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

Whereas:-

1. Diamond Transmission Partners Hornsea One 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 Amended Standard Condition E12-J4 (the **Condition**):
 - (a) the Licensee considers that the event causing the Transmission Service Reductions on the Licensee's Transmission System that occurred from 23 January to 3 June 2024 was wholly or partially caused by an Exceptional Event (as defined in Amended Standard Condition E12-A1 of the Licence);
 - (b) the Licensee notified the Gas and Electricity Markets Authority (the **Authority**) of the reduction in system availability within the 14-day period required by the Licence;
 - (c) the Licensee has provided details of the reduction in system availability that the Licensee considers resulted from the Exceptional Event and further information requested by the Authority; and
 - (d) the Authority is satisfied, for the reasons specified in Annex 1 to this direction, that the event notified under sub-paragraph (b) above constitutes an Exceptional Event; please refer to Annex 2 for information regarding the date and time of each event.

The Office of Gas and Electricity Markets

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4. The Authority has considered the information provided by the Licensee and the report from an independent examiner who undertook root cause analysis of the fault. Based on the evidence provided, our conclusion is that the root cause of the event was beyond the reasonable control of the Licensee.
5. The Licensee conducted the relevant testing prior to the fault, which did not detect any issues. As such, the Licensee could not have reasonably identified the fault in the absence of clear outward signs of distress prior to the Transmission Service Reductions occurring. We therefore consider that the claim constitutes an Exceptional Event within the terms of the Licence and our revised open letter of 4 January 2024 (the **Open Letter**) on the evaluation of Exceptional Events.¹
6. In accordance with Paragraph 10 of the Condition, the Authority is satisfied, for the reasons specified in Annex 1 to this direction, that the Licensee took steps to manage the impact of the event on the availability of services.
7. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 15 November 2024 (the **Notice**).
8. The Licensee did not submit any representations.

Now therefore:

9. 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 4 will be increased by a combined total of 482,605.14 MWh to fully offset the impact of this event.

This direction constitutes notice pursuant to section 49A(1)(c) of the Act.

Yours sincerely,

Yvonne Naughton,
Head of OFTO Licencing and Compliance

Duly authorised by the Authority

¹ Link to [Open letter on the Authority's approach towards Exceptional Events for offshore transmission owners \(OFTOs\) | Ofgem](#) (4 January 2024)

ANNEX 1

THE AUTHORITY'S DECISION ON AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY DIAMOND TRANSMISSION PARTNERS HORNSEA ONE LIMITED UNDER AMENDED STANDARD CONDITION E12-J4

1 Notification

- 1.1 On 25 January 2024, Diamond Transmission Partners Hornsea One Limited (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction on offshore export cables. The Transmission Service Reductions ran from 23 January 2024 to 3 June 2024. Transmission services were fully restored on 3 June 2024.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 10 October 2024.

2 Exceptional Event requirements

- 2.1. Paragraph 9 of Amended Standard Condition E12-J4 Condition (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 the European Commission 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 event is 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 in respect of this event against both the Licence and the Open Letter.²
- 4.2 The Transmission Service Reductions running from 23 January 2024 to 3 June 2024 occurred due to a series of de-ratings and full outages to export cable circuit 1 and circuit 3 (the **Export Cables**).
- 4.3 For circuit 1, the series of de-ratings commenced on 23 January 2024 and was followed by a full outage on 9 May 2024. The full outage to repair circuit 1 concluded on 3 June 2024.
- 4.4 For circuit 3, the de-ratings commenced on 24 January 2024 and was followed by a full outage on 22 May 2024. The full outage to repair circuit 3 concluded on 27 May 2024.
- 4.5 For further information regarding the date and time of each de-rating and full outage conducted on the Export Cables, please refer to Annex 2.
- 4.6 The de-ratings of the Export Cables were conducted by the Licensee due to an incorrect design pertaining to the pfisterer cable to gas insulated switchgear termination earth sheath clamps (the **Cable Sheath Clamps**). The full outages were conducted by the Licensee to replace the Cable Sheath Clamps.
- 4.7 The Licensee considers the incorrect design of the Cable Sheath Clamps to be due to:
 - a) issues surrounding high electrical resistance at the connector interface (due to inadequate design, materials or installation); and
 - b) incorrect rating of the Cable Sheath Clamps, such that its operation was inadequate during periods of high load.
- 4.8 The Licensee provided us with a root cause analysis report of the independent examination from RINA Tech UK Limited. The root cause analysis report supports the Licensee's views regarding the incorrect design of the Cable Sheath Clamps.
- 4.9 The Licensee considers that the event was beyond their reasonable control as:
 - a) the available information from the windfarm developer prior to asset transfer did not contain any manufacturing and installation records which would have indicated any technical or design issues with the cable and cable screen clamp. Furthermore, the Licensee explained that it is *"not normal or expected that the rating, or dimensions of subcomponents would be provided by either the cable manufacturer or the supplier of the subcomponent. As such the rating of the cable earth sheath clamp and size was not known or available during DTPHO's due diligence."*
 - b) *"There was no indication that the Developer of the assets was aware that the earth sheath clamps had any design or installation Defects."* As such, the

