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Date: 4 November 2024

DIRECTION UNDER PARAGRAPH 9 OF AMENDED STANDARD CONDITION E12-J4 OF THE OFFSHORE TRANSMISSION LICENCE

Whereas:

1. Diamond Transmission Partners RB Limited (the **Licensee**) is the holder of an offshore transmission licence (the **Licence**) granted under section 6(1)(b) of the Electricity Act 1989 (the **Act**).
2. Unless otherwise defined, capitalised terms in this Direction and its Annex shall have the same meaning given to them in the Licence.
3. In accordance with Paragraph 9 of the Amended Standard Condition E12-J4 (the **Condition**):
 - a. the Licensee considers that the Transmission Service Reduction on the Licensee's Transmission System, commencing on 13 February 2024 at 18:23 and ending on 10 April 2024 at 03:38 was caused by an Exceptional Event;
 - b. the Licensee notified the Gas and Electricity Markets Authority (the **Authority**) of the event which resulted in the Transmission Service Reduction within 14 days of its occurrence;
 - c. the Licensee has provided details of the reduction in system availability that the Licensee considers resulted from the Exceptional Event and further information required by the Authority in relation to the event; and
 - d. the Authority is satisfied, for the reasons specified in the Annex to this Direction, that the event notified under sub-paragraph (b) above constitutes an Exceptional Event as defined in Amended Standard Condition E12-A1.
4. In accordance with Paragraph 10 of the Condition, the Authority is satisfied, for the reasons specified in the Annex to this Direction, that the Licensee took steps, consistent with Good Industry Practice, to manage the impact of the event on the availability of services (both in anticipation of the event and after the event had occurred).
5. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 18 October 2024 (the **Notice**).

The Office of Gas and Electricity Markets

10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000

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6. The Licensee made representations on 22 October 2024 in response to the Notice. The licensee corrected an error in the way the availability loss was noted "*in three places '321.094' should be '321,094' i.e. a comma not a full stop.*" We consider these representations do not have a material impact on our draft decisions and have improved the wording referenced.

Now therefore:

7. The Authority directs that the Licensee's reported system incentive performance be adjusted to offset the full duration of the outage: reported system incentive performance for incentive year 6 (beginning 1 January 2024) will be increased by a total of 321,094 MWhrs to fully offset the impact of this event.
8. This Direction constitutes notice pursuant to section 49A(1)(c) of the Act.

Yours sincerely,

Yvonne Naughton
Head of OFTO Licensing, Networks

Duly authorised by the Authority

ANNEX

REASONS FOR ACCEPTANCE OF AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY DIAMOND TRANSMISSION PARTNERS RB LIMITED UNDER PARAGRAPH 9 OF AMENDED STANDARD CONDITION E12-J4

1 Notification

- 1.1 On 19 February 2024, the Licensee notified the Authority that there had been a Transmission Service Reduction on one of its export cables. The Transmission Service Reduction took place from 13 February 2024 to 10 April 2024.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 25 July 2024.

2 Exceptional Event requirements

- 2.1. Paragraph 9 of the Condition provides that the Authority shall adjust the value of the monthly capacity weighted unavailability to offset the impact of an Exceptional Event where:
- a) the licensee considers that an event on its Transmission System that causes a Transmission Service Reduction has been wholly or partially caused by an Exceptional Event;
 - b) the licensee has notified the Authority that a possible Exceptional Event had occurred, within 14 days of its occurrence;
 - c) the licensee has provided such information as the Authority may require in relation to the event; and
 - d) the Authority is satisfied that the notified event is an Exceptional Event.
- 2.2. An Exceptional Event is defined in Amended Standard Condition E12-A1 of the offshore transmission licence as follows:

"an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes a Transmission Service Reduction and includes (without limitation) an act of God, an act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), governmental restraint, Act of Parliament, any other legislation, bye law, or directive (not being any order, regulation or direction under section 32, 33, 34 and 35 of the Act) or decision of a Court of Competent Authority or any other body having jurisdiction over the activities of the licensee provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of the licensee. For the avoidance of doubt, weather conditions which are reasonably expected to occur at the location of the event or circumstance are not considered to be beyond the reasonable control of the licensee."

3 Decision

- 3.1 The Licensee has acted in accordance with the requirements of subparagraphs 9(a) to (c) of the Condition. Pursuant to subparagraph 9(d) of the Condition, the Authority is satisfied that the Transmission Service Reduction was caused by an Exceptional Event, for the reasons set out below.

