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## **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 Event causing the Transmission Service Reduction (**TSR**) on the Licensee's Transmission System that occurred between 27 July 2025 and 7 August 2025, was wholly or partially caused by an Exceptional Event (as defined in Amended Standard Condition E12-J1 of the Licence);
  - (b) the Licensee notified the Gas and Electricity Markets Authority (the **Authority**) of the TSR in system availability within 14 days as required by the Licence;
  - (c) the Licensee has provided details of the TSR 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. 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,

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consistent with Good Industry Practice, to manage the impact of the event on the availability of services.

Now therefore:

5. 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 13 will be increased by a total of 39,601 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**

## ANNEX

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

#### 1 Notification

- 1.1 On 30 July 2025, Gwynt y Môr OFTO plc (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction (**TSR**) within the 14-day period as required by the Licence. The TSR ran from 27 July 2025 to 7 August 2025.
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 11 December 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-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, 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

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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 evidence provided by the Licensee regarding the failure event and assessed this material against the requirements of the Licence and the Authority's open letter dated 4 January 2024 (the **Open Letter**).<sup>1</sup>

4.2 The Authority is satisfied that the root cause of the TSR was a latent defect arising from the premature degradation of the nitrile seals within the Current Transformer (**CT**) bushing compartments on Supergrid Transformer 2 (**SGT2**). This same failure was identified on the Licensee's Supergrid Transformer 1 (**SGT1**) during its December 2024 outage.<sup>2</sup>

4.3 The CT bushings were originally designed for outdoor installation, but within the noise enclosure they were exposed to higher internal temperatures due to restricted airflow. The nitrile seals were not rated for these elevated temperatures, which led to accelerated thermal ageing and loss of integrity. As a result, the seals degraded prematurely and oil leakage occurred from the enclosed CT compartments on SGT2.

4.4 An independent RCA was carried out in 2025 on the failed CT bushing components removed from SGT1 during its planned outage in December 2024. The evidence from the RCA, the technical review and Licensee demonstrates that SGT2 exhibited the same failure as SGT1. Because both transformers use the same CT bushing design and operated in identical enclosure conditions, the Authority considers the RCA findings directly applicable to SGT2. The analysis concluded that:

- a) the internal nitrile seals had undergone premature thermal degradation.
- b) the indoor operating environment within the noise enclosure resulted in elevated temperatures that exceeded the seals' specification; and
- c) the deteriorated seals could no longer maintain an effective oil tight interface, resulting in multiple leaks.

4.5 The Authority notes that the identical failure on SGT1 in December 2024 was previously determined to be an Exceptional Event and therefore considers the SGT1 findings to be a relevant consideration when assessing the present SGT2 claim.

4.6 An independent technical review carried out on the Licensee's behalf supports the RCA findings and confirmed that the original seals were not suitable for the thermal conditions inside the noise enclosure. The review concluded that higher

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<sup>1</sup> The Authority's Revised Open Letter on its approach to Exceptional Events: [Open letter on exceptional events - Revised Jan 2024.pdf](#)

<sup>2</sup> Link to Gwynt y Môr OFTO plc SGT1 Exceptional Event Final Direction: [GyMEE1224-SGT1-Claim-Direction-Nov-2025-FINAL-direction.pdf](#)

temperature rated seals were required, and Viton seals rated at 200 degrees Celsius were therefore installed during the SGT2 outage.

- 4.7 The review also confirmed that the failed seals were located inside oil-filled, bolted compartments and that the defect could not have been detected without intrusive access requiring an outage. The evidence further demonstrates that the CT terminals and seals are not visible or accessible for inspection. As highlighted in the Licensee's submission; *"No part of the CT terminals or seals are accessible for routine inspection and as such is not part of the OEM's recommended maintenance schedule."*
- 4.8 The Authority considers that the Licensee exercised due diligence by monitoring the asset in accordance with Original Equipment Manufacturer (**OEM**) recommendations and planning a pre-emptive outage once deterioration was observed.
- 4.9 The underlying cause of the oil leaks could only be confirmed through intrusive access during a full outage. Furthermore, the OEM did not expect the seals to require replacement within the transformer's design life. On that basis, the premature failure was not reasonably foreseeable. Accordingly, the Authority determines that this latent defect is an Event beyond the Licensee's reasonable control under Amended Standard Condition E12-J1.
- 4.10 For the repairs, the Licensee engaged a specialist contractor (**Brush**), who had successfully completed the same repair work on SGT1 in December 2024. Therefore, the Authority considers that the Licensee demonstrated sound judgment by drawing directly on Brush's proven approach and applying this experience to the SGT2 works.
- 4.11 Following the repair, the Licensee implemented long-term measures to reduce recurrence, including opening three roof ventilation hatches on the noise enclosure to improve heat dissipation around the transformer, alongside continued temperature monitoring.
- 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 27 July 2025 to 7 August 2025 as follows: 39,601 MWh reported system incentive performance for Incentive Period 13.

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