those discussions including number of parties that expressed an interest, key themes and takeaways from the discussions***
 - The Vendor is unable to share EOI names, which are confidential, but does note that there were 9 responses to the EOI process, from which a short list of 6 preferred candidates were identified. The key takeaway from the EOI process was that all respondents wished to secure the whole Wave Hub offshore project site, rather than an individual floating offshore wind turbine generator berth.
- ***Noting the requirement to “help the Vendor position the sale within the broader regional context, to improve the chances of, first, securing Whitehall support and CFD funding and, second, accelerate the longer-term build-out of the FLOW sector in the Celtic Sea”, I understand this could potentially pertain to the regional context being covered in any information provided to investors such as IM and data room contents and would involve emphasis on the regional context in discussions with potential investors. Could you please clarify whether the intention is to undertake any other specific actions in relation to this requirement.***
 - There is no intention to undertake other specific actions in relation to this requirement, other than those alluded to in the ITT.
- ***I understand that financial model preparation is included in the scope of services and that verification of the Project assumptions back to supporting documents will be undertaken by the Wave Hub team and their legal advisors. Could you please confirm the intended approach to agreeing financial model inputs which are not contractual and for which there aren’t supporting documents at the moment such as expected capex and operating costs for the Project, i.e. is the intention that the Wave Hub team would advise on these or is it intended that an independent technical advisor would advise on these?***
 - Financial inputs that are not contractual and for which there aren’t supporting documents would, in the first instance, be provided by the Wave Hub team, supported by industry contacts where necessary.

ITT Timetable Update

In the light of the ITT Clarification Response timings, the ITT timetable has been adjusted according to the dates below.

Milestone	Date
Publication of ITT	20 Mar 20
Final date for receipt of clarifications	26 Mar 20
Final date for response to clarifications	3 Apr 20
Deadline to return the Tender to WHL	1700 13 Apr 20
Evaluation of Tender by Wave Hub - commencement	14 Apr 20 –
Successful and unsuccessful tenderers notified	01 May 20
Programme Inception Meeting	04 May 20