

To:

**The General Manager
Humber Gateway OFTO Limited
350 Euston Road
LONDON
NW1 3AX**

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

Whereas:-

1. Humber Gateway 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 Amended Standard Condition E12-J4 (the "Condition"):
 - (a) the Licensee considers that the event causing the Transmission Service Reduction on the Licensee's Transmission System that occurred between 20 August 2020 and 22 August 2020 was wholly or partially caused by an Exceptional Event (as defined in Amended Standard Condition E12-J1 of the Licence);
 - (b) the Licensee notified the Gas and Electricity Markets Authority (the "Authority") of the reduction in system availability within the 14-day period required by the licence;
 - (c) the Licensee has provided details of the reduction in system availability that the Licensee considers resulted from the Exceptional Event and further information requested by the Authority; and
 - (d) the Authority is satisfied, for the reasons specified in Annex 1 to this direction, that the event notified under sub-paragraph (b) above constitutes an Exceptional Event.
4. At 15:35 on 20 August 2020 the Licensee experienced an unplanned outage of their circuit breaker 2M5, following an earth fault on the generators' 33 kV network. The Licensee's O&M contractor attempted to visit the offshore substation platform (OSP) on 21 August 2020 but adverse weather conditions forced the vessel to turn back. A second attempt to visit the OSP on 22 August was successful and the system was re-energised at 10:53 on 22 August 2020.
5. Subsequent investigation found that the Licensee's circuit breaker 2M5 had acted in response to a trip signal, even though the generators' circuit breaker 5L5 had already operated to remove the fault from the network. An investigation by the Licensee's technical adviser found that the earth fault had established a rare

resonance condition which meant that current continued to circulate through 2M5 even after 5L5 had operated.

6. The Licensee has stated that resonance conditions are extremely unusual, and that neither they nor the generator identified this as an issue at due diligence. They have confirmed that the settings for circuit breaker 2M5 were set at installation and that they had not been adjusted by the Licensee prior to the incident on 20 August 2020.

7. The Authority has accepted that the settings for 2M5 were legitimate and fit for purpose, and had ensured the correct response to several previous failures on the generators' system since 2017. Based on the evidence provided, our conclusion is that the root cause of the event was beyond the reasonable control of the Licensee, and that the Licensee could not reasonably have been expected to have identified a future and rare resonance issue during the due diligence process. We consider therefore that the claim constitutes an exceptional event within the terms of the Licence and our open letter of October 2014 on the evaluation of exceptional events.

8. In accordance with Paragraph 10 of the Condition, the Authority is satisfied, for the reasons specified in Annex 1 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).

9. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 4 April 2022 (the "Notice"). No representations were made by the Licensee in response to the Notice.

Now therefore:

10. 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 6 (beginning 1 January 2020) will be increased by a combined total of 4,778 MWh to fully offset the impact of this event.

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

Dated: 9 May 2022

Yvonne Naughton
Head of the OFTO Licensing, Networks

Duly authorised by the Authority

ANNEX 1

THE AUTHORITY'S DECISION ON AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY HUMBER GATEWAY OFTO LIMITED UNDER AMENDED STANDARD CONDITION E12-J4

1 Notification

- 1.1 On 20 August 2020, Humber Gateway OFTO Limited (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction on one of its two export cables, and that the Licensee might in due course submit an Exceptional Event claim in connection with this incident. The Transmission Service Reduction ran from 20 August 2020 to 22 August 2020 (the **Failure Event**).
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 27 October 2021.

2 Exceptional Event requirements

- 2.1. Paragraph 9 of the Condition (Amended Standard Condition E12-J4 (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 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 Failure Event is 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 regarding the Failure Event against both the Licence and the open letter dated 22 October 2014 (the **Open Letter**).
- 4.2 An investigation by the Licensee's technical adviser found that the earth fault on the generators' network had established an unusual resonance condition, which meant that current continued to circulate through the Licensee's circuit breaker 2M5 even after the generators' circuit breaker 5L5 had operated.
- 4.3 The Licensee has confirmed that the protection settings for the circuit breaker 2M5 were set at installation and had not been adjusted before the Failure Event by the Licensee. These settings had ensured correct operation on a number of previous occasions to clear faults on the generators' network, and the Authority accepts that these settings were legitimate and fit for purpose. Network resonances are rare and not necessarily repeatable.
- 4.4 The Authority is satisfied that the root cause of the event was beyond the reasonable control of the Licensee, that the circuit breaker was set correctly and that the Licensee could not reasonably have been expected to have identified a future resonance issue during the due diligence process. We therefore consider that the event constitutes an Exceptional Event as defined in Amended Standard Condition E12-J1.

5 Authority's adjustment to the reported system incentive performance under Paragraph 10 of the Condition

- 5.1 In accordance with Paragraph 10 of the Condition, where the Authority is satisfied that an Exceptional Event has occurred, 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 Given this action taken by the Licensee, we are satisfied that the Licensee took steps, in accordance with Good Industry Practice, to manage the impact of the event on the availability of the services.
- 5.3 Therefore, 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 6 (beginning 1 January 2020) will be increased by 4,778 MWh to fully offset the impact of this event.