

Mr Ian Naylor
Equitix
3rd Floor
Sevendale House
5-7 Dale Street
Manchester
M1 1JB

Direct Dial: 020 7901 7049
Email: ikbal.hussain@ofgem.gov.uk

Date: 6 February 2026

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 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 1 January 2025 and 30 August 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 induced electrical

energy diverting into the Fibre-Optic Cable (FOC) through a conductive path created by a defect in the Polyethylene (PE) sheath, which allowed water ingress and led to corrosion, overheating, fibre breakage, and ultimately failure of both the FOC and the adjacent power core 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 23 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 outage: reported system incentive performance for Incentive Period 13 will be increased by a combined total of 416,868 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 GWYNT Y MÔR OFTO PLC UNDER AMENDED STANDARD CONDITION E12-J4

1 Notification

- 1.1 Gwynt y Môr OFTO plc (the **Licensee**) notified the Authority of a Transmission Service Reduction (TSR) within the 14-day period required by the Licence. The TSR ran from 1 January 2025 to 30 August 2025.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 9 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 (the **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 1 January 2025 and 30 August 2025 was the result of a fault on the Subsea Export Cable 3 (SSEC3). The fault led to a continued TSR, which remained in place until the damaged cable section was removed and the new length of replacement cable and joint bays were installed during the Stage 4 repair, fully restoring system availability.
- 4.3 The Licensee referred to the root cause analysis report provided in support of its previous Exceptional Event claim associated with this fault which was submitted to Ofgem on 10 October 2024. The root cause analysis provided evidence that the root cause of the 2023 SSEC3 Failure is the same latent defect that caused the 2020 SSEC3 Failure³.
- 4.4 The Authority's internal engineers have previously agreed that the fault was caused by a latent defect being the: *"electrical activity caused by inconsistent conductivity (resulting from a manufacturing or, more likely, a design defect) of the PE sheath within the spare FOC led to a breach in the waterproofing abilities of the PE sheath that in turn allowed water to penetrate into the metallic armour, which resulted in the armour corroding and further increasing resistance within the FOC. The increased resistance led to heat that melted the armour wires surrounding the FOC causing the current to find an alternative path through the steel tube housing the fibres. Heating caused by the current flowing through the steel tube damaged both the steel tube and the plastic protective coating of the FOC, resulting in breaks in the FOC. The breaks in the FOC caused the induced current to flow through the power core lead sheath, which in turn damaged the power core insulation, which ultimately resulted in the Cable Failure"* (the **SSEC3 Latent Defect**).
- 4.5 The Authority has determined in its previous decisions that it is unreasonable for the Licensee to have known about the SSEC3 Latent Defect when the assets were transferred to it, or that the defect would lead to a failure of the main power core³. Therefore, and consistent with our previous decisions, we determine that the Licensee could not reasonably have foreseen or prevented the SSEC3 Latent Defect.
- 4.6 The Authority also notes the trilateral agreement reached on 9 May 2024 between Ofgem, Gwynt y Môr Offshore Wind Farm Limited (GYMOWFL) and the Licensee. This agreement recognised that a full replacement of the defective section of SSEC3 could not be undertaken in 2024 because the additional length of newly manufactured cable required for the full repair would not be available until 2025. As a result, an interim repair was necessary. The parties therefore agreed a staged approach, with a temporary Stage 3 repair undertaken between 2 July 2024 and 30 August 2024 to maintain partial service and manage the risk of further deterioration, supported by an export cap applied throughout this period. A further export cap was then applied from 1 January 2025 until the Stage 4 outage between 21 July 2025 and 30 August 2025, when the full replacement could finally be completed using the newly delivered cable. This confirms that it was not reasonable

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

³ On [10 February 2021](#), [24 November 2021](#), [30 March 2022](#), [16 February 2023](#) and [17 January 2025](#) (**previous decisions**), Ofgem concluded that the SSEC3 Latent Defect led to the 2020 SSEC3 Failure was an Exceptional Event (**EE**).

to expect the Licensee to restore full capacity in 2024, and that the TSR between 1 January 2025 and 30 August 2025 was necessary to complete the full restoration of the cable.

- 4.7 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.
- 4.8 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).
- 4.9 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.
- 4.10 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 13 will be increased by 416,868 MWh to fully offset the impact of this event.