GWYNT Y MÔR OFTO

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T: 020 7121 3700

STRICTLY PRIVATE AND CONFIDENTIAL

25 June 2024

Ofgem
10 South Colonnade,
Canary Wharf,
London, E14 4PU

By email to
yvonne.naughton@ofgem.gov.uk

For the attention of Yvonne Naughton

Dear Yvonne,

Gwynt y Môr OFTO plc (the Licensee) – Income adjusting Event (IAE) Notice pursuant to amended standard licence condition E12-J3 (the IAE Condition) regarding failure of subsea export cable 3 (SSEC3)

The Licensee submits this IAE Notice seeking recovery of further costs incurred in resolving issues arising from a latent defect that exists in the PE sheath of the fibre optic cable contained within SSEC3. The Licensee does not have recourse to its insurance policies to recover the costs which are being claimed and submits this IAE Notice on the grounds of Uninsurability (per the Authority's policy decision dated 28 November 2018).

The Licensee refers to the following information in connection with the power core failure to SSEC3 that occurred in October 2020 (the 2020 Cable Failure) and in December 2023 (the 2023 Cable Failure):

- The Licensee completed a repair in two stages (respectively the Stage 1 Repair and the Stage 2 Repair) in response to the 2020 Cable Failure.
- On 6 July 2023, the Authority granted the Licensee's claim for an Income Adjusting Event in respect of costs and expenses incurred in effecting the Stage 1 Repair (the 2023 IAE Determination).
- On 1 August 2023, a judicial review claim was submitted against the 2023 IAE Determination.
- On 14 December 2023, the Licensee notified the Authority of the 2023 Cable Failure.
- On 19 March 2024, the Authority granted the Licensee's claim for an Income Adjusting Event in respect of costs and expenses incurred in effecting the Stage 2 Repair (the 2024 IAE Determination).
- On 9 May 2024, the Authority issued a letter to the Licensee indicating that:
  (a) as the 2023 Cable Failure appears to be an event or circumstance that constitutes an Income Adjustment Event (as defined in paragraph 15 of the IAE Condition), then
  (b) the costs and expenses incurred in undertaking a two-stage repair (Option B Repair and the Option C Repair) (the "Agreed Repair Plan") would in principle be capable of being passed-through as an IAE on the same basis as set out in 2024 IAE Determination.
  (c) This indication being made on the assumption that the 2023 Cable Failure is Uninsurable per the Authority's policy decision dated 28 November 2018 and the licence modification effective 14 January 2021 defining "Uninsurable" in amended standard condition E12-J1 of the Licensee licence

  hereinafter referred to as the "Minded-to Principles".
- The Licensee has started work under the Agreed Repair Plan in respect of the 2023 Cable Failure.
- All the related responses to information requests issued by the Authority leading up to the 2023 IAE Determination and the 2024 IAE Determination.
- The Authority's Decision on Uninsurability published in November 2018 (the Uninsurability Policy) in particular paragraphs 3.8 and 3.63 of the Uninsurability Policy.

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The Licensee holds an offshore electricity transmission licence, granted on 11 February 2015 under section 6(1)(b) of the Electricity Act 1989 (the "Licence"). The Licensee gives Notice to the Authority, pursuant to paragraph 14 of the IAE Condition, that it has incurred an increase in costs and/ or expenses (in excess of the IAE Condition thresholds) that it considers qualifies for the IAE Condition in line with the Uninsurability Policy.

Paragraph 16 of the IAE Condition requires the Licensee to give particulars of:

(a) the event to which the Notice relates and why the event constitutes an IAE.

The increase in costs relate to separate events as follows:

- Further costs incurred in 2023/24 connected with the Stage 1 Repair and the Stage 2 Repair in response to the 2020 Cable Failure (the Further Costs), and
- Costs incurred in 2023/24 in connection with the Licensee's Option B repair for the 2023 Cable Failure (the Initial Stage 3 Repair Costs).
- Costs incurred in 2023/24 in connection with the Licensee's Option C repair for the 2023 Cable Failure (the Initial Stage 4 Repair Costs).

The Authority has already determined that the event giving rise to the Further Costs constitutes an IAE in the 2023 IAE Determination and the 2024 IAE Determination.

The 2023 Cable Failure is expected to have the same root cause to the 2020 Cable Failure such that it should qualify as an IAE under paragraph 15(c) of the IAE Condition on the basis that it is Uninsurable. The evidence to confirm the root cause of the 2023 Cable Failure should be available later in 2024 after the failed cable length has been recovered. The Licensee's insurance policy was renewed in November 2023 using two lead insurers. The lead insurers were only prepared to provide cover for the offshore export cables with a LEG 1 exclusion given the long history of issues with the existing offshore cables. We have provided copies of our insurance policies in a zip file and set out the OFTO's recent experience of the insurance market at Annex C.

In summary, the Licensee's position is that 2020 Cable Failure and the 2023 Cable Failure:

- have been caused by a latent defect that existed prior to the Licensee owning the asset;
- the Licensee was not aware of the latent defect, and could not have been aware of the latent defect prior to purchasing the asset;
- the event would normally be covered by insurance with a LEG 3 Exclusion, but the Licensee's insurers either declined to provide LEG 3 cover or, where LEG 3 was available, included a specific exclusion for loss or damage arising directly or indirectly from this latent defect;
- the Licensee has incurred costs above the IAE condition threshold.

(b) the amount of any change in costs and/or expenses that have been caused by each event and how the amount of these costs and/or expenses has been calculated.

The Licensee summarises the costs incurred since the IAE Notice submitted on 16 March 2023 in Table 1 below. These Further Costs comprise funding costs and some further tests and investigation costs with further explanation provided below and in Annex A.

If the Licensee's insurance policy had responded to cover the costs of the Stage 1 Repair and the Stage 2 Repair, these costs would have been settled promptly following each repair. This would have allowed the Licensee to manage its cashflow position without recourse to external funding sources.

The repair costs are not settled as promptly via an IAE claim, so the Licensee had to access funding from other sources to manage the cashflow demand of a two-stage repair. This funding was secured

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by seeking consent from the Licensee's funders to utilise the PBCE facility provided by the European Investment Bank (EIB).

The PBCE facility was established as additional security for the Licensee's bondholders when the asset was purchased. Its purpose is to provide security for debt service payments, so the Licensee had to procure a waiver from the bondholders and the EIB to use it for Emergency Repairs. Interest is charged on funds drawn from the PBCE facility by reference to the prevailing Bank of England Interest rate. The impact of this is that the Licensee was required to incur interest payments that it would not normally have expected to pay and as a direct result of the IAE.

