

AM21

Notice of end of administration



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 2 5 8 6 3 5 7

Company name in full Sutton Bridge Power Generation

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice Business & Property Courts of
England & Wales Insolvency & Companies List(Chd)

Court case number 3 5 2 2 2 0 2 0

3 Administrator's name

Full forename(s) James Robert

Surname Tucker

4 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

AM21

Notice of end of administration

5	Administrator's name ①		① Other administrator Use this section to tell us about another administrator.
Full forename(s)	David John		
Surname	Pike		
6	Administrator's address ②		② Other administrator Use this section to tell us about another administrator.
Building name/number	15 Canada Square		
Street	Canary Wharf		
Post town	London		
County/Region			
Postcode	E 1 4 5 G L		
Country			
7	Statement of appointment		
	I was/we were appointed as administrator(s) on:		
Date	d 2 d 4 m 0 m 8 y 2 y 0 2 y 0		
8	Appointor/applicant's name		
	Give the name of the person who made the appointment or the administration application		
Full forename(s)	Michael David		
Surname	Higginbotham		
9	Attachments		
	☒ A copy of the final progress report is attached.		
10	Sign and date		
	The purpose of administration has been sufficiently achieved and a notice of the end of administration is being filed with the court as well as with the registrar of companies.		
Administrator's signature	Signature X J. Tucker X		
Signature date	d 2 d 6 m 0 m 3 y 2 y 0 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 **Marlen Vaki**

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' final progress report for the period 24 February 2021 to 25 March 2021

Sutton Bridge Power
Generation - in Administration

26 March 2021

Deemed delivered: 26 March
2021

Notice to creditors

This progress report provides a final update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since our previous progress 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 6).

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+SK82463546.html>. We hope this is helpful to you.

Please also note that an important legal notice about this report is attached (Appendix 7).

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1 Executive summary

This final progress report covers the period from 24 February 2021 to 25 March 2021.

As previously reported in our Progress Report for the period to 23 February 2021, the key asset of the Company (i.e. the Sutton Bridge Power Station) was placed into a 'secure, safe and dormant' state ahead of a potential extended preservation plan to protect the assets, reduce operating costs and preserve any future value of the power station assets. A funding agreement was entered into with the primary Secured Lender in order to fund the expenses of the administration and also to provide sufficient funding to ensure that funds would be available to the unsecured and preferential creditors.

As previously reported, 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 administration and return to solvency. (Section 2 - Progress to date).

The CVA was proposed on 7 December 2020 and creditors were notified on this date. The CVA was approved by creditors with 94% of creditors voting in favour on 24 December 2020. The CVA Proposal was also approved by the shareholders on 29 December 2020. Accordingly the Joint Administrators have been appointed the Joint Supervisors of the CVA and the purpose of the administration has been achieved.

The Company's unsecured creditors will receive a better outcome under the terms of the CVA than they would have otherwise as a result of the additional funding being provided by the Secured Lender which is available to certain classes of compromised creditors. Further, 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. 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+SKC07F5700.html>.

As per the terms of the CVA approved by creditors, 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.insolvencykpmg.co.uk/case+KPMG+SKC07F5700.html> (Section 3 – Outcome to creditors).

The administration will end when the notice of the end of administration (form AM21) has been filed at Court along with this report. 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 are such that the decision is made to return the power station to an operational state.

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+SK82463546.html>.

Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.

J. Tucker

Jim Tucker
Joint Administrator

2 Progress to date

This section provides a final update on the strategy for the administration and on the progress made. It follows the information provided in our previous progress report.

This report covers the final period of the administration from 24 February 2021 to 25 March 2021.

2.1 Strategy and progress to date

Strategy

As set out in our previous report, 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 implementing a preservation plan to protect the assets.

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 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 continued to work with Company staff to preserve the Company's assets and achieve a reduction in ongoing operating (preservation) costs.

Funding Agreement

As previously reported, the Secured Lender provided £4.8 million to meet the operating costs and expenses of the preservation process for an initial period from the date of appointment to 30 November 2020. This was reassessed following the decision to pursue a Creditors Voluntary Arrangement ('CVA') as the strategy to exit administration and as such the funding requirement was extended to the end of February 2021.

We have continued to work with the Secured Lender to consider the funding in light of contingencies held and our analysis has confirmed the funding was sufficient to meet the expenses of the administration, dividends to be made available to the preferential and unsecured creditors and estimated costs of the CVA. In addition to this, the Secured Lender has agreed to make funds available to Sutton's sister company, Severn Power Limited – in administration ('Severn') under the funding arrangement in order to cover a shortfall in the required funding at Severn. The Secured Lender has also been repaid £2.8 million in respect of a surplus in the total funding discussed above.

