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Date: 14 January 2026

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 Reduction (TSR) on the Licensee's Transmission System that occurred between 3 April 2025 and 6 July 2025 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 TSR in system availability that the Licensee considers resulted from the Exceptional Event; 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.
4. The Authority has considered all the information provided by the Licensee and, based on this evidence, concluded 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 trigger event. In this case, the trigger event was a localised electrical

breakdown at the field joint, where high tangential electrical stress led to the formation of a fault hole in the cable insulation. We therefore consider that 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.¹

5. The Authority gave the required notice in accordance with Paragraph 11 of the Condition to the Licensee on 17 December 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 4 will be increased by a combined total of 461,077.35 MWh to fully offset the impact of this event.

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

Yours sincerely,



Ikbal Hussain
Head of OFTO Licensing 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](#) (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 04 April 2025, Diamond Transmission Partners Hornsea Two Limited (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction (TSR). The TSR ran from 3 April 2025 to 6 July 2025.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 17 October 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 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 Letter².

4.2 The TSR that occurred between 3 April 2025 and 6 July 2025 was the result of a fault on the Near Shore South West (NSSW) export cable. This fault led to a TSR until the damaged section was removed and two new repair joints were installed by the Original Equipment Manufacturer (Nexans S.A.), restoring full availability.

4.3 The Licensee considers that the root cause of the TSR was a latent defect in the NSSW export cable L1 phase field joint caused by low interfacial pressure which likely originated from either:

- (a) variable depths of troughs between ridges in the insulation;
- (b) insufficient ovality of the prepared core; or
- (c) contamination along the interface between the cable insulation and the joint insulation.

The combination of low interfacial pressure and high tangential electrical stress led to localised electrical breakdown and erosion of the insulation, resulting in the formation of a fault hole.

4.4 The Licensee submitted a report produced by RINA Tech UK Ltd that supported this. The report stated:

"The fault was on the balance of probabilities due to insufficient interfacial pressure between the cable insulation and the joint insulation. Insufficient interfacial pressure may have resulted from variable depths of troughs between ridges formed during preparation of the cable insulation" and/or "ovality of the prepared core"; and/or "contamination along the interface between the cable insulation and the joint insulation, due to material transported by the PMJ during assembly".

4.5 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 failure event.

4.6 The Licensee considers that the event was beyond its reasonable control as the root cause of the event occurred prior to asset transfer. As such, the Licensee considers it could not have reasonably known or acted to prevent the TSR. The Licensee stated that they "undertook due diligence on all transmission assets, but no manufacturing or installation records indicated any technical issues with the cable or field joint." The Licensee further explained, "installation defects were not identified by the developer or detailed in any documentation provided prior to asset transfer and could not have been identified by the Licensee during due diligence." For the joint relevant to this Exceptional Event, all required factory and site tests were completed with no non-conformances found. The Licensee therefore considers that its due diligence was consistent with Good Industry Practice.

4.7 Our technical advisor agrees that, for the joint in question, the due diligence process was comprehensive and consistent with Good Industry Practice. The advisor further concurs that, based on the available records and the absence of recorded defects for the joint in question, it would not have been reasonable to expect the Licensee to have identified or prevented the fault prior to asset transfer.

² Link to [Open letter on the Authority's approach towards Exceptional Events for offshore transmission owners \(OFTOs\) | Ofgem](#) (04 January 2024)

4.8 Based on the evidence and technical advice provided, the Authority concludes that the Licensee could not reasonably have been expected to identify any of the following three potential contributory root causes of the insufficient interfacial pressure during the technical due diligence process:

- (a) variable depths of troughs between ridges in the insulation;
- (b) insufficient ovality of the prepared core; or
- (c) contamination along the interface between the cable insulation and the joint insulation.

Although, in theory, the contamination could have been detected during due diligence, the Authority considers that the Licensee's due diligence process was thorough and appropriate. Based on the available evidence, it would not have been reasonable to expect the Licensee to identify this specific issue prior to the fault occurring. Additionally, the Authority concludes that the Licensee could not reasonably have been expected to control or change any of the potential relevant triggers of the fault after asset transfer, as these issues more likely than not arose during installation and were not reasonably detectable or remediable post-installation.

4.9 As such, we consider that the TSR constitutes an Exceptional Event. We also considered whether the Licensee followed Good Industry Practice, warranting an adjustment to its reported system incentive performance in the way in which they:

- (i) established the cause of the fault
- (ii) managed the impact of the event after it had occurred, and
- (iii) restored the asset after the outage occurred.

4.10 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).

4.11 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.

4.12 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 4 will be increased by 461,077.35 MWh to fully offset the impact of this event.