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Date: 23 January 2025

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

Whereas: -

1. WoDS Transmission plc (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 Reductions on the Licensee's Transmission system, that occurred between 22 to 28 July 2021, 15 to 17 September 2022 and 8 to 9 August 2023 were caused by an exceptional event;
  - b) the Licensee notified the Gas and Electricity Markets Authority (the **Authority**) of the events that occurred from 22 to 28 July 2021 and 15 to 17 September 2022, which resulted in the Transmission Service Reduction, within 14 days of its occurrence;
  - c) the Licensee failed to notify the Authority of the event that occurred from 8 to 9 August 2023, which resulted in a Transmission Service Reduction, within 14 days of its occurrence;
  - d) 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
  - e) 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-J1.
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 22 January 2025 (the **Notice**).
6. The Licensee did not submit any representations.

Now therefore:

7. The Authority directs that the Licensee's reported system incentive performance for:
  - a. incentive year 7 will be increased by 23,783 MWh and
  - b. incentive year 8 will be increased by 9,056 MWh to 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 and Compliance**

**Duly authorised by the Authority**

**REASONS FOR ACCEPTANCE OF AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY  
WoDS TRANSMISSION PLC UNDER PARAGRAPH 9 OF AMENDED STANDARD  
CONDITION E12-J4**

**1 Notification**

- 1.1 On 3 August 2021, WoDS Transmission plc (the **Licensee**) notified the Authority of a Transmission Service Reduction on Circuit 1 of the Licensee's offshore transmission system (**Circuit 1**) between 14:57 on 22 July 2021 to 14:54 on 28 July 2021. (the **Initial Outage**).
- 1.2 On 28 September 2022, the Licensee notified the Authority of a further Transmission Service Reduction between 07:16 on 15 September 2022 to 14:05 on 17 September 2022 (the **First Subsequent Outage**).
- 1.3 The Licensee failed to notify the Authority of the Transmission Service Reduction between 05:21 on 8 August 2023 to 12:45 on 9 August 2023 (the **Second Subsequent Outage**) within the timeline set out in paragraph 9(b) of the Condition.
- 1.4 The First and Second Subsequent outages are collectively referred to as the **Subsequent Outages**.
- 1.5 On 16 April 2024, the Licensee submitted an exceptional event claim for the Transmission Service Reductions listed above.
- 1.6 The Licensee submitted further information on 23 September 2024.

**2 Exceptional Event requirements**

- 2.1. Paragraph 9 of Amended Standard Condition E12-J4 (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 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 :

*"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 Amended Standard Condition E12-J4 paragraph 9 (a) to (c). Pursuant to paragraph 9(d) of the Condition, the Authority is satisfied that the Initial Outage and First Subsequent Outage Failure were caused by an exceptional event for the reasons set out below.
- 3.2 The Licensee failed to notify us of the Second Subsequent Outage in accordance with sub-paragraph 9 (b) of the Condition. Therefore, the Authority does not consider the Second Subsequent Outage constitutes an exceptional event. Where there is no exceptional event, the Authority has no discretion to make any adjustment to the monthly capacity weighted unavailability pursuant to the Licence.

### 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 04 January 2024 (the **Open Letter**<sup>1</sup>).
- 4.2 The Licensee explained that the Initial Outage was caused by the tripping of Circuit 1 in response to fault on NGET Heysham 400kV busbar (the **NGET Fault**). The NGET Fault lasted 0.5 seconds.
- 4.3 The protection system on Circuit 1 operated sooner than it should have. Pursuant to Section K.3 of the System Operator Transmission Owner Code (**STC**), Circuit 1 should have remained connected for 0.14 seconds of the NGET Fault occurring (known as 'fault ride through'), whereas Circuit 1 disconnected within 0.075 seconds of the NGET Fault occurring.
- 4.4 The Subsequent Outages were taken by the Licensee to investigate what caused the protection system on Circuit 1 to operate sooner than it should have. The Licensee's Subsequent Outages investigations concluded that:
- a) Super Grid Transformer 1 (**SGT1**) malfunctioned in response to the tripping of Circuit 1.
  - b) the overall protection system including the Restricted Earth Fault (**REF**) protection for SGT1 was in good order based on the primary and secondary injection testing, however it was unable to distinguish between an internal and external NGET Fault, which is required to ensure that a fault ride through capability is provided for all the scenarios specified in the STC.
  - c) the shortcomings of the design of the protection system was the root cause of its unexpected response time.
  - d) a failure to specify the correct protection system requirements at the design stage

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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/ofgem-update-to-open-letter-on-the-authority-s-approach-towards-exceptional-events)

caused the protection system to operate sooner than it should have; the protection system settings deficiency was present prior to asset transfer and therefore was a latent defect which they could not have detected at due diligence or during routine maintenance.

- 4.5 Furthermore, the Licensee submits that due to the complexity of the investigation into the protection system deficiency, the deficiency could only have been detected following their two year investigation and that it would be unreasonable for the Licensee to conduct that level of detailed investigation at due diligence or during the lifetime of the assets and that the protection setting deficiency would have only come to light when the Failure Event occurred.
- 4.6 The Licensee submits that they undertook due diligence by utilising the information available to them prior to asset transfer, including a technical due diligence review by Arup, and that there were no prior indications of issues with the protection systems. The Licensee claims that *"The current evidence suggests that the malfunction originated from pre-asset transfer commissioning"*.
- 4.7 The Authority considers that the Initial Outage and First Subsequent Outage were beyond the reasonable control of the Licensee as the protection setting deficiency was because of a latent defect which could not have been detected as part of the Licensee's due diligence undertaken before the transmission asset were transferred to it.
- 4.8 Furthermore, the Authority is satisfied that the Licensee demonstrated good industry practice in its response to the Transmission Service Reductions by conducting detailed investigations which comprised of checking the health of the assets, trip relays reset, re-energisation of Circuit 1 and have confirmed that the protection system deficiency has now been resolved.

## **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 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.
- 5.3 Therefore, the Authority directs that the value of the Licensee's reported system incentive performance be adjusted as follows:
  - a) total reduction in capacity arising from this Event was 23,783 MWh in incentive year 7 (beginning 1 January 2021), the reported system incentive performance for incentive year 7 shall be increased by 23,783 MWh, to offset the impact of this event.
  - b) the total reduction in capacity arising from this Event was 9,056 MWh in incentive year 8 (beginning 1 January 2022), the reported system incentive performance for incentive year 8 shall be increased by 9,056 MWh, to offset the impact of this event.