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

Whereas: -

1. Diamond Transmission Partners Walney Extension 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 Transmission Service Reduction on the Licensee's Transmission system, that occurred from 6 May 2024 to 8 May 2024 were 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 19 November 2024 (the **Notice**).

6. The Licensee provided further information on 31 October 2024.
7. No representations were made by the Licensee in response to the Notice.

Now therefore

8. 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 6,447 MWh to fully offset the impact of this event.
9. This Direction constitutes notice pursuant to section 49A(1)(c) of the Act.

Yours sincerely,

**Yvonne Naughton**  
**Head of OFTO Licensing and Compliance**

**Duly authorised by the Authority**

## ANNEX

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

#### 1 Notification

- 1.1 On 17 May 2024, Diamond Transmission Partners Walney Extension Limited (the **Licensee**) notified the Authority of a Transmission Service reduction on one of its export cables. The Transmission Service Reduction ran from 6 to 8 May 2024.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 28 June 2024.

#### 2 Exceptional Event requirements

- 2.1. Paragraph 9 of the Condition provides that the Authority shall adjust the value of the reported system incentive performance to offset the impact of an exceptional event where:
- a) the licensee considers that any event on the Licensee's 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 of such an event 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 (including the anticipated duration of any reduction in availability) and such further information, if any, as the Authority may require in relation to such an Exceptional Event; and
  - d) the Authority is satisfied that the event notified to it under sub-paragraph (b) is an Exceptional Event.
- 2.2. An Exceptional Event is defined in Amended Standard Condition E12-A1 of the Licence as follows:

*"...means 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 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 against both the Licence and the open letter dated 4 January 2024 (the **Open Letter**).<sup>1</sup>
- 4.2 The Licensee explained that the PRD termination box of Super Grid Transformer 2 (**SGT2**) was exposed to water ingress and contamination. Water was able to ingress SGT2 through a space created by a missing grommet.
- 4.3 The Licensee considers the missing grommet was not installed at the time of installation and submits that an outage would have been required to allow it to safely inspect the missing asset. In addition, the Licensee explained that other technology, such as a drone, could not be used to inspect the asset due to safety concerns.
- 4.4 The Licensee provided an independent Root Cause Analysis (**RCA**) investigation in support of its claim.
- 4.5 The RCA investigation found that:
  - a) The missing grommet led to the moisture ingress and contamination found within the PRD termination box.
  - b) Internal examination of the termination box revealed moisture and contamination around the wiring and wiring terminal box.
- 4.6 The Authority's view is that it is more likely than not that the missing grommet was not fitted during installation and that the Licensee could not have discovered the issue as part of its due diligence.
- 4.7 Furthermore, the Authority considers that the Licensee had followed the maintenance guidance provided by the manufacturer.
- 4.8 Considering this, we accept that the Licensee could not reasonably have been expected to identify the fault during the due diligence process prior to asset transfer, and that the root cause of the event was beyond the reasonable control of the Licensee. We therefore consider that the claim constitutes an Exceptional Event within the terms of the Licence and the Open Letter.
- 4.9 We understand the Licensee has taken the following actions to prevent any future further occurrence of this event:
  - a) The moisture and contamination were removed, the termination box was dried, and the hole was sealed with silicone mastic to prevent future moisture ingress.
  - b) Oil samples taken after the repair show no ongoing issues with the asset.

#### **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

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<sup>1</sup> [Update to open letter on the Authority's approach towards Exceptional Events \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/open/your-concerns/open-letters/open-letter-to-the-authority-on-the-approach-towards-exceptional-events)

is satisfied that the Licensee had taken reasonable 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).

- 5.2 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 in carrying out a safe, efficient and successful repair involving the specialist services TCS, GE Grid and RES.
- 5.3 Therefore, the Authority directs that the Licensee's reported system incentive performance be adjusted to offset the full duration of the Transmission Service Reduction: 6,447 MWh reported system incentive performance for incentive year 6 (beginning 1 January 2024) as follows:
- 6 to 8 May 2024 – 6,447 MWh