4 Reasons for decision

- 4.1 The Authority has considered the information provided by the Licensee, including any representations provided, against both the conditions of the Licence and having regard to the general approach on the evaluation of Exceptional Events set out in the open letter of 22 October 2022, updated in January 2024 (the **Open Letters**)¹.
- 4.2 In accordance with Paragraph 10 of the Condition, the adjustment to reported system incentive performance shall be based on the extent to which the Authority is satisfied that the Licensee had taken steps, consistent with Good Industry Practice, to manage the impact of the event on the availability of services (both in anticipation of the event and after the event has occurred).
- 4.3 The presence of resin at the connection interfaces between the screen of the onshore cable and the onshore-end cable gland on ECC2, at the onshore/offshore yellow phase transition joint caused a deficient connection. A root cause analysis performed by RINA Tech UK Limited (the **RINA report**) suggested that the resin developed due to an installation or design error of the transition joint. The deficient connection eventually resulted in a chain of events that led to one circuit tripping off (**the Cable failure**) and a 50% availability loss for 56 days 9h 24mins. In particular, the RINA report noted that *“the joint had been assembled generally in accordance with the fitting instructions, aside from three noted areas of deviation”* and *“Despite the inclusion of self-amalgamating tape, the annulus between the cable and cable gland was not sealed and Tropen resin had entered the screen connection areas at both ends of the joint.”*
- 4.4 The Licensee repaired the Cable Failure and restored transmission services capacity, on 10 April 2024 at 03:38.
- 4.5 As part of our consideration whether to award an Exceptional Event for the period of 2024 at 18:23 to 10 April 2024 at 03:38, we considered the extent to which the presence of resin could have caused the deficient connection at the transition joint and eventually the transmission service reduction as well as the degree of control the Licensee had over mitigating any of the relevant trigger/contributory events.
- 4.6 With support of our technical advisors, and based on the information provided by the Licensee, we established that this transmission service reduction event was caused by the presence of resin, which developed due to the lack of compressive force at the connection interfaces of the Export Cable Circuit 2 transition joint, the lack of compressive forced leading to a deficient connection (due to poor sealing) between the screen of the onshore cable and the onshore-end cable gland.

Did the Licensee follow Good Industry Practice to manage the impact of the event and restore transmission services to full capacity?

- 4.7 We also considered whether the Licensee followed Good Industry Practice warranting an adjustment to reported system incentive performance in the way in which they (i)

¹ [Link to Open letter on the Authority’s approach towards exceptional events for offshore transmission owners](#) and [the Update to the open letter on the Authority’s approach towards Exceptional Events for offshore transmission owners](#)

maintained asset (ii) implemented the contingency plan, and (iii) restored the asset after the outage occurred.

- 4.8 We accept that the Licensee could not have reasonably been expected to identify the deficient connection at the transition joint of Export Cable Circuit 2. It was not possible to inspect the transition joint's connection after installation, which took place pre-asset transfer. Once installation is completed, the transition joint area is encased in a hard shell filled with Tropen resin and all together this is then buried in a joint bay with Cement Bound Sand.
- 4.9 We understand that the Licensee followed good industry practice during operation in relation to this matter. However, despite cable patrols and monitoring via Distributed Temperature Sensing, it was not possible to carry out any electrical testing to the point that an ineffective connection could have been detected during the asset's operational lifetime.
- 4.10 The Licensee took swift action on implementing the contingency plan and starting the complex repair process of the asset area for restoration purposes.
- 4.11 Therefore, based on the information provided by the Licensee, we consider that the presence of resin caused a deficient connection at the transition joint and resulted in a chain of events that constituted an Exceptional Event, leading to one circuit tripping off.
- 4.12 We consider that the Licensee acted promptly and in accordance with Good Industry Practice to manage the impact of the event and restore transmission services to full capacity.
- 4.13 Transmission services were fully restored on 10 April 2024 at 03:38.

5 Authority's adjustment to the reported system incentive performance under Paragraph 10 of Amended Standard Condition E12-J4

- 5.1 In accordance with Paragraph 10 of the Condition, the adjustment to reported system incentive performance shall be based on the extent to which the Authority is satisfied that the Licensee had taken steps, consistent with Good Industry Practice, to manage the impact of the event on the availability of services (both in anticipation of the event and after the event has occurred). The Authority has considered whether the Licensee has taken steps in accordance with Good Industry Practice to manage the impact of the event, and is satisfied that the Licensee acted in accordance with Good Industry Practice.
- 5.2 Therefore, the Authority directs that the Licensee's reported system incentive performance be adjusted to offset the full duration of the Transmission Service Reduction: 321,094 MWhrs reported system incentive performance for incentive year 6 (1 January 4 to 31 December 2024), as follows:
- 13 February 2024 to 10 April 2024 – 321,094 MWhrs