



Making a positive difference
for energy consumers

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Date: 24 November 2021

Dear Simon,

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

Whereas:-

1. Gwynt y Môr OFTO plc (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 as 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 15 October 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, for the period 1 January 2021 to 8:59am on 7 March 2021 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, based on the evidence provided by the Licensee to date and 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, based on the evidence provided by the Licensee, 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), for the majority of the period.

The Office of Gas and Electricity Markets

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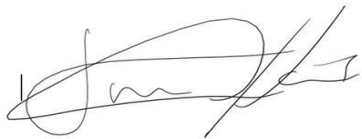
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5. However, in the process of restoring transmission services there were some minor incidents where Good Industry Practice was not followed, which led to a total delay of 5.8 days or 23,419.2 MWh. The Authority considers the Licensee should not be compensated for these delays.
6. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 11 November 2021 (the **Notice**).
7. No representations were made by the Licensee in response to the Notice.

Now therefore:

8. The Authority directs that the Licensee's reported system incentive performance be adjusted to offset the duration of the outage from 1 January to 8:59 on 7 March 2021: reported system incentive performance for incentive year 7 (beginning 1 January 2021) will be increased by a combined total of 235,503.8 MWh to offset the impact of this event;
9. This Direction constitutes notice pursuant to section 49A(1)(c) of the Act.

Yours sincerely,



Jourdan Edwards
Head of the OFTO Regime, Systems & Networks

Duly authorised by the Authority

**REASONS FOR ACCEPTANCE OF AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY
GWYNT Y MÔR OFTO PLC UNDER PARAGRAPH 9 OF AMENDED STANDARD
CONDITION E12-J4**

1 Notification

- 1.1 On 15 October 2020, Gwynt y Môr OFTO plc (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction on one of its export cables.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 16 June 2021, alongside details of the actions the Licensee has taken between 1 January 2021 and 8:59am on 7 March 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, 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 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 on the evidence provided by the Licensee to date that the Transmission Service Reduction was caused by an Exceptional Event, for the reasons set out below.

4 Reasons for decision

- 4.1 On 24 February 2021, the Authority concluded that the event that occurred on 15 October 2020 was an exceptional event and directed the full level of protection for the period 15 October 2020 to 31 December 2020 (the **February 2021 direction**).¹
- 4.2 On 16 June 2021, the Licensee submitted a claim for an exceptional event for the period between 1 January 2021 and 7 March 2021 (the **claim**). The claim set out the reasons for the failure on 15 October 2020 and the steps the Licensee had taken between 1 January and 7 March 2021 to restore transmission services. As required by the February 2021 direction, the Licensee provided the final Root Cause Analysis report related to this Transmission Services Reduction.
- 4.3 We have considered the information provides by the Licensee and conclude there is no evidence that leads us to reconsider the conclusion in the February 2021 direction, that the event that occurred on 15 October 2020 is an exceptional 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 event on the availability of services (both in anticipation of the event and after the event has occurred).
- 5.2 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 for the majority of the period. However, in the process of restoring transmission services there were some incidents where Good Industry Practice was not followed, which led to a total delay of 5.8 days or 23,419.2MWh. The Authority considers that the Licensee should not be compensated for these delays.
- 5.3 In one incident, the company providing the jack-up vessel withdrew the services of the vessel due to concerns about COVID restrictions. Although the Licensee had signed a contract with its repair contractor, the repair contractor had not counter-signed the requirements with the provider of the jack-up vessel.
- 5.4 The repair contractor arranged for a replacement vessel, however, the replacement vessel suffered engine failure, that resulted in the vessel being deployed² 2 days later than planned³. It does not appear that the Licensee was directly responsible for this delay, which seem to be the result of failures on the part of the repair contractor's (or its subcontractor's) equipment. However, we consider that, consistent with the approach adopted for previous claims, the Licensee holds overall responsibility for conducting the repair. We therefore consider the Licensee should not be compensated for this 2-day delay.
- 5.5 In addition,
- i. On 3 March 2021, an issue occurred when over boarding the repaired cable, resulting in a delay of 2.8 days. We consider the actions of the Licensee's contractor are the responsibility of the Licensee, thus we consider Licensee

¹ [Link](#) to the February 2021 direction.

² Deployment date being 6 January 2021.

³ The planned date being 4 January 2021, as set out in the plan submitted to the Authority on 27 November 2020.

failed to follow Good Industry practice when lowering the cable onto the seabed. As such, we propose to deduct 2.8 days from the level of protection granted to the Licensee.

- ii. An unexplained delay of 1 day due to activities taking longer than expected is also deducted.

5.6 Therefore, the Authority directs that the Licensee's reported system incentive performance be adjusted to offset the duration of the Transmission Service Reduction from 1 January to 8:59am on 7 March 2021 as follows: 235,503.8 MWh reported system incentive performance for incentive year 6 (1 January 2020 to 31 December 2020).