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

Whereas: -

1. TC Beatrice OFTO 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 the Amended Standard Condition E12 – J4 (the **Condition**):
 - (a) the Licensee considers that the Event causing the Transmission Service Reduction on the Licensee's Transmission System that occurred between 18 April 2025 and 26 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 Transmission Service Reduction, within 14 days as 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
 - (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. 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 06 January 2026 (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 Event: reported system incentive performance for Incentive Period 6 will be increased by a total of 701,018 MWh to fully offset the impact of this Event.
8. This direction constitutes notice pursuant to section 49A(1)(c) of the Act.



Ikbal Hussain
Head of OFTO Licensing and Compliance
Duly authorised by the Authority

ANNEX

REASONS FOR ACCEPTANCE OF AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY TC BEATRICE OFTO LIMITED UNDER PARAPGRAPH 9 OF AMENDED STANDARD CONDITION E12 – J4

1 Notification

- 1.1 On 24 April 2025, TC Beatrice OFTO Limited (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction (**TSR**). The TSR ran from 18 April to 26 July 2025.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 24 November 2025.

2 Exceptional Event requirements

- 2.1 Paragraph 9 of 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 Letter of January 2024.¹
- 4.2 The root cause of the TSR was identified as a latent defect within the pre-moulded joint on Export Cable Circuit 2. As set out in the root cause analysis (**RCA**) conducted by the DNV group (the independent technical expert appointed by the Licensee), the misalignment of the cable core during the installation process led to insufficient interface pressure between the joint body and the cable insulation. This resulted in the electrical integrity of the joint being compromised, which, over time, caused the cable insulation to breakdown.
- 4.3 A further report conducted by RINA Tech UK (**RINA**) independently reviewed the investigation of the failed cable joint undertaken by DNV. The report supported DNV's findings that the Event was triggered by misalignment of the cable, which led to insufficient interface pressure between the joint body and the cable core.
- 4.4 Additionally, a technical advisory report prepared by Gutteridge Haskins & Davey Limited (**GHD**), confirmed that *"The defective joint could not have been detected once the cable jointing process was complete, and cable joint installed and buried and placed into service."* The report concluded that *"It was therefore not reasonable for the OFTO to know of the defective joint during the ITT and PB stages of the OFTO regime process."*
- 4.5 The above findings are supported by the Licensee in their Exceptional Event Claim, where they state that *"Under no circumstance could TCBOL have known the relevant triggers or contributory factors leading to the Export Cable 2 failure."* As such, it would be unreasonable to expect the Licensee to have foreseen the defect that caused the TSR.
- 4.6 The Authority notes that the Licensee exercised due diligence and followed Good Industry Practice by carrying out routine maintenance on the cable in accordance with Original Equipment Manufacturer (**OEM**) recommendations. As part of this, the Licensee conducted a bathymetric survey which confirmed there was no third-party damage, no significant seabed changes, and no cable exposure.
- 4.7 Moreover, as confirmed by the Licensee in its submission: *"We undertook due diligence on the transmission assets prior to asset transfer, and no disclosure was made by Scottish and Southern Energy Renewables (SSER) concerning any defective subsea field joint or non-conformity."*
- 4.8 Accordingly, the Authority considers the Licensee to have exercised due diligence, as it undertook comprehensive checks prior to asset transfer. In doing so, the Licensee was assured by the OEM that the cable lengths manufactured for the Beatrice Project passed all stringent test regimes and were expected to meet their

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

intended design life. In addition, GHD endorsed these findings, agreeing that the cable can reasonably be expected to achieve its design life.

- 4.9 The Authority's internal engineering advice supports the conclusions of the technical reports, confirming that the nature and location of the defect meant it could not have reasonably been identified or prevented by the Licensee prior to the TSR occurring.
- 4.10 Additionally, the Licensee addressed the TSR in a timely manner by selecting the most effective repair solution that would restore service in the shortest available time. As confirmed by the Licensee "*...the actions of TCBOL minimised any transmission service reduction by undertaking the repair in the shortest practical time.*" The claim further details multiple repair options and their timelines, highlighting that alternative repair options would have resulted in a longer TSR because of the later proposed start dates.
- 4.11 Notably, the repair involved using a Universal Joint Solution, known as the Adaptive Rigid Sea Joint (**ARSJ**). This joint was tested and independently reviewed by RINA, who approved its use. After installation, the cable was tested, to confirm the cable's condition and check for any faults. The cable circuit was then energised for a 24-hour soak period at normal voltage, in line with guidance from the OEM. Following successful completion of these checks, the circuit was returned to service on 26 July 2025, bringing the TSR to an end.
- 4.12 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 Event occurred.

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, 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).
- 5.2 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.
- 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 from 18 April 2025 to 26 July 2025 as follows: 701,018 MWh reported system incentive performance for Incentive Period 6.