² [Update to open letter on the Authority's approach towards Exceptional Events \(ofgem.gov.uk\)](#)

Licensee considers that they could not have reasonably known or acted to prevent the Transmission Service Reduction.

- c) the maintenance conducted on the cable did not indicate an incorrect design of the Cable Sheath Clamps. The Licensee explained that *"Maintenance on the export cable, consists of:*
 - i. Visual inspections during routine visits;*
 - ii. Internal platform export cables, as reasonably practicable visual inspection during routine visits;*
 - iii. Annual thermography survey; and*
 - iv. Annual Radio Frequency Interference ("RFI") measurements survey."*
- d) it had *"adequate systems, plans and processes in place to monitor the operation of the transmission assets including distributed temperature sensing monitoring."*
- e) *"It is clear from the RINA forensic report that, the relevant triggers that led to the Defects occurred prior to asset transfer, i.e. design, materials or installation, including the rating of the earth sheath clamp which was not adequate for the actual earth sheath current. If not remediated these Defects would have led to failure of the export cable."*

4.10 On the balance of information provided by the licensee in respect of this event, the Authority accepts that the Licensee could not have reasonably known about the incorrect design of the Cable Sheath Clamps that most likely occurred during the construction stage as:

- a) there was no indication that there was an issue with the Cable Sheath Clamps on the Export Cables prior to a Transmission Service Reduction that occurred on the Licensee's transmission system on 19 January 2024. This was caused by an incorrect design of cable sheath clamp on a separate export cable. Following the Transmission Service Reduction on 19 January 2024, the Licensee adopted 24/7 thermal and earth sheath monitoring. The monitoring detected a similar issue with the Cable Sheath Clamps in the Export Cables;
- b) the issue most likely occurred prior to the transfer of the transmission assets to the Licensee; and
- c) due diligence and maintenance checks performed on the cable would not identify any anomalies or signs of distress to the equipment within the cable itself between asset transfer and the Transmission Service Reduction that occurred on 19 January 2024.

4.11 We agree that there were design issues regarding the Cable Sheath Clamps. Furthermore, we agree with the Licensee's decision to take de-ratings to avoid a failure of the Export Cables until a solution was put in place. We also agree with the Licensee's decision to take an outage to replace the Cable Sheath Clamps of the Export Cables as a solution to remove the de-ratings.

4.12 Therefore, based on the information provided by the Licensee, we consider that the de-ratings and outages to replace the Cable Sheath Clamps constituted an Exceptional Event.

4.13 In accordance with Paragraph 10 of the Condition, where the Authority is satisfied that an Exceptional Event has occurred, the adjustment to the value of the monthly capacity weighted unavailability 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).

- 4.14 We consider that the Licensee acted in accordance with Good Industry Practice to manage the impact of the event and restore transmission services to full capacity.
- 4.15 Therefore, the Authority directs that the value of the Licensee's monthly capacity weighted unavailability be adjusted to offset the full duration of the outage: reported system incentive performance for incentive year 4 will be increased by 482,605.14 MWh to fully offset the impact of this event.

Annex 2 – details of each Transmission Service Reduction

Partial outages (de-ratings) conducted on circuit 1	Partial outages (de-ratings) conducted on circuit 3
23 January (12:00 – 18:05)	24 January (18:15 – 23:25)
30 January (10:36 – 15:57)	26 January (20:17 – 21:52)
5 February (23:08) – 6 February (02:30)	27 January (04:15 – 14:38)
7 February (20:37) – 9 May (09:05)	28 January (09:25 – 10:50)
	28 January (13:56 – 15:28)
	30 January (10:21 – 15:59)
	31 January (04:22 – 06:25)
	31 January (09:37 – 11:50)
	31 January (14:20) – 1 February (23:20)
	2 February (01:50) – 3 February (22:20)
	4 February (01:00 – 23:29)
	5 February (02:05) – 6 February (11:45)
	6 February (14:21) – 22 May (09:30)
Full outages (repairs) conducted on circuit 1	Full outages (repairs) conducted on circuit 3
9 May (09:05) – 3 June (00:30)	22 May (09:30) – 27 May (20:37)