Exit from Administration via CVA

As previously reported (and approved as part of the Joint Administrators' Proposals), we considered a rescue of the Company under paragraph 3(1)(a) of Schedule B1 of the Insolvency Act could be achieved via proposing a CVA being subsequently 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, as they remain the largest creditor and face a

significant shortfall in the value of their security. 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 access new money facilities to return to balance sheet solvency.

The CVA was proposed on 7 December 2020 to the Company's creditors and shareholders, with the full terms of the CVA Proposal set out in the 'Proposals for CVAs' document available at the following insolvency portal.

<https://www.insolvency-kpmg.co.uk/case+KPMG+SKC07F5700.html>

The CVA was approved by creditors via electronic voting with 94% of creditors voting in favour on 24 December 2020. In addition, the shareholder also approved the voluntary arrangement on 29 December 2020.

On the basis that the CVA has been approved by creditors and shareholders and the future funding arrangements proposed by the Secured Lender have been agreed by the Directors (the Directors have confirmed that they have sufficient comfort over the funding arrangements in place order to continue to fund the ongoing preservation costs of the power station) the Joint Administrators have obtained legal advice that the administration purpose has now been achieved. As such, we will now take steps to exit the administration with the filing of this report.

Under the control of the Directors and the recently appointed operations and maintenance provider, NAES Power Solutions Limited ('NAES'), 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.

Dividends payable to creditors will be dealt with by the Joint Supervisors in accordance with the CVA Proposal.

Involvement of Key Stakeholders and Regulatory Bodies

We have continued 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 and 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, a formal redundancy process commenced on 4 September 2020 and regular briefings were held after this date with nominated employee representatives. 21 employees resigned or were made redundant as part of the preservation process, with the remaining 18 employees transferring to the new operation and maintenance provider, NAES on 10 March 2021.

We undertook a successful consultation process with these employees to ensure they were aware of any proposed changes to their employment.

2.2 Asset realisations

Per the attached receipts and payments account (Appendix 2), no realisations have been made during the period.

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.

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.

Contractors and agents

A number of contractors were engaged to assist with the preservation process given the complexity of process and the associated risks. During the period, £50,000 was paid to contractors and agents.

Preservation costs

£78,406 has been paid to suppliers during the period for the ongoing preservation of the power station.

Legal Fees

During the period, £41,535 was paid in respect of legal fees related to advice on the ongoing preservation process, the administration process and the move from the administration to the CVA.

Grid connection costs

During the period we paid £50,000 in in grid connection costs to ensure continuity of connection and protect future value for the business.

Wages and salaries

During the period we paid £40,877 in relation to those employees who have been retained and operate principally in relation to the preservation of the power station.

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 Joint Administrators' fees were approved by the secured and preferential creditors in line with the fees estimate provided in Appendix 3 of our Administrators' Proposals, however, to

date we have not drawn any fees. A further £75,303 has been incurred in the period in relation to administrators' fees and we have agreed that the Supervisor will settle these in the CVA along with the settling the outstanding administration expenses detailed below.

Contractors and agents

£33,332 was incurred in the period but is yet to be paid relating to the ongoing use of contractors and agents (as explained above).

Preservation costs

£163,094 has been incurred and not paid during the period in relation to outstanding purchase orders provided during the preservation process.

Legal Fees

£20,000 of legal fees have been incurred during the period and not yet paid, mainly relating to advice on the administration exit and move to CVA.

Grid connection costs

£26,541 was incurred during the period for grid connection costs but is yet to be paid.

Preservation agents – NAES

As discussed above, during the period, 18 employees transferred from the Company to NAES in their capacity as the new operation and maintenance provider for the power plant. The administrators incurred £144,000 during the period in relation to O&M costs.

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 due to MBL are approximately £1.9 million. 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, and to ultimately benefit from the eventual sale of the power station.

3.2 Preferential creditors

The preferential claims at the date of commencement of the administration are estimated at £36,233.

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+SKC07F5700.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 1.24p 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 Intragroup Creditors is estimated at 0.23p 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 and disbursements

4.1 Joint Administrators' remuneration and disbursements

During the period secured and preferential creditors have confirmed their 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 with the 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 4.

Time costs

From 24 February 2021 to 25 March 2021, we have incurred time costs of £75,303. These represent 156 hours at an average rate of £483 per hour.

