

PPA Guarantee Methodology Overview

We have performed an indicative PPA guarantee valuation, which hopes to calculate the potential net Scottish Government exposure on a conservative basis

Overview of PPA Guarantee Tranches						
Tranche	Hydro plant	Capacity	Description	Current export	Future export?	
1	• Lochaber	• [REDACTED]	• [REDACTED]	■		
2	• Lochaber	• [REDACTED]	• [REDACTED]	■	• [REDACTED]	
3	• Lochaber	• [REDACTED]	• [REDACTED]	■	• [REDACTED]	
4	• Lochaber	• [REDACTED] • [REDACTED]	• [REDACTED] • [REDACTED]	■	• [REDACTED]	
5	• Kinlochleven	• [REDACTED] • [REDACTED]	• [REDACTED]	■		

Overview of Analysis	
1 PPA Guarantee	<ul style="list-style-type: none"> • [REDACTED] • We have also valued the PPA guarantee assuming the difference between the imputed Liberty credit risk and Scottish Government credit risk, at various discount rates
2 Sale of export capacity into grid	<ul style="list-style-type: none"> • We then calculate the potential value of total recoverable value under the terms of a potential PPA guarantee • The Scottish Government should be able to export power based on the current export capacity, as well as potential future capacity • We have conservatively assumed that the Scottish Government can achieve [REDACTED] of the assumed power prices in calculating the recoverable value
3 Government's net risk position	<ul style="list-style-type: none"> • We then calculate the potential net risk position to the Scottish Government based on the net of (1) – (2) • This net risk position excludes the value of any other potential risk mitigants such as disposal value

2 Indicative PPA Guarantee: Export Revenues at [REDACTED]

PPA Guarantee Tranche	1	2	3	4	5	Total
Hydro Plant	Lochaber	Lochaber	Lochaber	Lochaber	Kinlochleven ⁽¹⁾	Kinlochleven and Lochaber
Power Capacity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Power Output	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Assumed Load Factor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Guaranteed Revenues (20 years)						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guarantee Valuation (20 years)⁽²⁾						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Assumes achieved price at [REDACTED] of underlying guarantee price
- Tranche 1 and tranche 5: export capacity extant
- Tranche 2: additional export capacity of [REDACTED] at Lochaber coming online in [REDACTED]
- Tranche 3-4: assumed additional export capacity from [REDACTED]

[REDACTED]

3 Indicative PPA Guarantee: Net Risk Position for Scottish Government [REDACTED]

PPA Guarantee Tranche	1	2	3	4	5	Total
Hydro Plant	Lochaber	Lochaber	Lochaber	Lochaber	Kinlochleven ⁽¹⁾	Kinlochleven and Lochaber
Power Capacity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Power Output	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Assumed Load Factor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Guaranteed Revenues (20 years)						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guarantee Valuation (20 years)⁽²⁾						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Net position of total guaranteed revenue, less potential recoverable revenue from Scottish Government exporting power
- Assumes achieved price at [REDACTED] of underlying guarantee price
- Tranche 1 and tranche 5: export capacity extant
- Tranche 2: additional export capacity of [REDACTED] at Lochaber coming online in [REDACTED]
- Tranche 3-4: assumed additional export capacity from [REDACTED]

[REDACTED]

Indicative PPA Guarantee Risk Cascade

Tranche 1 – Lochaber [REDACTED]

Risk 1:

- [REDACTED]