Paragraph 3.8 of the Uninsurability Policy states: "*we consider the IAE Condition should operate to provide uninsurability protection that puts the claimant OFTO back in the position it would have been in had the risk of damage caused by a latent defect been insurable.*"

And paragraph 3.63 of the Uninsurability Policy goes further: "*The IAE Condition provides that the Authority determine a revenue adjustment for a successful IAE claim that ensures the financial position and performance of the OFTO are, in so far as is reasonably practicable, the same as if the IAE had not occurred. Thus, all costs claimed must be a direct result of the IAE and will be paid net of all sums recovered through commercial avenues of recourse.*"

On this basis, the Licensee seeks to recover the interest payments it has paid on the outstanding principal drawn from the PBCE Facility since the IAE Notice submitted on 16 March 2023.

Table 1 Summary of Further Costs in this IAE Notice

Cost Category	16-Mar 2023 31-Mar 2023	01-Apr 2023 31-Mar 2024	01-Apr 2024 31-Mar 2025	Total
01.Testing	11,025.09	49,232.04	0.00	60,257.13
13.PBCE Interest payments	1,368,523.26	874,430.75	0.00	2,242,954.01
Total Further Costs	1,379,548.35	923,662.79	0.00	2,303,211.14

The Licensee sets out the nature and relevance of the Initial Stage 3 Repair Costs incurred in Annex B to this letter and summarises the costs incurred in the Relevant Year in Table 2 below.

Table 2 Summary of Initial Stage 3 Repair Costs in this IAE Notice

Cost Category	16-Mar 2023 31-Mar 2023	01-Apr 2023 31-Mar 2024	01-Apr 2024 31-Mar 2025	Total
01.Testing	0.00	270,538.76	12,279.36	282,818.12
02.TA/legal/comm	0.00	28,516.24	70,502.51	99,018.75
03.Safety	0.00	35.00	3,148.00	3,183.00
04.Repair Management	0.00	9,735.50	34,378.25	44,113.75
06.Insurance	0.00	0.00	1,723,275.40	1,723,275.40
07.Parts_Stage3&4	0.00	358,104.50	70,406.47	428,510.97
08.Repair contract	0.00	0.00	1,762,737.00	1,762,737.00
Total – Stage 3 Repair	0.00	666,930.00	3,676,726.99	4,343,656.99

The Licensee sets out the nature and relevance of the Initial Stage 4 Repair Costs incurred in Annex B to this letter and summarises the costs incurred in the Relevant Year in Table 3 below.

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Table 3 Summary of Initial Stage 4 Repair Costs in this IAE Notice

Cost Category	16-Mar 2023 31-Mar 2023	01-Apr 2023 31-Mar 2024	01-Apr 2024 31-Mar 2025	Total
07.Parts_Stage3&4	0.00	1,063,813.50	0.00	1,063,813.50
Total Stage 4 Repair	0.00	1,063,813.50	0.00	1,063,813.50

(c) the amount of any allowed revenue adjustment proposed as a consequence of each event and how this allowed revenue adjustment has been calculated.

The total amount claimed in this IAE Notice is set out in Table 1, Table 2 and Table 3. Details of how these revenue adjustments have been calculated is set out in Annex A and Annex B.

The Licensee considers that the costs in Table 1 should be awarded without the application of a further deductible as a £3m deductible has already been levied against the costs incurred for repairs following the 2020 Cable Failure.

On the basis that the Minded-to Principles does apply then a £3,000,000.00 deductible will apply for costs incurred in delivering the Agreed Repair Plan and the costs set out in Table 2 and Table 3 represent the costs incurred so far in delivering the Agreed Repair Plan. The anticipated out-turn cost for the Stage 3 Repair and the new cable order is expected to be c.£20m, so any deductible levied from the c.£5m claim included in this IAE Notice should be pro-rated e.g. £5m/£20m X £3m = £0.75m.

(d) any other analysis or information that the Licensee considers sufficient to enable the Authority and the relevant parties to assess fully each event to which the Notice relates.

The Licensee has provided further information in the annexes to this letter to enable the Authority to fully understand how the costs included in the Notice have been incurred as a result of the IAE and procured and delivered efficiently.

The Licensee confirms that, with respect to the Further Costs, the position it set out in the 2021 IAE Notice remains the same in respect of (i) why the event was beyond the Licensee's control, and (ii) why the Licensee's claim for uninsurability is legitimate and there has been no relevant change in the Licensee's insurance position. The Licensee does not repeat (in this IAE Notice) the evidence it has already provided in the 2021 IAE Notice, 2022 IAE Notice or the 2023 IAE Notice to support this position.

Furthermore, the position set out in the 2021 IAE Notice in connection with costs incurred following the 2020 Cable Failure apply equally to the cost incurred in delivering the Agreed Repair Plan following the 2023 Cable Failure. So the Licensee does not repeat (in this IAE Notice) the evidence it has already provided. The Licensee will provide the Root Cause Analysis report for the 2023 Cable Failure when it is available.

Immediately following the 2023 Cable Failure, the Licensee started following its contingency plan for this type of event. However, the Licensee's financial position was worse than following the 2020 Cable Failure because it had additional borrowings drawn from the PBCE facility (which is designed only to protect debt service rather than fund cable repairs). The Licensee still has an outstanding balance on this facility (c.£9.1m as of 31 March 2024, on which it is paying unhedged interest). Aside from the FOC issues with the export cable, the OFTO has also had to deal with an extensive list of faults and issues (evidenced by the regular EE claims it has submitted) that would not normally be expected at the time of purchase. A summary of these issues is set out in Annex C together with evidence that the quantum of issues is out of proportion to anything encountered by any other OFTO. Even if isolated issues could be considered foreseeable, it was not reasonably foreseeable that all the issues that the Licensee has experienced would have occurred. The Licensee's experience is a significant outlier from the OFTO regime as a whole.

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Following the 2020 Cable Failure, the Licensee was prepared to plan and execute a two-stage repair, which it considered represented good industry practice and the right thing to do in the circumstances. However, the experience in resolving the associated IAE claims (both in time and certainty of resolution, noting the judicial review claim submitted on the 2023 IAE Determination) made it very difficult for the Licensee to implement a similar approach following the 2023 Cable Failure. Such an approach presented a material risk of breaching the accounting test of whether the Licensee could remain a 'going concern'.

As a result, on 12 January 2024, the Licensee wrote to the Authority and Gwynt-y-Mor Offshore Wind Farm Limited (GYMOWFL) to seek agreement on how to proceed. Subsequently, there was:

- a final determination of the Stage 2 IAE Claim (for the 2020 Cable Failure),
- an accelerated payment of the Stage 2 IAE Claim, facilitated by the Authority,
- the letter from the Authority of 9 May 2024 containing the Minded-to Principles, and
- [redacted]

These four outcomes (the "Tripartite Outcomes") enabled the Licensee to proceed with the Agreed Repair Plan and the repair agreement for the Stage 3 Repair was signed on 16 May 2024. During the period from the 12 January to 16 May 2024, the Licensee has worked very hard to develop as efficient a repair plan as possible. The position has been challenging because the preferred vessels became booked by other companies, while attempts to agree a path forward with the Authority and GYMOWFL continued. The current Stage 3 Repair plan involves the use of two 'smaller' jack-up barges working in tandem (rather than a 'larger' single jack-up barge) and an anchored multi-cat support vessel (rather than one using dynamic positioning from its engines). Nevertheless, the repair plan remains robust and represents the most efficient plan that the Licensee can deliver. Further details are provided in Annex B.

