

To:

Offshore Transmission Owners
and Industry Participants

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Dear Colleague

Offshore transmission availability incentive

Offshore Transmission Owners (**OFTOs**) are subject to a financial penalty where offshore transmission system availability falls below 98%, subject to the exclusions set out in Amended Standard Licence Condition E12-J4 (the **availability incentive**) of the electricity transmission licence.

In response to a question raised by stakeholders¹, the Authority considers it is beneficial to clarify that where an offshore transmission system is physically capable of providing transmission services (i.e. is 100% available) but cannot do so solely as a result of a restriction required by the System Operator, such an event would not be considered a Transmission Service Reduction for the purposes of calculating the availability incentive.

Please note that any event that renders an offshore transmission system physically incapable of providing transmission services (in whole or in part) during any period where a restriction is required by the System Operator, would be considered a Transmission Service Reduction for the purposes of calculating the availability incentive.

Transmission Service Reduction is commonly defined in the conditions of OFTO licences as:

- a) a planned temporary reduction in the extent to which transmission services are provided (an **Outage**), or
- b) transmission services are not, other than by reason of an Outage, physically capable of being provided or are not capable, for immediate safety reasons or pursuant to environmental obligations, of being provided (a **Service Reduction**).

Circumstances where an offshore transmission system is physically capable of providing transmission services do not satisfy the conditions of Transmission Service Reduction for the purposes of calculating the availability incentive because:

- a) there is no reduction in the extent to which the Licensee's transmission system is available to provide transmission services, and
- b) the Licensee's system is physically capable of providing Transmission Services.

¹ For example where an OFTO is required to cease transmission to allow works on the onshore transmission system to proceed safely, or where an OFTO's system is disconnected as a result of the activation of a Pathfinder Commercial Intertrip Service (CMP) – you can find out more about intertrips from the System Operator.

Where an offshore transmission system is physically capable of providing transmission services, but cannot do so solely as a result of a restriction required by the System Operator, we consider that no Transmission Service Reduction has occurred.

Should you have any questions, please do not hesitate to contact me via e-mail at yvonne.naughton@ofgem.gov.uk.

Yours sincerely,



Yvonne Naughton
Head of OFTO Licensing and Compliance