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Date: 17 October 2025

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

Whereas:-

1. Diamond Transmission Partners Hornsea Two 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 2 September 2024 to 6 September 2024 were 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 the Annex to this direction, that the Event notified under sub-paragraph (b) above constitutes an Exceptional Event.
4. The Authority has considered the information provided by the Licensee and based on the evidence provided, our conclusion is that the root cause of the event was beyond the reasonable control of the Licensee, and that the Licensee could not have reasonably identified the fault in the absence of clear outward signs of distress prior to the Transmission Service Reductions. We therefore consider that

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the claim constitutes an Exceptional Event within the terms of the Licence and our revised open letter of 04 January 2024 (the **Open Letter**) on the evaluation of exceptional events.<sup>1</sup>

5. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 19 September 2025 (the **Notice**).
6. No representations were made by the Licensee in response to the Notice.

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 Period 2 will be increased by a combined total of 5325 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**  
**Principle Policy Expert (OFTOs)**  
**Duly authorised by the Authority**

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<sup>1</sup> Link to [Open letter on the Authority's approach towards Exceptional Events for offshore transmission owners \(OFTOs\) | Ofgem](#) (04 January 2024)

## ANNEX

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

#### 1 Notification

- 1.1 On 12 September 2024, the Licensee notified the Authority that there were a number of Transmission Service Reductions (**TSR's**) on offshore export cables. The TSRs ran from 2 September 2024 to 6 September 2024.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 14 July 2025.

#### 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 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 TSR's are Exceptional Events, 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 Letter.
- 4.2 The Transmission Service Reductions (**TSR's**) that occurred between 2 and 6 September 2024 occurred due to remediation works, namely the replacement of faulty cable earth sheath clamps at three circuits across the Licensee's asset.
- 4.3 The Licensee has confirmed that several TSR's were taken during a wider TSR which was undertaken related to 'Developer Snagging Works' under the Sale and Purchase Agreement.
- 4.4 There were six TSR's in total:
- a) Near Shore North West circuit –
    - a) 02/09/2024 10:47 to 17:47, and
    - b) 04/09/2024 14:50 to 19:50
  - b) Near Shore South West circuit –
    - a) 03/09/2024 4:00 to 11:00, and
    - b) 04/09/2024 10:30 to 15:30
  - c) Z11 Grid Transformer 4 circuit located on the Offshore Substation Platform – 05/09/2024 10:20 to 06/09/2024 11:30
  - d) Z11 Grid Transformer 3 circuit located on the Offshore Substation Platform – 06/09/2024 12:30 to 18:10
- 4.5 The Licensee considers that the root cause of the TSR's was the inadequate design, materials or installation of the clamps, combined with high circulating currents and overheating.
- 4.6 More specifically, the Licensee considers that the root cause of the TSR's was overtightening and subsequent loosening of the cable screen clamp. This resulted in insufficient contact pressure and a high electrical resistance between the screen clamp arrangement and the lead sheath.
- 4.7 The Licensee submitted a report that supported their view on this which was produced by RINA Tech UK Ltd. The report stated:
- "RINA has concluded that a high electrical resistance at the connector interface, due to inadequate design, materials or installation, combined with high circulating currents (probably not, but not necessarily, above the screen connector's designed maximum continuous current of 165A) was considered to be the most likely root cause of the observed overheating."*
- 4.8 Our technical advisor agrees that the details of this report are consistent with the description provided by the licensee regarding the root cause of the TSR's.
- 4.9 The Licensee considers that the event was beyond its reasonable control as the root cause of the events occurred prior to asset transfer. As such, the Licensee considers it could not have reasonably known or acted to prevent the TSR's.

- 4.10 Based on the evidence provided, the Authority concludes that the Licensee could not reasonably have been expected to identify the incorrect installation of the cable screen clamp during the technical due diligence process prior to asset transfer as:
- a) The incorrect installation of the cable screen clamp was not disclosed to the OFTO; and
  - b) There were no outward signs of distress to the relevant pieces of equipment at the Licensee's asset between the time of asset transfer and the original Failure Event in August 2023.
- 4.11 Based on the information provided by the Licensee, we consider that the TSR's in question constituted Exceptional Events.
- 4.12 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).
- 4.13 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.
- 4.14 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 Period 2 will be increased by 5,325 MWh to fully offset the impact of this event.