The Licensee's financial position remains under stress in spite of the helpful support arising out of the tripartite meetings. This is evidenced by Moody's decision, on 31 May 2024, to downgrade the bonds (used to finance the Licensee's assets) from Baa1 to Baa2 with a negative outlook. The downgrade reflects the "impact and severity" of the 2023 Cable Failure following a history of "significant cable faults". The anticipated cost of delivering the Agreed Repair Plan is in excess of £36m, so the Licensee's ability to complete both stages of the Agreed Repair Plan will be significantly improved if the Authority can determine an outcome for this IAE Notice (in part or in full) before 15 January 2025. This would allow the Licensee to apply for the Revenue Adjustment in 2025/26. We request that the Authority allow any Revenue Adjustment that it awards to be paid as a lump sum at the start of the financial year 2025/26.

Should Ofgem require any further information, please do not hesitate to contact me.

Yours sincerely,

Simon Rooke
For and on behalf of Gwynt y Môr OFTO plc

Encl: Annex A – Evidence for the Further Costs claimed under this IAE Notice.
Annex B – Evidence for the initial costs for delivering the Agreed Repair Plan.
Annex C – Insurance Update
Annex D – The scale of issues that the OFTO has dealt with since acquiring the asset
[redacted]

ANNEX A - Evidence for the Further Costs claimed under this IAE Notice

1. Summary

1.1 The spreadsheet provided with this IAE Notice includes all the tables of information provided in this annex. All the associated invoices are provided in the zip file included with this IAE Notice.

1.2 The total Further Costs included in this IAE claim are set out in Table 4. Sections 1 – 3 of this Annex provide evidence to support the incurrence of these costs.

Table 4 Total Further Costs claimed under IAE Notice June 2024

Cost Category	16-Mar 2023 31-Mar 2023	01-Apr 2023 31-Mar 2024	01-Apr 2024 31-Mar 2025	Total
01.Testing	11,025.09	49,232.04	0.00	60,257.13
13.PBCE Interest payments	1,368,523.26	874,430.75	0.00	2,242,954.01
Total Further Costs	1,379,548.35	923,662.79	0.00	2,303,211.14

2. Testing

2.1 The following costs have been incurred in connection with ongoing testing and monitoring of SSEC3 following the Stage 2 Repair to determine the effectiveness of the repair activity undertaken in resolving the underlying issues with SSEC3.

[redacted]	Investigated the cable samples recovered from the seabed following the Stage 2 Repair – see [redacted] report 2023-0156
	Conducted ongoing testing of the fibres in SSEC3 Visited Vlissingen to strip down the subsea joint recovered during the Stage 2 Repair – see OFTO report *230315_GYM_Vlissingen-report*

2.2 The testing costs claimed are set out in Table 5.

Table 5 Summary of remaining testing and analysis undertaken for Stage 2 Repair

ID	Supplier	Invoice	Description	Date	Stage 1&2	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
1	[redacted]		FOC Testing	31-Mar-23	[redacted]			
2			2103-V029 Subsea joint stripping	18-Apr-23				
3			FOC Testing	17-Jul-23				
4			Cable Investigation	17-May-23				
			01.Testing - Sub - Total		60,257.13	11,025.09	49,232.04	0.00

3. PBCE Related

3.1 The financing arrangements established when the Licensee purchased the OFTO assets in 2015 included a PBCE Facility provided by the European Investment Bank. This PBCE Facility served the purpose of providing additional security to bondholders in the event that the Licensee could not honour its debt service obligations. It is structured as a revolving letter of credit sized at 10% of the outstanding loan principal owed to bondholders. It was not designed to be used for any purpose other than debt service [redacted]

[redacted]

3.2 [redacted]

3.3 [redacted]

3.4

[redacted]

3.5

3.6

Table 6 Summary of PBCE-Related Costs

ID	Supplier	Invoice	Description	Date	Stage 1&2	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
5	[redacted]							
6								
7								
			13.PBCE Related - Sub - Total		2,242,954.01	1,368,523.26	874,430.75	0.00

ANNEX B - Evidence for the initial costs for delivering the Agreed Repair Plan

1. Summary

1.1 The spreadsheet provided with this IAE Notice includes all the tables of information provided in this annex. All the associated invoices are provided in the zip file included with this IAE Notice.

1.2 The total costs related to delivering the Agreed Repair Plan so far are included in this IAE claim and summarised in Table 7. Sections 1 – 7 of this Annex provide evidence to support the incurrence of these costs.

Table 7 Total costs claimed under IAE Notice March 2023

Cost Category	16-Mar 2023 31-Mar 2023	01-Apr 2023 31-Mar 2024	01-Apr 2024 31-Mar 2025	Total
01.Testing	0.00	270,538.76	12,279.36	282,818.12
02.TA/legal/comm	0.00	28,516.24	70,502.51	99,018.75
03.Safety	0.00	35.00	3,148.00	3,183.00
04.Repair Management	0.00	9,735.50	34,378.25	44,113.75
06.Insurance	0.00	0.00	1,723,275.40	1,723,275.40
07.Parts_Stage3&4	0.00	358,104.50	70,406.47	428,510.97
08.Repair contract	0.00	0.00	1,762,737.00	1,762,737.00
Total – Stage 3 Repair	0.00	666,930.00	3,676,726.99	4,343,656.99

07.Parts_Stage3&4	0.00	1,063,813.50	0.00	1,063,813.50
Total – Stage 4 Repair	0.00	1,063,813.50	0.00	1,063,813.50

2. Testing

2.1 The costs in this category cover three different activities carried out by two suppliers, [redacted] and an environmental consultancy, [redacted]:

Initial fault location	Following the 2023 Cable Failure, SSEC1 and SSEC3 tripped. The O&M Contractor worked to restore services to SSEC1 (completed at 18:01 on 14 December 2023) and then took actions to establish the approximate fault location. This work required testing from the shore and the Offshore platform and was made more complicated by: • very poor weather throughout December 2023 and January 2024, • flooding at the Transition Joint Bay (TJB) and elsewhere along the onshore cable route, and • other fibre breaks in SSEC3 either side of the actual fault location. The approximate fault location was determined using a combination of XX, Thumper and YY tests.
Pinpointing fault location	The preferred repair solution involved replacing the SSEC3 cable from the TJB to a point beyond the fault location. Since the Licensee only had 1km of spare cable, it was very important to get an accurate location of the fault so that it could confirm whether the repair plan (in its ITT issued to repair contractors) could start from the TJB or some point on the beach side of the HDD ducts. The selected repair contractor would typically deliver work to determine an accurate location prior to cutting the cable, so carrying out this work earlier was not expected to make a material difference to the overall cost. Rather, it may save cost by having greater certainty on the most likely repair plan for contractors to quote against.
Establish condition of spare HDD duct	A two-stage repair was the most likely solution to resolve the 2023 Cable Fault and remove the other known FOC breaks between the TJB and KP5.0. Furthermore, the preferred solution for each of these repairs was to terminate one end of the new cable at the TJB (effectively the second stage repair would replace all the cable installed in the first stage repair). This would leave the fewest number of subsea joints along the SSEC3 route and avoid locating a subsea joint in a more exposed location close to the shore and intertidal zone. This approach meant that new cable would have to be pulled through the HDD ducts that pass under the Network Rail line between Pensarn beach and the transition joint bay (TJB) during each of the two repairs. Ideally, the duct containing the existing SSEC3 cable could be used on both occasions, but the Licensee could not determine the condition of this duct until after the cable had been removed. The Licensee did not want to risk an outcome that required changing the repair plan after the repair contractor was on site, because this could add significant additional cost. Since there was a spare HDD duct (the middle duct of five) under the Network Rail line, the preferred approach was to determine the condition of this spare duct for use in the first stage repair. The SSEC3 duct could then be inspected between the two repairs and, if found to be sound, it could be used for the second stage repair. The work in this activity was to excavate the entrance of the spare HDD duct and survey the condition to determine if it was sound. This work also required the consent of NRW and the Crown Estate. Both suppliers mentioned above were used for this exercise.

2.2 The testing costs associated with identifying the location of the 2023 Cable Failure and preparing for the Stage 3 Repair (previously referred to as the Option B Repair) are set out in Table 8.

Table 8 Summary of Testing and analysis undertaken in preparation for Stage 3 Repair

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
20	[redacted]		Fault location works	24-Jan-24	[redacted]				
21			SSEC3 fault pinpointing phase	18-Mar-24					
22			Spare duct excavation works	18-Mar-24					
23			2103-V066 Vlissingen cable test	19-Apr-24					
24			Cable duct excavation support	15-Feb-24					
25			DTS support Option B repair	13-Mar-24					
26			NRW engagement and consent	20-Mar-24					
27			Professional Services	16-Apr-24					
			01.Testing - Sub - Total		282,818.12	282,818.12	0.00	270,538.76	12,279.36

3. External Advisors

3.1 A brief description of the external advisors used are provided below with costs summarised in Table 9:

Expert advice on fibre optic cables	[redacted] continued to provide expert advice on the cable behaviour.
Lenders Advisors	[redacted] provided a technical review of tenders and contractor selection for the cable and repair contractor selection and [redacted] provided a similar review from a marine perspective.
Marine Licencing	[redacted] provided the interface with the marine licencing authority, Natural Resources Wales (NRW)
Fisheries Liaison	Liaison between the Project Repair Team and the local fishing community. This was necessary to ensure the fishing community was aware of the area of operations occupied by the repair vessels and any restrictions that might be necessary during the repair.
The Crown Estate	The new cable was installed c.40m to the east of the existing SSEC3 cable route. The Crown Estate charge a fee to amend the Licensee's seabed lease to show the new SSEC3 alignment following the repair.
Legal advice	The Licensee used [redacted] to advise on the Tripartite negotiations [redacted] provided advice on licence obligations to support the Tripartite discussions. [redacted] reviewed the repair contract to ensure it was fit for purpose and in accordance with recognised industry practice.
Commercial Advisor	[redacted] assisted the Project Manager with negotiating the terms of the repair contract, including any feedback from the Lender's legal advisor. They will also manage commercial issues during the repair activity and support the Project Manager during routine meetings with the Insurers / Loss Adjusters.
Marine Advisor	[redacted] providing assurance that all works were planned and delivered in accordance with good marine industry practice. They checked all project documentation from a marine technical perspective and managed the master document register to ensure that all project documentation was up to date and archived correctly on completion of the repair.

Table 9 Summary of External Advisors used for Stage 3 Repair

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
28	[redacted]		SSEC3 commercial advice	02-Feb-24	[redacted]				
29			Repair & cable contracts	01-Mar-24					
30			Commercial advisory	02-Apr-24					

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
31	[redacted]		Commercial advisory	02-May-24	[redacted]				
32			Commercial advisory	01-Jun-24					
33			SSEC3 repair legal advice	26-Jan-24					
34			Lease review & IAE legal advice	25-Mar-24					
35			Legal advice on 2023 Failure	19-Feb-24					
36			Legal advice on 2023 Failure	20-Mar-24					
37			Legal advice on 2023 Failure	16-Apr-24					
38			Legal advice on 2023 Failure	09-May-24					
39			NRW Consent	11-May-24					
40			Professional Services Support Apr	23-May-24					
41			SSEC3 Nearshore Repair assistance	21-May-24					
42			Cable purchase review	04-Apr-24					
43			Correspondence with BMC	29-Apr-24					
44			Professional Services	30-May-24					
45			SSEC3 FOC failure consultancy	19-Mar-24					
46			SSEC3 FOC failure consultancy	29-Mar-24					
			02.TA/legal/comm - Sub - Total		423,159.00	383,635.37	0.00	299,055.00	84,580.37

4. Safety Management

4.1 This category includes the Marine Warranty Surveyor costs and the HSE advisor employed by the Licensee. The work carried out is summarised below and the associated costs are provided in Table 10. At this time, the Licensee has only incurred costs from its HSE Advisor in connection with the spare duct excavation work.

Senior Authorised Person	[redacted] provided Senior Authorised Persons (SAP) to provide ''safety from the system' and issue relevant permits to work.
Marine Warranty Surveyor	• Project Management activities (including reporting) and attending project meetings, document review meetings and HIRA. • Review and approval of all the Repair Contractor technical documents • Conduct suitability surveys for all repair vessels • Attendance at all critical activities (e.g. cable loading and unloading, mattress installation, cable deburial, cable cutting, jointing, testing, laydown and reburial) • The MWS services were provided by [redacted] They were used on earlier repairs and have a good reputation with highly experienced and effective personnel. This repair required three MWS offshore, managed by a senior MWS onshore.
HSE Advisor	• [redacted] provided assurance that all works carried out under this project comply with all legal SHEQS and CDM requirements and all SHEQS requirements of the OFTO. • Checking project documentation from a HSE perspective. • Ensuring any HSE incidents are fully investigated and closed out.