From the date of our appointment to 25 March 2021, we have incurred time costs of £1,880,171. These represent 3,485 hours at an average rate of £539 per hour.

Please see detailed analysis of the time spent and a narrative description of the work performed (Appendix 4) and in our previous progress report.

Remuneration

During the period, we have not drawn any remuneration.

Disbursements

During the period, we have incurred disbursements of £3.48. None of these have been paid.

Additional information

We have attached (Appendix 4) 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 February 2021 to 25 March 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	-	31,664	-	-	31,664
Total	-	31,664	-	-	31,664

We have obtained approval from the secured and preferential creditors to pay these pre-administration costs as an expense of the administration. They will be settled by the CVA supervisors following the end of the administration.

5 Conclusion of the administration

Following approval of the CVAs, the Joint Administrators have remained in office, including provide support to the Directors whilst terms were agreed with the new O&M provider and also to provide support whilst new funding arrangements were agreed to the satisfaction of the Directors.

Given those arrangements have been agreed by the Directors, the administration will end on filing of this final report with the Court and Registrar of Companies together with the requisite notice. The Company will return to the control of the directors but will remain subject to the CVA pending completion of that process.

We have transferred to the respective CVA supervisor accounts the remaining funds required to settle unpaid administration expenses and pay dividends to preferential and unsecured creditors in accordance with the CVA Proposals. Additionally, we have repaid a surplus balance to the Secured Lender per the funding agreement. The funds that have been transferred are as follows:

Supervisor Administration and CVA Expenses Account – £3,830,065

Supervisor CVA Payments Account (Enhanced Compromised Creditors Amount and Prescribed Part Equivalent Amount) – £900,000

Supervisor Preferential Claims Account – £100,000

Payments to Non-CVA Companies (Calon Energy (Sutton Bridge) Limited - in administration and Sutton Bridge Power Systems (London) Limited – in administration) – £480,000

Repayment to Secured Lender – £2,879,204

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

Appendix 1 Statutory information

Company information

Company name	Sutton Bridge Power Generation
Date of incorporation	27 February 1991
Company registration number	02586357
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), 3522 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
Prescribed Part distribution	The prescribed part was disapplied by a voluntary arrangement

Appendix 2 Joint Administrators' receipts and payments account

Sutton Bridge Power Generation - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 24/02/2021 To 25/03/2021 (£)	From 24/08/2020 To 25/03/2021 (£)
FIXED CHARGE ASSETS			
43,700,000.00	Property, plant and equipment	NIL	NIL
		NIL	NIL
FIXED CHARGE COSTS			
	Legal fees - Preservation and asset real	NIL	(47,649)
	Contractors & agents	(50,000)	(171,173)
	Preservation costs	(78,406)	(1,481,624)
	Grid connection costs	(50,000)	(269,960)
	Insurance	NIL	(3,569)
	Wages & salaries	NIL	(201,679)
	Rates	NIL	(702,749)
(346,174,804)	Water rates	NIL	NIL
		(178,406)	(2,878,403)
ASSET REALISATIONS			
18,116.00	Book debts	NIL	NIL
	Capacity market receipts	NIL	1,795,101.53
2,446,215.00	CO2 allowance	NIL	NIL
29,751.00	Accrued income (capacity & other)	NIL	NIL
550,015.00	VAT refunds	NIL	NIL
5,236,179.00	Cash at bank	NIL	5,273,321.64
866,904.00	Insurance prepayments	NIL	NIL
		NIL	7,068,423.17
OTHER REALISATIONS			
100,000.00	Cash collateral (elexon)	NIL	NIL
	Beal contribution to costs	NIL	4,783,806.28
	Pre-appointment VAT refund	NIL	550,015.45
4,592,369.00	Milestone prepayments	NIL	NIL
		NIL	5,333,821.73
COST OF REALISATIONS			
	Funds transferred to CVA	(5,190,086)	(5,190,086)
	Funds transferred to non-CVA Companies	(480,000)	(480,000)
	Return secured lender contribution costs	(2,879,304)	(2,879,304)
	Legal fees	(41,535)	(156,076)
	Statutory advertising	NIL	(79)
	Wages & salaries	(8,444)	(475,085)
	PAYE & NIC	(32,433)	(343,053)
	Bank charges	(40)	(160)
		(8,631,841)	(9,523,842)
UNSECURED CREDITORS			

