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**DIRECTION UNDER PARAGRAPH 10 OF AMENDED STANDARD CONDITION E12-J4
OF THE OFFSHORE TRANSMISSION LICENCE**

Whereas:-

1. Greater Gabbard OFTO plc transmission (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. In accordance with Paragraph 10 of Amended Standard Condition E12-J4 (the Condition):
 - a. the Licensee considers that the Event causing the Transmission Service Reduction on the Licensee's Transmission System that occurred from 26 January 2023 and 13 February 2023 was wholly or partially caused by an exceptional event (as defined in Amended Standard Condition E12-J1 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.
3. In accordance with Paragraph 10 of the Condition, the Authority is satisfied, for the reasons specified in Annex to this direction, that the Licensee took steps to manage the impact of the Event on the availability of services.
4. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 22 November 2024 (the **Notice**).
5. The Licensee submitted representations on 1 December 2024 and 13 January 2025.

Now therefore:

6. the total reduction in capacity arising from this outage was 71,737.02 MWh in incentive year 11 (beginning 1 January 2023). The Authority directs that the Licensee's reported system incentive performance for incentive year 11 will be increased 65605.2 MWh to 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

ANNEX - THE AUTHORITY'S REASONS FOR ISSUING A DIRECTION UNDER PARAGRAPH 10 OF AMENDED STANDARD CONDITION E12-J4

1 Notification

- 1.1 On 27 January 2023 Greater Gabbard OFTO plc transmission (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction on offshore export cables. The Transmission Service Reduction ran from 26 January 2023 to 13 February 2023 (the **Failure Event**)
- 1.2 The Licensee submitted an Exceptional event claim to the Authority on 20 September 2023

2 Exceptional event requirements

- 2.1. Paragraph 10 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-J1 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, 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 10(a) to (c) of the Condition. Pursuant to subparagraph 10(d) of the Condition, the Authority is satisfied that the Failure 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 regarding the failure event against both the Licence and the Open Letters.¹
- 4.2 The Licensee considers that the event occurred due to incorrect orientation of the busduct sleeve on the blue phase of export cable 3; the busduct sleeve was located too close to the container (a design defect) and this close proximity allowed induced voltage to occur in the earth loop resulting in an electric arc (ie a discharge of electric current across a gap in the circuit) that caused the circuit to automatically shut off. The Licensee provided a technical report produced by its Operations and Maintenance contractor (the **O&M report**) that supports this view.
- 4.3 The Licensee considers it conducted comprehensive and detailed technical due diligence on all aspects of the transmission assets and it could not have known about the busduct misalignment prior to asset transfer.
- 4.4 We agree that the root cause of the Failure Event was the misalignment/wrong orientation of busduct sleeve that led to the chain of events set out above.
- 4.5 We consider the Licensee has demonstrated:
- a) there was no indication prior to the failure on 26 January 2023 that any design defect was present;
 - b) it had conducted due diligence of the transmission assets prior to asset transfer which did not disclose the fault;
 - c) there was also no indication that the developer of the assets was aware that the cable had been damaged, and
 - d) since asset transfer, the Licensee had adequate systems and processes in place to monitor the operation of the transmission assets. These did not indicate that there was any defect in the cable.
- 4.6 As such the Licensee could not have reasonably acted to prevent the Failure Event. The event was therefore beyond the reasonable control of the Licensee.
- 4.7 We consider the Licensee followed Good Industry Practice when undertaking the repair. However, we note the return to full transmission services was delayed by two days due to an unrelated event, therefore these two days are deducted from the final award.
- 4.8 In its representations, the Licensee questioned whether the Authority was correct to deduct two days from the final award. Following further correspondence the Licensee confirmed it did not intend to pursue the unrelated event.
- 4.9 Therefore, the Authority directs that the value of the Licensee's monthly capacity weighted unavailability be adjusted as follows:
- a) the total reduction in capacity arising from this outage was 71737.92MWh in incentive year 11 (beginning 1 January 2023).
 - b) the reported system incentive performance for incentive year 11 shall be increased by 65605.2 MWh, to offset the impact of this event.

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