Table 10 Summary of Safety Management Costs for Stage 3 Repair

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
47	[redacted]		Spare duct excavation RAMS review	09-Feb-24	[redacted]				
48			Safety Services Apr 24	15-May-24					
			03.Safety - Sub - Total		3,183.00	3,183.00	0.00	35.00	3,148.00

5. Repair Management

5.1 The Licensee followed the process set out in its cable repair contingency plan and immediately:

(a) established a Project Repair Team (PRT) managed by personnel from within the two shareholders, Balfour Beatty Investments (BBI) and Equitix. Accountancy support for the PRT was provided by BBI under the terms of the professional services agreement.

(b) Appointed specialist advisors to support the PRT: [redacted] (marine licences specialists to secure the necessary permits), [redacted] (technical marine consultants), [redacted] (health and safety consultant) and [redacted] (legal / commercial consultant).

5.2 Following personnel changes in Q2 of 2024 within the Licensee's organisation, the Licensee decided to:

(a) outsource the Project Director and Project Manager roles in the project repair team. The Licensee approached three organisations and asked them to present their proposals for managing the required repair activities. All three offered broadly similar time and materials quotations (i.e. fixed rates but not fixed prices). One company ([redacted]) stood out during the presentations and Q&A sessions, and they were appointed to deliver these roles in March 2024.

(b) appoint [redacted], in May 2024, to provide general management services to the Licensee. Time spent on additional services such as the Stage 3 Repair is recorded separately from time providing day to day management services. Such time is connected with providing essential supporting information and background to the project repair team.

5.3 The PRT prepared tender documentation for a cable repair and established an evaluation criterion based on three determining factors (i) speed of response, (ii) probability of success and (iii) price.

5.4 The Licensee issued an ITT on 12 January to the following repair contractors requesting responses by 1 February (and an indication that a repair contract would be agreed by 29 February):

(a) [redacted] (Contractor A), [redacted]

(b) [redacted] (Contractor B), [redacted]

(c) [redacted] (Contractor C), [redacted]

5.5 The ITT requested proposals for two repair options

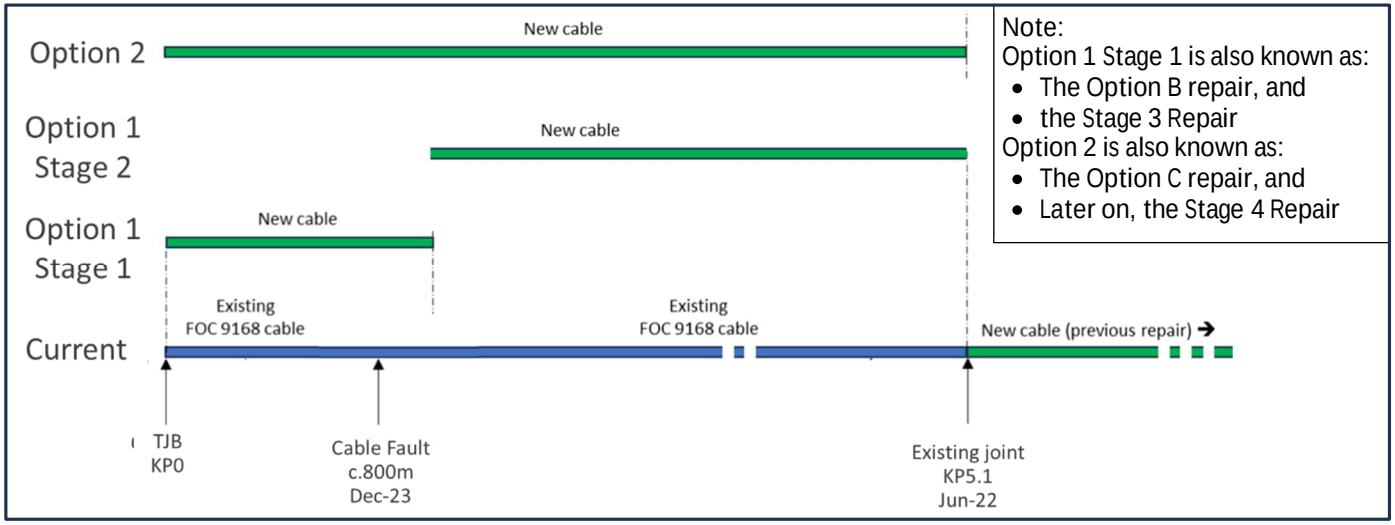
(a) Option 1: A two stage repair where: Stage 1 replaced the first 1km of subsea cable from the TJB to c.KP1.0 removing the cable fault and Stage 2 used 6km of new cable to replace the cable (and two joints) from c.KP0.9 to c.KP5.2 and return the surplus cable to storage.

(b) Option 2: A single repair utilising 6km of new cable to replace the cable (and one joint) from the TJB to c.KP5.2

With Stage 1 conducted as soon as possible and Stage 2 or Option 2 repair conducted shortly after delivery of the new cable.

5.6 Contractor B proposed a variant of Option 1 Stage 2 to replace cable between the TJB (rather than KP0.9) and c.KP5.2. This meant that a less expensive cable laying barge (rather than a jack-up barge) could be used and only one subsea joint would be required. This would offset the extra 1km of cable required.

5.7 A schematic of the proposed options is provided below:



5.8 The Licensee received proposals from Contractor B on 1 February, Contractor A on 7 February; Contractor C declined to participate.

5.9 A high-level summary of the two responses is provided below.

Contractor A	Contractor B
Full turnkey solution to restore services to SSEC3	Full turnkey solution to restore services to SSEC3
Limited information so difficult to evaluate.	Offered a viable solution for Option 1 with the fastest return to service for SSEC3.
More expensive and longer in duration than Contractor B.	Lowest cost solution and sufficient detail in repair plan
Accept all the Framework Agreement conditions without comment.	Require several clarifications on the Framework Agreement clauses.
Will consider option to collect cable from Greece.	Will consider option to collect cable from Greece.
No proposal for Option 1 stage 2 or Option 2	

5.10 The PRT concluded that Contractor B offered the best overall solution in terms of the three evaluation criteria and the Licensee's Board agreed. Contractor B was declared the preferred bidder and PRT proceeded to work up more detailed plans with this contractor while the tripartite discussions progressed towards a conclusion that would allow the repair to proceed.

5.11 The Licensee issued a letter requesting tripartite meetings with the Authority and the windfarm developer (GYMOWFL). The first tripartite meeting occurred on 1 February 2024 and dialogue continued until early May 2024, when the Tripartite Outcomes were concluded.

5.12 During this time, the Licensee's team maintained a dialogue with both Contractors and conducted several activities in preparation for a repair. The Licensee also asked both contractors (in February 2024) to advise the cost that would result if repair vessels were booked, in anticipation of the Tripartite Outcomes being agreed, and subsequently cancelled if the Tripartite Outcomes could not be achieved. The aborted cost was up to 50% of the repair cost, which the Licensee could not reasonably contemplate.

5.13 There were at least five material changes to the repair plan as preferred repair vessels were chartered by other parties. Both contractors spent time as preferred contractor as the Licensee tried to limit price increases. The material changes are described briefly below:

(a) On 7 March, the Jack-up Barge (JUB) proposed by Contractor B was chartered elsewhere.