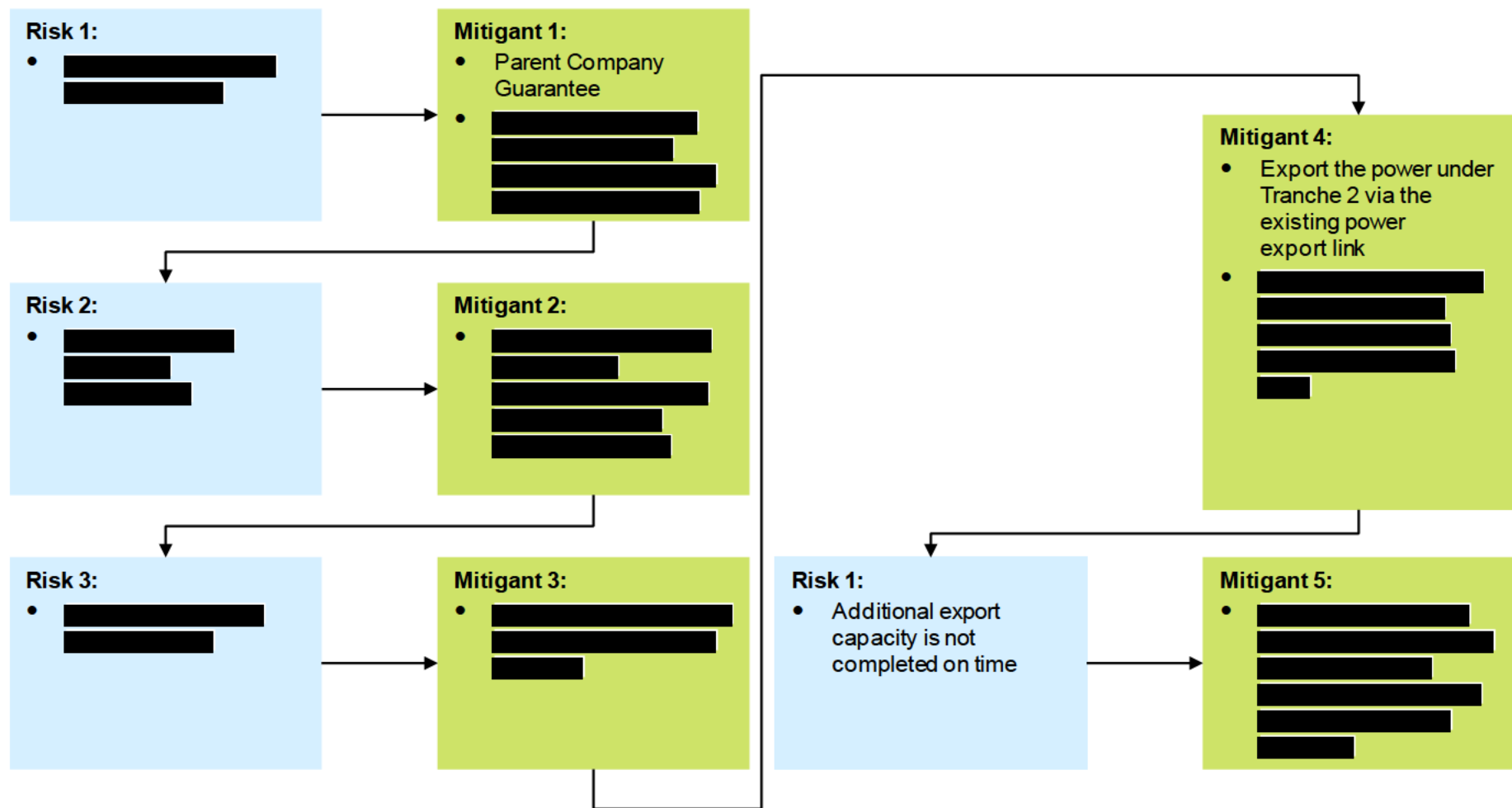
Mitigant 1:

- Export the power under Tranche 1 via the existing power export link
- [REDACTED]

