

Transmission licensees,  
generators, suppliers, and-  
consumer groups



Making a positive difference  
for energy consumers

Date: 10 October 2023

Dear colleague,

**Consultation on minded-to decision for an Insulation and Interruption Gas  
Exceptional Event Claim for Scottish Power Transmission (SPT) at Hunterston  
Converter Station**

**Background**

We<sup>1</sup> received a notification from SPT on 26 June 2023 regarding a leakage event of 226kg of sulphur hexafluoride (SF<sub>6</sub>) gas at its Hunterston Converter Station on 14 June 2023.

The claim was submitted under Part C of Special Condition (SpC) 4.3 Insulation and Interruption Gas (IIG) emissions output delivery incentive of SPT's electricity transmission licence. SpC 4.3 allows for Transmission Operators (TOs) to make a claim that an IIG leakage event meets the definition of an IIG Exceptional Event. Subsequent information regarding the event was provided by SPT to Ofgem on 25 July 2023.

Details of the claim made by SPT are provided below:

<b>Detail of the claim provided by Licensee</b>	
Licensee	SPT
Date of IIG leakage event	14/6/2023
Event cause and location	Disruptive failure of cable termination leading to the loss of IIG from the associated gas-insulated switchgear (GIS) gas compartment. The design of the asset combined with the type of failure meant all contained IIG was immediately vented, with no way of preventing the leakage. The event happened on the Hunterston East – Hunterston Converter Station No.2 circuit at Hunterston Converter Station.
Total IIG leakage associated with event (kg)	226
Value of IIG volume in claim, using central carbon value price per tonne of CO <sub>2</sub> e (£)	1.325m

<sup>1</sup> The terms "the Authority", "Ofgem", "we" and "us" are used interchangeably in this notice.

Date of notification to the authority	26/06/2023
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## Ofgem's view and 'minded-to' position

Based on the evidence submitted, we agree with the conclusion presented by SPT that the event could not have been reasonably foreseen and prevented. In addition to following standard industry maintenance protocols, the assets in question underwent extensive testing and monitoring due to the discovery of partial discharge (ie, a type of electrical discharge which happens in the IIG within the asset) in December 2021. Despite continuous monitoring, no evidence of imminent failure was uncovered in the subsequent period until the disruptive event took place on 14 June 2023. The evidence was reviewed by multiple expert parties and best practice followed regarding the investigative procedure. 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 SPT 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. Lastly, we consider that SPT 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.

Our minded-to position is therefore to accept the claim made by SPT and propose to issue a direction. The text for the proposed direction is set out in the Annex to this letter.

The reason for the proposed direction is that the Authority considers SPT 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 SPT successfully met the criteria for a claim under Special Conditions 4.3.12 and 4.3.13.

Any representations with respect to the proposed direction should be made to [James.Mackintosh@ofgem.gov.uk](mailto:James.Mackintosh@ofgem.gov.uk) by **7 November 2023**.

We will consider all responses before making a decision on SPT's IIG Exceptional Event claim. We normally publish all responses on our website. If you do not wish your response to be made public then please clearly mark it as not for publication and provide an explanation of why it should be treated as confidential. We prefer to receive responses in an electronic form so they can be placed easily on our website.

Yours sincerely,

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**David McCrone,**  
Head of Quality of Service, Networks  
Duly authorised on behalf of the Authority  
10 October 2023

**Annex – Proposed text for Direction under Part C of Special Condition 4.3  
(Insulation and Interruption Gas emissions 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 4.3.14 of Special Condition 4.3 (Insulation and Interruption Gas emissions output delivery incentive), on 10 October 2023 the Gas and Electricity Markets Authority (the "Authority") published on its website the text of the proposed direction to issue and stated that representations must be made on or before 7 November 2023.
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 Insulation and Interruption Gas Exceptional Event claim submitted by SP Transmission plc as further set out in our consultation document published on 10 October 2023.
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 4.3, hereby directs an adjustment to the ALEt term by excluding 226kg SF6 for the purpose of calculating the Insulation and Interruption Gas emissions output delivery incentive revenue adjustment in the year 2023/24.
7. This direction will take effect on and from **XX** 2023.

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**David McCrone**

Head of Quality of Service, Networks  
Duly authorised on behalf of the Authority

Date **XX**