



Making a positive difference  
for energy consumers

Ian Naylor  
Gwynt y Môr OFTO plc  
Focus Point  
3rd Floor  
21 Caledonian Road  
London  
N1 9GB

Email: [yvonne.naughton@ofgem.gov.uk](mailto:yvonne.naughton@ofgem.gov.uk)

Date: 7 January 2026

By email only

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

Whereas:-

1. Gwynt y Môr OFTO 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 the Amended Standard Condition E12-J4 (the Condition):
  - a. the Licensee considers that the Transmission Service Reduction's on the Licensee's Transmission System that occurred between 9 and 17 December 2024 is 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
  - 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-J1.
4. In accordance with Paragraph 11 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 events 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 12 of the Condition to the Licensee on 20 November 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 be adjusted to offset the full duration of the outage's: reported system incentive performance for incentive year 12 (beginning 1 January 2024) will be increased by a combined total of 47,507.075 MWh to fully offset the impact of this Event.
8. 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**

**REASONS FOR ACCEPTANCE OF AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY  
GWYNT Y MÔR OFTO PLC UNDER PARAGRAPH 9 OF AMENDED STANDARD  
CONDITION E12-J4**

## **1 Notification**

- 1.1 On 9 December 2024, Gwynt y Môr OFTO plc (the **Licensee**) undertook a repair of 400/132kV Supergrid Transformer 1 (**SGT1**) to replace 38 Current Transformer (**CT**) oil seals/bushings. Transmission services were restored on 17 December 2024.
- 1.2 The Licensee submitted a claim for an Exceptional Event on 29 September 2025.

## **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 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 9(a) to (c) of the Condition. Pursuant to subparagraph 9(d) of the Condition, the Authority is satisfied that the transmission service reductions were 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 the Licence and concluded that the Event constitutes an Exceptional Event within the terms of the Licence.
- 4.2 The Licensee has demonstrated the root cause of an oil leak on Super Gas Transformer 1 (**SGT1**) was caused by a latent defect. The oil seals that form part of the design of the Current Transformer (**CT**) bushings contained within SGT1, designed to operate in an outdoor environment, were enclosed within a sound proofing box that did not allow for adequate air flow; the *"lack of air flow being the significant factor in the failure of the oil seals/bushings"*.
- 4.3 The Licensee submitted two technical forensic reports in support of its claim.
- 4.4 Due to the location of the CT bushings, we consider that the Licensee could not reasonably have been expected to identify the fault during the technical due diligence process prior to asset transfer. The Licensee states the *'current transformer (CT) bushings are located on the main body of the transformer. The CT terminals are contained within oil filled compartments that are supplied with oil from the main tank of the transformer. The CT compartments are secured behind a bolted metal plate. No part of the CT terminals or seals are visible or accessible for routine inspection and as such is not part of the OEM's recommended maintenance schedule'*.
- 4.5 We consider the root cause of the Event, being a lack of air flow within SGT1 causing the seals that form part of the design of the CT bushings contained within SGT1 to perish, was beyond the reasonable control of the Licensee.
- 4.6 We consider the Licensee could not have prevented this Event occurring by acting when it first became aware of the issues on SGT1 and conclude, based on the information provided by the Licensee, that this Event could not have been avoided and the Licensee has acted in accordance with Good Industry Practice in anticipation of the Events occurrence.
- 4.7 The Licensee first identified an oil leak in SGT1 during a routine inspection in December 2020. The oil leak was caused by a fracture of one of the rubber seals on SGT1. In February 2021 (the **February 2021 repair**), the Licensee replaced the damaged bushing and the associated rubber seals and purchased a spare set of core earth bushings and seals.<sup>1</sup> Oil leaks had previously been identified in 2019 in Super Gas Transformer 2 (**SGT2**) caused by the *'seals on the Tertiary CT bushings being badly perished'* (the **July 2023 repair**).<sup>2</sup> The Licensee states it had *"not been able to determine a root cause for the failure of the oil seals"*.
- 4.8 Had the Licensee determined the root cause for the failure of the oil seals in February 2021; it is more likely than not that replacement of all 38 CT bushings on SGT1 would still be required.
- 4.9 We note the Licensee's intention to take further action to prevent a reoccurrence of this Event.

---

<sup>1</sup> [Gwynt y Môr OFTO plc - decision on exceptional event | Ofgem](#) <sup>2</sup> [Gwynt y Môr OFTO plc: exceptional event decision | Ofgem](#)

## **5 Authority's adjustment to the reported system incentive performance under Paragraph 11 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 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). 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.
- 5.2 Therefore, the Authority directs that the Licensee's reported system incentive performance be adjusted to offset the full duration of the transmission service reduction between 9 and 17 December 2024 as follows: 47,507,075 MWh reported system incentive performance for incentive year 12 (beginning 1 January 2024).