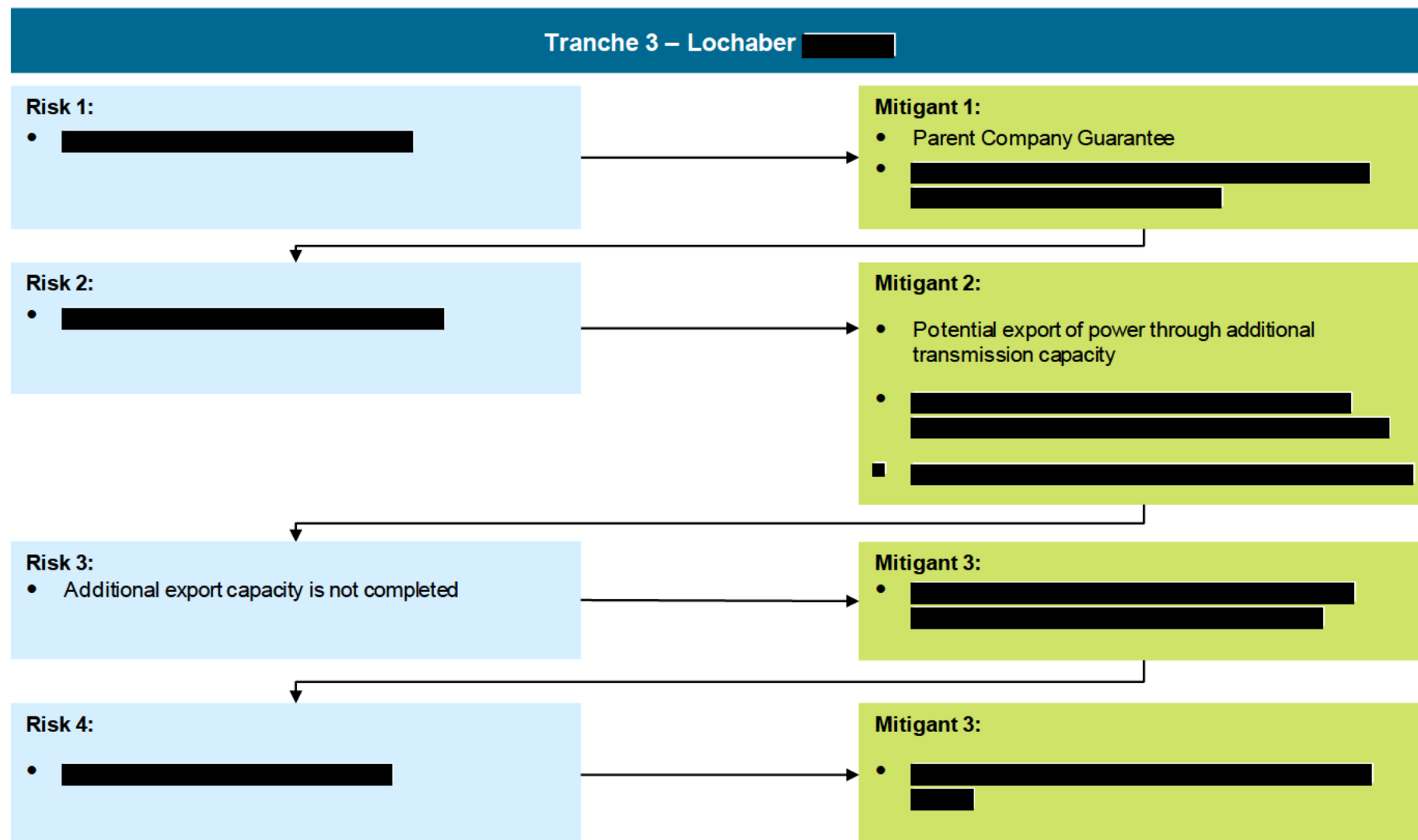
Indicative PPA Guarantee Risk Cascade (cont'd)

Tranche 2 – Lochaber [REDACTED]

