

Transmission licensees,
Generators, suppliers, and-
consumer groups

Date: 5 July 2022

Dear Colleague,

**Consultation on minded-to decision for an Insulation and Interruption Gas
Exceptional Event Claim for Scottish Hydro Electric Transmission's (SHET) at
Blackhillock**

Background

Ofgem received a notification from SHET on 24th December 2021 regarding a leakage event of 34kg of Sulphur Hexafluoride gas (SF₆) at its Blackhillock substation, which occurred on 12th and 13th December 2021.

The claim was submitted under Part C of Special Condition 4.3 Insulation and Interruption Gas emissions output delivery incentive (IIG Incentive) and allows for Transmission Operators (TOs) to make a claim that a leakage event meets the definition of an IIG Exceptional Event. Subsequent information regarding the event was provided by SHET to Ofgem on 18th March 2022.

Details of the claim made by SHET is provided below:

Details of claim provided by Licensee	
Licensee	SHET
Date(s) of IIG leakage event	12-13 th December 2021
Event cause & Location	Rapid loss of gas at Blackhillock 400kV substation, due to a crack in a switchgear insulation flange
Total IIG leakage associated with event	33.92kg of SF ₆ (798.53 tonnes CO ₂ e)
Value of IIG volume in claim, using the central carbon value price per tonne of CO ₂ e ¹ (£)	£195,639.85
Date of notification to the Authority	24 th December 2021

¹ As set out in the Green Book Supplementary Guidance

Ofgem's view and 'minded-to' position

Based on the evidence submitted, we agree with the conclusion presented by SHET that the most likely cause of the leakage event occurred from a manufacturing issue with the switchgear. As a result, we agree that the leakage event was beyond the reasonable control of the licensee and therefore successfully meets the definition of an IIG Exceptional Event.

The claim was made to the Authority within 14 days of the incident, and as a result, complies with Special Condition 4.3.12(a). We also agree that SHET met the criteria under Special Condition 4.3.12(b) for further evidence to be submitted within 30 days of the notification, except where the Authority consents. On this occasion, Ofgem consented to a request for additional time from SHET, to allow for an investigation and report from the original equipment manufacturer. Lastly, we consider that SHET has met the criteria set out within Special Condition 4.3.13, in that the value of the volume of leakage exceeded the value of making the claim to Ofgem.

Therefore, our minded-to position is to accept the claim made by SHET and propose to issue a direction. The text for the proposed direction is set out below:

The Authority hereby issues a Direction to SHET under section 4.3.14 of the Electricity Transmission Special Licence Conditions, to adjust the value of the ALE_t term by excluding 33.92kg of SF₆ (798.53 tonnes CO_{2e}) for the purpose of calculating the Insulation and Interruption Gas emissions output delivery incentive revenue adjustment in the year 2021-22.

The reason for the proposed direction is that the Authority considers SHET to have submitted sufficient evidence to support the claim that the leak event meets the definition of an IIG Exceptional Event. Additionally, the Authority is of the view that SHET successfully met the criteria for a claim under Special Conditions 4.3.12 and 4.3.13.

Should you like you make any representations on the proposed direction, please direct them to Dale.Winch@ofgem.gov.uk by 4 August 2022. We will consider all responses before making a decision on SHET's IIG Exceptional Event claim.

Yours sincerely,

Jourdan Edwards,
Interim Deputy Director, Price Control Operations
Duly authorised on behalf of the Authority
5 July 2022