(b) On 21 March, Contractor B issued an updated proposal with a new JUB but their price had increased by c.£3m. Contractor A confirmed its repair proposal was still available at the same cost (c.£1.5m less than Contractor B).

(c) The Licensee therefore agreed to make Contractor A the preferred contractor on 25 March 2024.

(d) On 2 April, Contractor A issued a new programme (that extended the return to service date) and a higher price (c.£0.5m). The same day Contractor B issued a revised proposal that reduced their price by £3m (by, amongst other things, removing some elements of the previous scope) using a jack-up barge (119 JB) and a multi-cat support vessel (Greenisland).

(e) After reviewing Contractor B's revised offer, the Licensee agreed to make them the preferred contractor on 5 April.

(f) On 23 April, Contractor B advised the 119 JB was no longer available. They had an alternative solution using two smaller JUBs operating in tandem with the cable and support accommodation on one and the cable jointing facility on the other. The cost was £1.5m higher.

(g) On 2 May, Contractor B advised the Greenisland was no longer available.

(h) On 7 May, Contractor B proposed a replacement multi-cat (the Green Isle). This vessel did not have dynamic positioning and relied on an anchor mooring system. Since the anchor lines would cross over other subsea cable circuits, this presented a risk of damage if anchor drags occurred. The deductible resulting from damage to these other cables would fall to the Licensee.

(i) After several discussions to understand the mooring arrangements, the Licensee satisfied itself that there was a low likelihood of damage occurring and on 14 May agreed to accept using the Green Isle.

(j) On 16 May, the Licensee signed a repair contract with Contractor B.

5.14 The cost plan agreed with Contractor B is set out in Section 8. The costs received so far in providing repair management on the Stage 3 Repair are set out in Table 11.

Table 11 Summary of Repair Management Costs for Stage 3 Repair

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
49	[redacted]		Repair Management Fees	24-May-24					
50			Repair Management Support	31-May-24					
51			SSEC3 repair options	16-Jan-24					
52			Inspection Survey	08-Feb-24					
53			Repair contractor meetings	21-Feb-24					
54			PRT meetings	08-Mar-24					
55			Marine Advisory	14-Jun-24					
56			Marine Advisory	15-Apr-24					
			04.Repair Mgmt - Sub - Total		60,064.75	44,113.75	0.00	9,735.50	34,378.25

6. Insurance costs

6.1 As with previous repair contracts, the Licensee is required to have the following insurance policies

Construction All Risk	Provides protection for the Licensee and the Contractor in event of any damage caused to the contract works including materials and plant used in the repair. Our standard repair contract assumes this policy is placed by the Licensee with a £1m excess borne by the party making any claim. The repair contractor then typically places its own related policy to reduce the excess to a lower level. On this occasion, the insurer would only offer a policy with a £2.5m excess. Therefore, the Licensee procured a separate policy to reduce its excess exposure from £2.5m to £1.0m.
Endorsement to the Licensee's operational insurance policies - Operational All Risk - Third Party Liability	These endorsements are required to reflect that significant work would be carried out in the vicinity of other assets insured by the Licensee. The operations policy insurers also required clarity on the anchoring plans associated with the use of the Green Isle Multi-cat (which uses fixed anchors rather than dynamic positioning from its onboard engines).

6.2 The CAR insurance and endorsements to the OAR and TPL insurances were facilitated by the Licensee's insurance broker, [redacted].

6.3 The cost of insurance put in place by the Licensee to support the Stage 3 repair are shown in Table 12 below. Further invoices are expected in connection with the Endorsement for the OAR Policy from [redacted] and for [redacted] brokers fee.

Table 12 Insurance costs

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
57	[redacted]		Endt for OAR policy [redacted]	24-May-24	[redacted]				
58			CAR Policy with a £2.5m Excess	03-Jun-24					
59			CAR Excess - Buy-Down Policy	19-Jun-24					
			06.Insurance - Sub - Total		1,723,275.40	1,723,275.40	0.00	0.00	1,723,275.40

7. Joints and Cable

7.1 Joint costs

7.1.1 The Licensee purchased four subsea universal joints (from [redacted]) in 2020/21 in preparation for attempting to complete a more extensive Stage 1 Repair in addition to three universal joints (from [redacted]). These joints had a lead time for delivery and the Licensee was considering several solutions to procure lengths of cable from other OFTOs which would have required multiple joints to join multiple lengths of cable. Eventually, the Licensee determined that the required repairs would be carried out in two stages each requiring two joints with no more than three offshore joints along the SSEC3 route in the final solution.

7.1.2 Each joint contains several time-limited items. These items needed to be replaced before the Stage 2 Repair. The Licensee purchased replacement components for three joints, two for the repair and one as a contingency should it be needed during the repair. The joints had been stored at the [redacted] arranged for the joints to be moved to the [redacted] storage facility at Goole, Yorkshire, where they were collected by the Repair Contractor.

7.1.3 The costs associated with providing the Joints for the Stage 3 Repair are set out in Table 13.

Table 13 Joint costs

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
63	[redacted]		Replace parts for Offshore Joint	09-Apr-24	[redacted]				
64			Replace parts for Offshore Joint	09-Apr-24					
			07.Parts_Stage3&4 - Sub - Total		64,460.00	64,460.00	0.00	0.00	64,460.00

7.2 Cable costs

7.2.1 The Licensee will use all its strategic spare cable to deliver the Stage 3 Repair, and this will need to be replaced. The Licensee also requires sufficient cable for the proposed Stage 4 Repair in 2025 to replace cable between the Transition Joint Bay and c.KP5.25. The Licensee issued an ITT to four suppliers in January 2024 to quote for delivering the cable required in 2024. Three suppliers submitted offers as set out in Table 14:

Table 14 Summary of Cable supply offers received by the Licensee

Supplier	Cable cost (£/m)	Total Assessed Cost (for 7000m order quantity)	Delivery	Comments
A	[redacted]		31-Dec-24	Licensee has previous experience with this supplier. Good track record Shipping cost estimate is very high due to issues with transit through Suez Canal. Shipping cost will be updated to reflect actual cost plus 7% when known.
B			31-Oct-24	Higher shipping and unloading cost because cable is not coilable. The Licensee commissioned [redacted] (cable consultants) to prepare a due diligence report on this supplier as the Licensee had not used them previously. The report was positive and the Licensee's Lenders Technical Advisor also confirmed they had no objections to ordering cable from this supplier.
C			30-Sep-24	Very limited track record manufacturing subsea cable. The Licensee's Lenders' Technical Advisor advised they had limited confidence in this supplier and were not prepared to support placing a subsea cable order with this supplier.