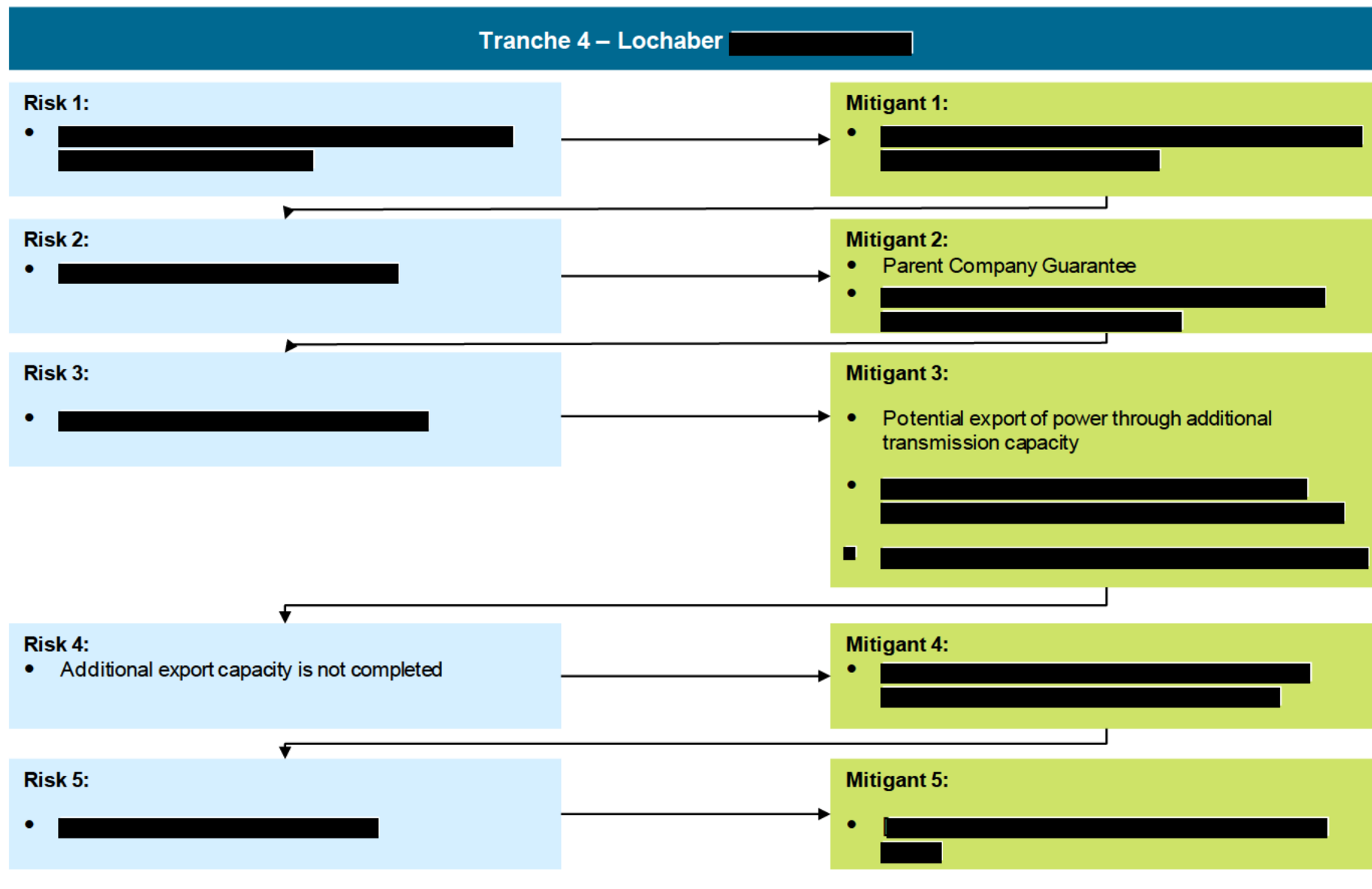
(Period After Additional Export Capacity Is Complete)



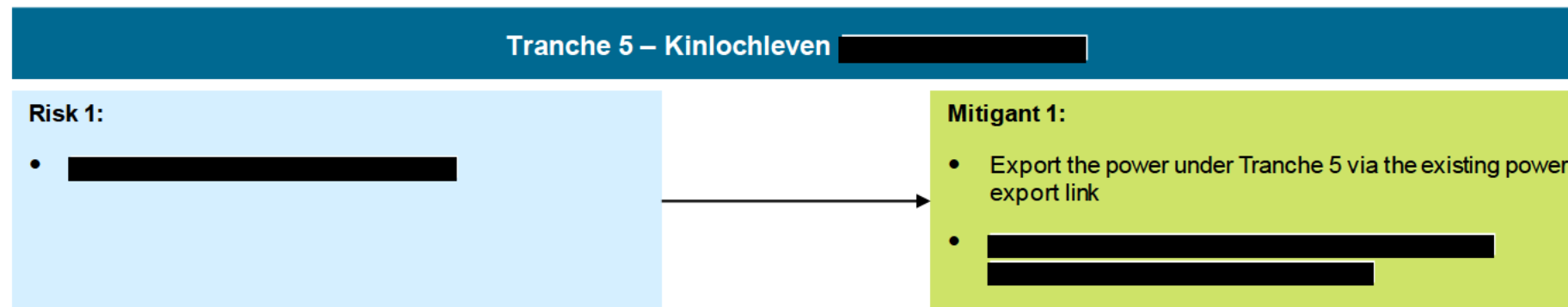
Indicative PPA Guarantee Risk Cascade (cont'd)



Indicative PPA Guarantee Risk Cascade (cont'd)



Indicative PPA Guarantee Risk Cascade (cont'd)



Note: Feasibility of a guarantee of a Kinlochleven PPA to be further explored. The above assumes the power of Kichlochleven is exported via a private wire to Lochaber Smelter..