

Transmission licensees,
Generators, suppliers, and-
consumer groups

Date: 7 September 2022

Colleague,

Consultation on minded-to decision for an Energy Not Supplied Exceptional Event Claims for National Grid Electricity Transmission plc

Background

Ofgem has received an Energy Not Supplied (ENS) Exceptional Event claim from National Grid Electricity Transmission plc (NGET) for a loss of supply incident that occurred on 24 March 2022.

The claim was submitted under Part D of Special Condition 4.2 (Energy not supplied output delivery incentive), which allows for Transmission Operators (TOs) to request that a loss of supply event is classified an ENS Exceptional Event as defined in special licence condition 1.1.¹

Details of the ENS Exceptional Event claim	
Licensee	NGET
Start date and time of event	24 March 18:41
End date and time of event	24 March 20:26
Main area(s) affected	Hertfordshire, England
Total MWh unsupplied associated with exceptional event	89.9

The claim relates to loss of supply at the Elstree 275kV substation in Hertfordshire.

The loss of supply originated from a catastrophic failure of Elstree 275kV Bus Coupler 2 circuit breaker W20. Protections operated immediately on the Elstree 275kV Main Busbar 2 and Reserve Busbar 2, tripping both busbars and all circuits connected to them.

Prior to the fault, Elstree 132kV substation had been configured as three separate nodes and interconnected to other grid supply points via 132kV circuits owned by the local distribution network operator (DNO). However, two 132kV circuits between Elstree and Cell Barnes/Hatfield also tripped at the time of the fault unexpectedly. As a result, customer

¹ A copy of NGET's electricity transmission special licence conditions is available on Ofgem's website: <https://www.ofgem.gov.uk/publications/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions-1-april-2022>

demand was not picked up post fault from Rye House via the DNO's 132kV interconnection. The DNO attempted switching the tripped 132kV circuits to restore demand, but they were unable to close their circuit breakers at Hatfield due to standing close lockout alarms.

The faults to NGET's equipment were cleared in line with design clearance times and after NGET established that no damage had been caused to other transmission equipment, it started returning equipment back to service. NGET energised and offered equipment at Elstree as available for demand restoration to the DNO 1 hour and 45 minutes after the fault.

A total of 76,864 customers were affected and the total loss of supply was 89.9 MWh.

Ofgem's view and 'minded-to' position

The Authority proposes to direct that a total of 89.9 MWh shall be excluded for the purpose of calculating the volume of energy not supplied in the ENS output delivery incentive for the following reasons:

1. The Authority notes that the arrangement of the transmission and distribution networks at Elstree was configured to allow all demand to remain connected after the fault. The Authority is also satisfied that the failure of the circuit breaker W20 should not have resulted in the tripping of the DNO owned 132kV circuits from Elstree to Cell Barnes/Hatfield.
2. The Authority is satisfied that NGET took reasonable preventative and mitigating actions before and after the event to limit the effect of the ENS Exceptional Event and to restore supplies quickly and efficiently. For example, NGET's maintenance programme for the W20 circuit breaker was up to date prior to the failure; following the failure, all NGET trip operations were correct as per design and NGET used reasonable endeavours to return its equipment to service to restore demand in a timely fashion once it had established it was safe to do so.
3. The Authority finds that the loss of supply experienced by customers on 24 March 2022 was ultimately due to the two DNO owned 132KV circuits unexpectedly tripping at the time of the failure of the Elstree circuit breaker W20. The issues relating to the DNO's equipment or protection are beyond the reasonable control of NGET, therefore, the Authority considers that the event was not attributable to any error on NGET's part. Accordingly, the Authority views that the resulting loss of supply is classed an ENS Exceptional Event as defined in Special Condition 1.1 of NGET's electricity transmission licence.
4. In addition, NGET has met the criteria as set out within Special Condition 4.2.13(a), for a notification to be made to the Authority within 14 days of an incident. NGET also met the criteria under Special Condition 4.2.13(b) for further evidence to be submitted within 30 days of the notification, except where the Authority consents.

Our minded to position is to accept the claim made by NGET that the loss of supply event was beyond the reasonable control of the licensee and is deemed an ENS Exceptional Event. Therefore, we propose to issue a direction to that effect. The text for the proposed direction is set out in the Annex to this letter.

Do you agree with our minded-to position to issue a direction, in the proposed form set out?

Representations may be made on the proposed direction to Anna Kulhavy at Anna.Kulhavy@ofgem.gov.uk by 5 October 2022. We will consider all representations before making a final decision on ENS Exceptional Event claims direction.

We will publish the non-confidential responses we receive on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

Yours sincerely,

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

Annex – Proposed text for Direction under Part D of Special Condition 4.2 (Energy Not Supplied output delivery incentive)

1. The company to whom this direction is addressed is the holder of a licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989.
2. In accordance with paragraph 4.2.16 of Special Condition 4.2 (Energy not supplied output delivery incentive), on 7 September 2022 the Gas and Electricity Markets Authority² (the “Authority”) published on its website the text of the proposed direction to issue and stated that representations must be made on or before 5 October 2022.
3. We received **XX** non-confidential representation(s) and have placed these on our website. Having considered the representations we have decided to proceed with making this direction.
4. The reason for this direction is because we have approved an energy not supplied Exceptional Event claim submitted by National Grid Electricity Transmission plc as further set out in our consultation document published on 7 September 2022.³
5. This direction is our notice of reasons for the purposes of section 49A of the Electricity Act 1989.
6. Now the Authority pursuant to the provisions of Special Condition 4.2 hereby directs an adjustment to the ENSA_t term by excluding 89.9 MWh for the purpose of calculating the Energy Not Supplied output delivery incentive revenue adjustment in the year 2021-22.
7. This direction will take effect on and from **XX** 2022.

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

² The “Authority”, Ofgem, “we” and “our” are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

³ Add consultation link