7.2.2 The Licensee approved the order of 7km of new cable from Supplier A (the Cable Supplier) for use in the proposed Stage 4 Repair and to replenish the Licensee's strategic spares. This decision was taken after discounting the offer from Supplier C (limited confidence in ability to supply the required cable) and Supplier B (higher cost and cable is not coilable).

7.2.3 This order length may result in a cable length of at least 1.75km being held as strategic spare following the Stage 4 Repair. This is considered appropriate given the number of offshore cable repairs that the Licensee has had to carry out. For the purposes of the IAE claims, the Licensee has pro-rated the cable supply costs as 1.75km to replenish the Licensee's strategic spares and 5.25km for the proposed Stage 4 repair.

7.2.4 The cable is expected to arrive in Belfast in December 2024 and will be stored there prior to collection by the Stage 4 Repair Contractor.

7.2.5 Table 15 sets out the cable cost recovery proposed by the Licensee.

Table 15 Cable costs

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
65	[redacted]		Cable purchase advice	08-Mar-24	[redacted]				
66			New Cable - 30% payment	19-Mar-24					
67			Cable Storage Port Assessment	15-Apr-24					
68			Cable Storage Assess Expenses	28-May-24					
			07.Parts_Stage3&4 - Sub - Total		1,427,864.47	364,050.97	0.00	358,104.50	5,946.47
66	[redacted]		New Cable - [redacted] payment Stage 4	19-Mar-24	1,418,418.00	1,063,813.50	0.00	1,063,813.50	0.00
			07.Parts_Stage4 - Sub - Total		1,418,418.00	1,063,813.50	0.00	1,063,813.50	0.00

8. Stage 3 Repair Contractor

8.1 Prior to signing a repair contract with [redacted] (Contractor B), the Licensee agreed that Contractor B could do some preparatory surveys to confirm the bearing capacity of the seabed in the vicinity of the proposed locations for the jack up barge. These were the Cone Penetration Tests (CPT) and Light Detection and Ranging (LiDAR) surveys costing £61,537.

8.2 On 16 May 2024, the Licensee signed a repair contract with [redacted] as the Repair Contractor for the Stage 3 Repair. The selection process and challenges in reaching this milestone are described in Section 5.

8.3 The Licensee anticipates that repair vessels will start mobilising in the middle of July, and SSEC3 should be returned to service by the end of August 2024 subject to any weather delays.

8.4 The repair contract included a payment schedule which required the Licensee to pay the Repair Contractor upon completion of key stages (known as 'Milestones') within the repair programme. So far, the Licensee has only been invoiced for Milestone 1.

Table 16 Milestone payment table for Repair Contractor on Stage 3 Repair

Milestone and Description		Payment Condition	Amount
1	Early work, book vessels	Upon contract signature	[redacted]
2	Testing and checks of Free Issued Equipment	Upon completion	
3	Fault finding	Upon completion	
4a	Mobilisation Jack-up barge	Start of mobilisation in Ipswich.	
4b	Mobilisation Jack-up barge	Completion of mobilisation in Holyhead/Liverpool	
5	Cable loading on to Jack-up barge in the UK	Upon completion of load-out test	
6a	Mobilisation Supporting vessel	Start of mobilisation	
6b	Mobilisation Supporting vessel	Completion of mobilisation	
7	Mobilisation beach site	Upon completion	
8	Old cable removal (beach)	Upon completion	
9	Burial works (beach)	Upon completion	
10	TJB Jointing	Upon physical completion	

Milestone and Description		Payment Condition	Amount
11	Demobilisation Beach site	Upon completion	[redacted]
12	Old cable removal & new cable Installation (offshore)	Start of works	
13	Old cable removal (offshore)	Upon completion	
14	New cable installation	Upon completion of landfall pull-in	
15	Cable repair joint	Upon completion of joint over boarding	
16	Completion of cable burial	Upon completion on basis of tool data	
17	Completion of cable testing	Upon completion	
18	Completion of demobilisation Jack-up barge	Upon completion in Ipswich.	
19	Completion of demobilisation Supporting vessel	Upon completion	
20	Cable handed over to EMPLOYER ready for energisation	Upon completion of soak test	
	Total		
21	Provision for scrapping the old cable in NL (~1.000m)	Upon completion	

8.5 Table 17 summarises the invoices received so far under the repair contract.

Table 17 Summary of fixed price costs paid to the Repair Contractor to 31 May 2024

ID	Supplier	Invoice	Description	Date	Invoiced (Excl. VAT)	Stage 3 Repair	16-Mar-23 31-Mar-23	01-Apr-23 31-Mar-24	01-Apr-24 31-Mar-25
69	[redacted]		CPT and LIDAR	26-Apr-24	[redacted]				
70			MS1 - Early work, book vessels	21-May-24					
71			MS2 Testing Free Issue material	20-Jun-24					
			08.Repair contract - Sub - Total		1,762,737.00	1,762,737.00	0.00	0.00	1,762,737.00

ANNEX C – INSURANCE UPDATE

1. Hardening Market

1.1 OFTO assets have faced a significant hardening in terms and rates since 2020 and this sector remains in a fragile stage with a clear narrative to focus on risk management and mitigation.

1.2 The traditional offshore wind insurance market has been challenged by years of unprofitable results. This was mainly caused by subsea cable claims in the construction phase but there have been a series of operational losses over several years. Cable failures and termination issues continue to be a major contributor to these losses.

1.3 This led to several lead markets either reducing their appetite or withdrawing completely (e.g. [redacted]. The markets that remained in the sector introduced coverage restrictions and imposed rate increases on existing and new business. Some markets stopped writing standalone cable placements (e.g. [redacted] or provided very restrictive coverage conditions such as a Property Damage excess of USD 10 million.

1.4 [redacted]

1.5 In 2023, some adjacent markets such as marine and upstream energy were showing interest in OFTOs. These insurers face a limited future pipeline with the shift away from fossil fuels. Some marine heavy markets are also showing interest, such as [redacted] which recently [redacted] and is now actively targeting global offshore renewables.

2. Decision to appoint a new Insurance Broker

2.1 In Q1/Q3 2023, the Licensee decided to test the market for insurance brokers and invited the incumbent ([redacted]) and [redacted] to pitch for the mandate. This resulted in a decision (in June 2023) to appoint [redacted] to procure the insurance policies across the portfolio of OFTOs owned by Balfour Beatty and Equitix (BBEC).

2.2 The Licensee had already been sharing details of the existing policies and insurance history with [redacted] in the lead up to this appointment and [redacted] had been used to place the Third Party Liability policies in April 2023 so the transition was very smooth and [redacted] was very efficient in starting the process of engaging markets for the 2023 OAR placement.

