

Simon Fennell  
TC Lincs OFTO Limited  
3 More Riverside  
London  
SE1 2AQ

Direct Dial: 0203 263 9695  
Email: Jourdan.edwards@ofgem.gov.uk

Date: 17 September 2021

## **DIRECTION UNDER PARAGRAPH 9 OF AMENDED STANDARD CONDITION E12-J4 OF THE OFFSHORE TRANSMISSION LICENCE**

Whereas:-

1. TC Lincs OFTO Limited (the **Licensee**) is the holder of an offshore transmission licence (the **Licence**) granted under section 6(1)(b) of the Electricity Act 1989 (the **Act**).
2. Unless otherwise defined, capitalised terms in this Direction and its Annex shall have the same meaning given to them in the Licence.
3. In accordance with Paragraph 9 of the Amended Standard Condition E12-J4 (the **Condition**):
  - a. the Licensee considers that the Transmission Service Reduction on the Licensee's Transmission System, commencing on 9 September 2020 and ending on 12 September 2020 was caused by an Exceptional Event;
  - b. the Licensee notified the Gas and Electricity Markets Authority (the **Authority**) of the event which resulted in the Transmission Service Reduction within 14 days of its occurrence;
  - c. the Licensee has provided details of the reduction in system availability that the Licensee considers resulted from the Exceptional Event and further information required by the Authority in relation to the event; and
  - d. the Authority is satisfied, for the reasons specified in the Annex to this Direction, that the event notified under sub-paragraph (b) above constitutes an Exceptional Event as defined in Amended Standard Condition E12-J1.
4. In accordance with Paragraph 10 of the Condition, the Authority is satisfied, for the reasons specified in the Annex to this Direction, that the Licensee took steps, consistent with Good Industry Practice, to manage the impact of the event on the availability of services (both in anticipation of the event and after the event had occurred).
5. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 25 August 2021 (the **Notice**).

6. No representations were made by the Licensee in response to the Notice.

Now therefore:

7. The Authority directs that the Licensee's reported system incentive performance be adjusted to offset the full duration of the outage: reported system incentive performance for incentive year 8 (beginning 1 January 2020) will be increased by a total of 6,008 MWh to fully offset the impact of this event.

8. This Direction constitutes notice pursuant to section 49A(1)(c) of the Act.

Yours sincerely,

**Jourdan Edwards**  
**Head of the OFTO Regime, Networks**

**Duly authorised by the Authority**

## ANNEX

### REASONS FOR ACCEPTANCE OF AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY TC LINCS OFTO LIMITED UNDER PARAGRAPH 9 OF AMENDED STANDARD CONDITION E12-J4

#### 1 Notification

- 1.1 On 15 September 2020, the Licensee notified the Authority that there had been a Transmission Service Reduction on one of its export cables. The Transmission Service Reduction ran from 9 to 12 September 2020.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 17 June 2021.

#### 2 Exceptional Event requirements

- 2.1. Paragraph 9 of the Condition provides that the Authority shall adjust the value of the monthly capacity weighted unavailability to offset the impact of an Exceptional Event where:
- a) the licensee considers that an event on its Transmission System that causes a Transmission Service Reduction has been wholly or partially caused by an Exceptional Event;
  - b) the licensee has notified the Authority that a possible Exceptional Event had occurred, within 14 days of its occurrence;
  - c) the licensee has provided such information as the Authority may require in relation to the event; and
  - d) the Authority is satisfied that the notified event is an Exceptional Event.
- 2.2. An Exceptional Event is defined in Amended Standard Condition E12-J1 of the offshore transmission licence as follows:

*"an Event or circumstance that is beyond the reasonable control of the licensee and which results in or causes a Transmission Service Reduction and includes (without limitation) an act of God, an act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), governmental restraint, Act of Parliament, any other legislation, bye law, or directive (not being any order, regulation or direction under section 32, 33, 34 and 35 of the Act) or decision of a Court of Competent Authority or any other body having jurisdiction over the activities of the licensee provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of the licensee. For the avoidance of doubt, weather conditions which are reasonably expected to occur at the location of the event or circumstance are not considered to be beyond the reasonable control of the licensee."*

#### 3 Decision

- 3.1 The Licensee has acted in accordance with the requirements of subparagraphs 9(a) to (c) of the Condition. Pursuant to subparagraph 9(d) of the Condition, the Authority is satisfied that the Transmission Service Reduction was caused by an Exceptional Event, for the reasons set out below.

## **4 Reasons for decision**

- 4.1 The Authority has considered the information provided by the Licensee against both the Licence and the open letter dated 22 October 2014 (the **Open Letter**).
- 4.2 On 15 August 2017 during a planned outage for routine maintenance, when energising export cable 2, circuit breaker 205 (**CB 205**) immediately tripped due to a Phases-Not-Together (**PNT**) signal from the associated PNT relay. The PNT protection detects if one or more phases are not closed and will trip where one or more phases are missing to ensure the circuit cannot be energised in such circumstances.
- 4.3 The relay was subsequently reset and the closing operation was repeated with the same result. Similar issues occurred on 17 August 2017 during further planned maintenance. The defect was subsequently notified to the supplier of CB 205 under the contract warranty provisions.
- 4.4 The supplier investigated the issue and after an unsuccessful attempt at fixing the defect, produced a report in December 2017 which identified the fault as being the result of a mechanical defect in spring stored energy mechanisms. Incorrect ratios had been applied to the springs in the drive mechanism of CB 205 during the assembly process of the switchgear, which led to the failure of CB 205 to latch closed on occasion.
- 4.5 The supplier carried out further work and investigations during July, August and September 2019, after which it concluded that one of the drive mechanisms (L2 phase) required complete replacement. It requested outages in the summer of 2020 in order to do this.
- 4.6 As a contingency, the Licensee requested that three mechanisms should be made available in case replacement of the L2 mechanism did not resolve the issue.
- 4.7 On 9 September 2020, an outage was taken in order to fix the defect. Following initial tests, the supplier confirmed all three mechanisms should be replaced. The work was completed on 12 September and 80 operations of the circuit breaker were completed without incident.
- 4.8 We accept that the Licensee could not reasonably have been expected to identify the intermittent fault caused by incorrect ratios being applied during assembly to the springs in the drive mechanism of CB 205 during the due diligence process prior to asset transfer, and that the event was beyond the reasonable control of the Licensee. We therefore consider that the claim constitutes an Exceptional Event within the terms of the Licence and the Open Letter.

## **5 Authority's adjustment to the reported system incentive performance under Paragraph 10 of Amended Standard Condition E12-J4**

- 5.1 In accordance with Paragraph 10 of the Condition, the adjustment to reported system incentive performance shall be based on the extent to which the Authority is satisfied that the Licensee had taken steps, consistent with Good Industry Practice, to manage the impact of the event on the availability of services (both in anticipation of the event and after the event has occurred). The Authority has considered whether the Licensee has taken steps in accordance with Good Industry Practice to manage the impact of

the event, and is satisfied that the Licensee acted in accordance with Good Industry Practice.

5.2 Therefore, the Authority directs that the Licensee's reported system incentive performance be adjusted to offset the full duration of the Transmission Service Reduction: 6,008 MWh reported system incentive performance for incentive year 8 (1 January 2020 to 31 December 2020), as follows:

- 9 to 12 September 2020 – 6,008 MWh