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

Whereas:-

1. Blue Transmission London Array 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 Reductions on the Licensee's Transmission System, on 8 and 15 June 2021 were 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 Reductions within 14 days of its occurrence;
  - c. the Licensee has provided details of the reductions 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 12 of the Condition to the Licensee on 08 November 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 9 (beginning 1 January 2021) will be increased by a combined total of 11,371.2 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 GREATER GABBARD OFTO PLC UNDER PARAGRAPH 9 OF AMENDED STANDARD CONDITION E12-J4

#### 1 Notification

- 1.1 On 21 June 2021, Blue Transmission London Array Limited (the **Licensee**) notified the Authority that there had been transmission service reductions on two of the four export cables. The transmission service reductions occurred on 8 June and 15 June 2021.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 21 June 2021.

#### 2 Exceptional Event requirements

- 2.1 Paragraph 9 of Amended Standard Condition E12-J4 (the **Condition**) provides that the Authority shall adjust the value of the reported system incentive performance 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, 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 the European Commission 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 reductions were 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 The Licensee provided the technical report prepared by ABB in respect of previous events in 2016<sup>1</sup>, 2017<sup>2</sup> and 2019<sup>3</sup> at the same site. The report confirms that the root cause of the event is the anodizing manufacturing process increasing the risk of recrystallization and stress corrosion cracking in the housing of the drive mechanism. This could result in a crack and a subsequent failure to maintain oil pressure in the drive mechanisms. The Licensee also provided a letter from ABB that confirms that the same manufacturing fault applies to the 2021 event. The Licensee confirmed that in line with the original equipment manufacturer's recommendations and good industry practice, there has been no requirement to maintain the circuit breakers since asset transfer.
- 4.3 The Licensee advised that it followed the manufacturer's recommendation to monitor the drive mechanisms and maintain a spare whilst plans were put in place to carry out the pre-emptive repair of the two remaining drive mechanisms with minimum impact on availability.
- 4.4 The Licensee stated that waiting for the potential drive mechanism failure (as opposed to pre-emptively repairing the asset) created a risk of an unplanned outage lasting several days due to the unavailability of ABB specialist staff to undertake a repair at short notice. The Licensee has confirmed that it chose "*the lowest Transmission Service Availability impact option*". A pre-emptive repair allowed the Licensee to "*expediate the replacement in a managed timely manner*".
- 4.5 The Licensee mobilised staff to work longer days on the 8<sup>th</sup> and 15<sup>th</sup> June 2021 to undertake the pre-emptive repair on the red phases of circuit breakers X190 and X290. It should be noted that services were reinstated the same working day on both occasions.
- 4.6 We note the same manufacturing fault has resulted in a number of repair programmes since 2016. Following the event of 2019 the Licensee decided to replace the remaining hydraulic drives.
- 4.7 Based on the information provided by the Licensee, we consider the Licensee has acted in accordance with Good Industry Practice by undertaking pre-emptive repairs to replace drive mechanisms for the red phases of circuit breakers X190 and X290. Repairing the assets before failure reduced the impact of the events on the availability of services.
- 4.8 Given this, we accept that the Licensee could not reasonably have been expected to identify the fault during the due diligence process prior to asset transfer, and that the root cause of the events was beyond the reasonable control of the Licensee. The Authority is satisfied that the Licensee has taken reasonable steps, consistent with Good Industry Practice, to manage the impact of the events both in anticipation of the events and after the events have occurred. We therefore consider that the claim constitutes an Exceptional Event within the terms of the Licence and the Open Letter.

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<sup>1</sup> [Link](#) to EE direction relating to the 2016 event.

<sup>2</sup> [Link](#) to EE direction relating to the 2017 event.

<sup>3</sup> [Link](#) to EE direction relating to the 2019 event.

## **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 events 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 in carrying out pre-emptive repairs to manage the impact of the events, and is satisfied that the Licensee acted in accordance with Good Industry Practice in carrying out safe, efficient and successful pre-emptive repairs involving the equipment manufacturer (ABB).
- 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 on 8 June 2021 and 15 June 2021 as follows: 6,112.8 MWh and 5,258.4 MWh respectively reported system incentive performance for incentive year 9 (beginning 1 January 2021).
- 8 June 2021 – 6,112.8 MWh
  - 15 June 2021 – 5,258.4 MWh