2.3 [redacted] adopted the following approach to showcase the experience, control and solid risk management attitude of the Licensee:

- Seek quotes from a range of OFTO lead markets, new entrants and adjacent markets to create competition and enable options. Accept that the marine or upstream energy insurers may not be ready for OFTOs yet but may bear fruit in the future.
- Review the EML (Estimated Maximum Loss) assessments across the portfolio to confirm they are relevant given current inflation and supply chain issues in order to avoid underinsurance.
- Seek terms based on LEG 3 exclusion and challenge the sub-limits that have crept up over the last few years.
- Thorough risk presentation to new markets with a secure confidence in the risk, particularly for new markets. Showcase the Licensee's contingency plans and preventive risk management approach. Fully explain Exceptional Events and Income Adjusting Events.
- Review the loss history detail (including mitigation efforts and lessons learned) to provide more clarity and confidence to new insurers.
- Enhance underwriters' understanding of the risk; from critical components through to risk management strategy including emphasis on monitoring & fire safety, communication, repair frameworks, spare parts, component lead times and storage.
- In general, clearly articulate the risk management efforts and that the assets are being well-managed.
- Review existing contracts to ascertain insurance and liability allocation (framework agreements, repair companies etc.) with the objective of clearly identifying risk management best practices, risk allocation and insurance requirements in the project contracts (e.g. pre-agreed terms with jack-up barges and cable repair companies), so as to ensure a cost-effective de-risk approach over the lifetime of the assets.
- Consider a refresh of the current policy wording by reviewing against standard [redacted] offshore wind wording.

3. Potential OFTO Insurance Markets

3.1 The table below lists the wide range of markets that [redacted] approached and summarises the status of each towards OFTO insurance.

Insurer	Status	Commentary
[redacted]	Lead	[redacted]
	Lead	
	Lead	
	Lead	
	Follow	
	Lead	
	Follow	
	Follow	
	Lead	
	Follow	
	Follow	
	Follow	
	Follow	
	Follow	
	Follow	
	Follow	
	Follow	
	Follow	

4. Summary of insurance Policy placed in November 2023

4.1 After an extensive exercise in the market, the Licensee renewed its insurance policy on 10 November 2023 using 12 insurance markets:

	Insurer	Position	Written Lines	Signed Lines
1	[redacted]		10.00%	6.75%
2			50.00%	37.00%
			60.00%	43.75%
3			12.50%	12.50%
4			3.75%	3.75%
5			7.50%	7.50%
6			3.75%	3.75%
7			5.00%	4.00%
8			5.00%	4.00%
9			5.00%	4.00%
10			12.50%	8.50%
11			10.00%	7.00%
12			3.25000%	1.25%
			68.25%	56.25%
	OVERALL TOTAL		128.25%	100.00%

4.2 Offers from [redacted] and [redacted] were not accepted. Five markets declined ([redacted]).

4.3 [redacted]

4.4 All the lead insurers that quoted to cover the Licensee were only prepared to offer cover on the basis that a LEG1 exclusion applied to the offshore export cables (LEG 3 exclusion does apply for all the Licensee's other assets). This was the best position that could be achieved despite the broad market approach. It reflects the general lack of confidence in the GyM offshore cables following the history of issues with the existing offshore export cable.

ANNEX D - The scale of issues the OFTO has dealt with since acquiring the asset

1. Summary of issues on GyM OFTO assets

1.1 A review of the EE claims submitted by all OFTOs provides a telling picture of the exceptional experience that GyM OFTO has dealt with since acquiring the asset in 2015.

OFTO	EE Claims	Approved		MWh claimed	
Gwynt-y-Môr	14	14	45.2%	2,475,029	68.2%
Greater Gabbard	1	1	3.2%	9,643	0.3%
Humber	5	3	9.7%	127,062	3.5%
Lincs	3	2	6.5%	6,008	0.2%
London Array	4	3	9.7%	18,208	0.5%
Ormonde	1	1	3.2%	134,498	3.7%
Robin Rigg	2	2	6.5%	44,566	1.2%
Thanet	2	1	3.2%	198,765	5.5%
Walney 1	1	1	3.2%	602	0.0%
Walney 2	3	2	6.5%	496,295	13.7%
WoDS	1	1	3.2%	118,920	3.3%

1.2 At the end of 2022, there were 24 OFTOs in the OFTO Regime. With 37% of the EE claims and 68.5% of the MWh adjustments, GyM OFTO's experience is exceptional and was unforeseeable.

1.3 If all the offshore cable faults and export cap claims are discounted, GyM OFTO has still submitted over 30% of approved EE claims and over 45% of the agreed MWh adjustments.

1.4 Further details of the variety of issues the OFTO has addressed is set out below.

	Description	Period	MWh	Submit	Awarded	Date	Comments
1	Gas Insulated Busbars - Part 1	Jul-15	83,754		83,754		
2	SSEC1 power core outage	Mar-Jun 15	365,426	Dec-15	348,206	Jun-16	Disallowed crane incident
3	SSEC2 power core outage	Sep-15 – Feb-16	337,394 194,299	Sep-16	337,394 108,199	Apr-17	Disallowed phasing incident
4	Gas Insulated Busbars - Part 2	Aug-16	12,103	Oct-17	Disallowed	Feb-17	Notified outside 14 days
5	Unexpected switching in the LV auto-change-over equipment	Feb-19	4,515	May-19	4,515	Dec-19	
6	400kV cable sealing ends – Part 1	Sep-19	86,342	Sep-19	86,342	Jul-20	
7	Unexpected thermal overload of the SVC2 container - tripped SGT2	Sep-19	2,210	Nov-19	Disallowed	Dec-20	Not considered to be exceptional
8	400kV circuit breaker X190	Nov-19	62,961	Apr-20	62,961	Jan-21	
9	400kV cable sealing ends – Part 2	Jul-20	124,670	Sep-20	124,670	Dec-20	
10	SSEC3 power core outage	Oct-Dec 20	266,200	Dec-20	266,200	Feb-21	Interim decision
11	SSEC3 power core outage	Jan-Mar-21	225,860	Jun-21	235,504	Nov-21	
12	SGT1 Oil leaks	Jan-Feb 21	23,014	May-21	23,014	Oct-21	
13	SSEC3 Export Cap #1 (to Sep-21)	Mar-Sep 21	332,194	Dec-21	332,194	Mar-22	
14	SSEC3 Export Cap #2 (from Oct-21)	Oct-21 – Jun-22	151,453 262,187	Aug-22	151,453 262,187	Feb-23	
15	SSEC3 Stage 2 Repair	Jun-Jul 22	118,892	Sep-22	84,105	Feb-23	Incident did not reflect GIP (10 days)
16	Leak to SF6 switchgear on Offshore Platform	Dec-20 – Apr-21	26,681	Oct-21	Disallowed	Oct-22	Root Cause could not be established!
17	110V Relay Failure	Feb-22	3,913	Nov-22	Disallowed	Dec-23	Root Cause could not be established!
18	SGT2 Oil Leak	Jul-23	26,026	Aug-23	Disallowed	Dec-23	Draft decision (in contrast to decision for similar oil leak to SGT1)