(1,198,725)	Trade & expense	NIL	NIL
(617,672)	Other creditors	NIL	NIL
(233,784,754)	Connected companies	NIL	NIL
(6,049,995)	CO2 allowance accrual	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(42,400,000)	Ordinary shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(572,686,401)</u>		<u>NIL</u>	<u>NIL</u>
	REPRESENTED BY		
	Floating ch. VAT rec'able		NIL
	Floating charge current		NIL
	Fixed charge VAT rec'able		NIL
			<u>NIL</u>

Appendix 3 Schedule of expenses

Schedule of expenses (24 February 2021 to 25 March 2021)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Administrators' fees	-	75,303	75,303
Contractors & agents	50,000	33,332	83,332
Preservation costs	78,406	163,094	241,500
Preservation agents - NAES UK	-	144,000	144,000
Grid connection costs	50,000	26,541	76,541
Legal fees	41,535	20,000	61,535
Wages & salaries	8,444	-	8,444
PAYE & NIC	32,433	-	32,433
Total	260,817	386,967	647,784

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 Deborah Bain on KPMG LLP, 15 Canada Square, London, E14 5GL.

Appendix 4 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 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

Charge-out rates (£) for: Restructuring	
Grade	From 01 Jan 2021 £/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 neither Category 1 nor 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 February 2021 to 25 March 2021.

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 February 2021 to 25 March 2021

The key areas of work have been:

Statutory and compliance	preparing statutory receipts and payments accounts; dealing with all closure related formalities; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	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; reviewing matters affecting the outcome of the administration; complying with internal filing and information recording practices..
Reports to debenture holders	providing written and oral updates to representatives of the Secured Lender regarding the progress of the administration and case strategy.

Cashiering	preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; reviewing and processing employee expense requests; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	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;
Trading and preservation of assets	preparing cash flow statements to monitor the cash position; attending to supplier queries and correspondence; raising, approving and monitoring purchase orders; negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; ensuring ongoing provision of emergency and other essential services to site.
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.
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;
Pensions	ensuring compliance with our duties to issue statutory notices;
Creditors and claims	responding to enquiries from creditors regarding the administration and submission of their claims; drafting our progress report.

Time costs

SIP 9 –Time costs analysis (24/02/2021 to 25/03/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	33.50	12,028.50	359.06
Reconciliations (& IPS accounting reviews)	0.60	214.00	356.67
Statutory and compliance			
Appointment and related formalities	3.40	3,128.00	920.00
Budgets & Estimated outcome statements	27.00	11,205.00	415.00
Checklist & reviews	1.00	315.00	315.00
Closure and related formalities	0.70	295.50	422.14
Tax			

SIP 9 –Time costs analysis (24/02/2021 to 25/03/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Post appointment corporation tax	0.10	56.50	565.00
Creditors			
Creditors and claims			
General correspondence	1.90	598.50	315.00
Secured creditors	7.00	5,670.00	810.00
Statutory reports	11.30	5,054.50	447.30
Employees			
Correspondence	0.30	169.50	565.00
Realisation of assets			
Asset Realisation			
Cash and investments	1.00	810.00	810.00
Health & safety	0.60	426.00	710.00
Trading and preservation of assets			
Employee Matters / PAYE	1.90	1,349.00	710.00
Purchases and trading costs	50.50	25,387.50	502.72
Trading Management	15.00	8,595.00	573.00
Total in period	155.80	75,302.50	483.33

Brought forward time (appointment date to SIP 9 period start date)	3,329.25	1,804,868.15
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	155.80	75,302.50
Carry forward time (appointment date to SIP 9 period end date)	3,485.05	1,880,170.65

Appendix 5 Summary of Joint Administrators' 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 receipts and payments account with the Registrar of Companies.

Appendix 6 Glossary

Bank	Beal Bank USA
BEIS	Department for Business, Energy and Industrial Strategy
CCGT	Combined Cycle Gas Turbines
Company	Sutton Bridge Power Generation - in Administration
Compromised Creditors	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
Enhanced Compromised Creditors	means the Compromised Creditors save that the Intragroup Creditors shall not be Enhanced Compromised Creditors.
Enhanced Compromised Creditors' Fund	means 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	means each of the Group companies set out in schedule 12 (Intragroup Creditors) in the 'Proposals for CVAs' dated 7 December 2020
Joint Administrators/we/our/us	Jim Tucker and David Pike
KPMG	KPMG LLP
Macquarie	Macquarie Bank Limited
NAES	NAES Power Solutions 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.
Section	Section of this report
Secured Creditor / Secured Lender (s)	Beal Bank SSB

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 7 Notice: About this report

This report has been prepared by Jim Tucker and David Pike the Joint Administrators of Sutton Bridge Power Generation – 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.

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