

14 September 2020

Gerallt Llewelyn Jones
Morlais,
Neuadd y Dref,
Llangefni,
Ynys Môn,
LL77 7LR

Dear Gerallt,

RE: Orbital Marine Power's requirements for scaled deployment at Morlais

As a technology developer it is essential for our company to have line of sight to project development opportunities that can host our technology, helping to create a clear route to market. Through the development of the Morlais project you and your team have created a fantastic opportunity for Orbital Marine Power, the wider tidal energy sector, and the North Wales economy.

As you are aware, we are currently building the O2, a 2MW floating tidal turbine scheduled for deployment at the European Marine Energy Centre in early 2021. Beyond this initial single device deployment, Orbital is seeking to develop one of the world's first floating tidal turbine arrays, that we hope to deploy in 2024.

It is imperative for me to outline to you that the work we are doing with you is not just for the world's first floating tidal stream array at up to 14MW; but in fact, laying the groundwork for a much larger project and to create the foundations of a new industrial supply chain. Indeed, one of the attractive points of the Morlais site is the wider development opportunity. Whilst it may seem a long way off now, pending positive support from BEIS, it is our clear intent to bid into further Contracts for Difference Auction Rounds, with the ambitious potential to grow an installation at Morlais up to 240MW by 2028.

However, to achieve this, it is essential that the first phase of the project presents the correct opportunity that will de-risk and enable future build-out in the most efficient and beneficial manner. Critical deliverables from an initial deployment that are enabled by an initial project up to 14MW are:

- to achieve necessary cost reduction trajectories that will enable larger, future market capacities the capacity needs to be of sufficient scale to get material benefit from economies of scale effects from the supply chain. This will have the dual benefit of ensuring the UK secures the longer-term socio-economic benefits that will come from larger investments within the UK based supply chain.
- present our business sufficiently attractive revenue streams from the supply and servicing of turbine equipment that ensures we can continue to attract the necessary shareholder investment that will allow us to expand and develop our business to meet future demand for our technology.
- to make a significant contribution to helping address the climate emergency, we need a rate of deployment that will enable us to quickly ramp up. Morlais is one of only two

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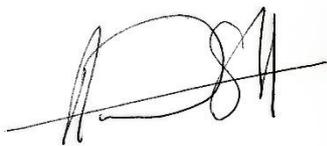
project locations in the UK that will enable a range of tidal energy technologies to be deployed.

- generate essential learning and empirical data about operating and the performance of arrays of devices. Notably this relates to resource efficiency, inter device interaction and control, and cost reductions that can be achieved across multiple device deployments.
- the final, and in some way the most important reason that we need the first phase to provide robust environmental evidence and demonstrate environmental compliance; e.g. marine mammal avoidance behaviour on groups of devices, so that this risk can be suitably addressed with regulatory authorities. Without a deployment at Morlais of this scale it is our understanding that it will be challenging to model whole array interactions and progress with plans for larger deployments, meaning that we will miss the economic and clean energy opportunities that the UK is so uniquely positioned to secure.

There is no other site in the world that is as ready as Morlais for this rapid level of deployment expansion. By securing consents to enable the building and deployment of a project of 240MW, the suppliers that we partner with will develop unrivalled capabilities to service the global tidal energy market. But if the opportunity to deploy the initial project is hampered, either by the consents not being granted in time to bid into the 2021 Contracts for Difference Auction Round or that the consents limits the initial project deployment to less than 14MW, Orbital and most likely the wider tidal energy industry will seek to progress other projects across the UK and overseas and most likely: we will be delayed in our urgent mission to reduce carbon emissions and reduce the impacts of climate change.

I look forward to working with you further to develop, deploy and delivery the world's first +10MW tidal stream project in Anglesey.

Your sincerely,



Andrew Scott, CEO
Orbital