

Company Secretary  
Scottish Hydro Electric Transmission plc  
Inveralmond House  
200 Dunkeld Road  
Perth  
PH1 3AQ



Making a positive difference  
for energy consumers

Company number: SC213461

Contact: Neill Guha  
Direct Dial: 020 7901 1807  
Email:neill.guha@ofgem.gov.uk

Date: 26 June 2015

Dear Company Secretary,

**Notice under paragraph 3C.11 of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Supplied) of the Electricity Transmission Licence granted to SHE Transmission plc under section 6(1) (b) of the Electricity Act 1989**

I refer to SHE Transmission's energy not supplied (ENS) exceptional event claim detailed below. Having reviewed the claim and supplementary information provided by SHE Transmission, the Authority is now in a position to decide on this claim. The Authority's decision is given in the table below; further information relating to the reasons for this decision is set out in Annex A:

<b>Details of claim provided by Licensee</b>	
Type of claim	Energy Not Supplied (Special Condition 3C)
Licensee	SHE Transmission plc
Start date and time of event	08/01/2015 23:45
End date and time of event	10/01/2015 04:21
Number of transmission incidents in 24 hr. period	57
Nature/cause of event	06 Wind and gale (excl. windborne material)
Main areas affected	The north and west of Scotland
Total MWh unsupplied associated with exceptional event	63.880

**Authority's Decision**

The Authority is satisfied that the event notified under paragraph 3C.10 of SpC 3C is an ENS Exceptional Event.

This letter constitutes notice under Part C of Special Condition 3C of Scottish Hydro Electric Transmission plc's Electricity transmission licence that the Authority proposes to issue a direction to exclude 63.80 MWh for the purpose of calculating the volume of energy not supplied for the Incentivised Loss of Supply Event detailed above.

Any representations on the Authority's proposed direction must be made on or before **24 July 2015** to Neill Guha, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to [neill.guha@ofgem.gov.uk](mailto:neill.guha@ofgem.gov.uk). The Authority proposes that the direction will take effect from 31 July 2015.

The Authority's reasons for proposing to issue the direction are set out in Annex A to this letter.

## Exceptional Event claims guidance

We are keen to streamline the processes by which future exceptional events claims are submitted to Ofgem and assessed by Authority. We are therefore currently working on developing the processes for both SF<sub>6</sub> and ENS exceptional event claims. This will include creating a pro forma and guidance on exceptional event claims for submission by licensees. We will likely be in contact with you regarding this in the near future and would value your input in helping us create a more streamlined process for exceptional event claims and assessments.

If you have any questions in relation to the above please contact Neill Guha on tel: 020 7901 1807 or by email: [neill.guha@ofgem.gov.uk](mailto:neill.guha@ofgem.gov.uk).

Yours sincerely,

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Min Zhu,  
Associate Partner, Electricity Transmission  
Duly authorised on behalf of the Authority  
26 June 2015

## **Annex A – Energy Not Supplied Exceptional Event claim under Part C of Special Condition 3C of Scottish Hydro Electric Transmission plc’s Electricity transmission licence (Reliability Incentive)**

The claim relates to loss of supply to 11,743 customers in the north and west of Scotland on 9 January 2015. The loss of supply was due to a fault on the Beaulay-Shin West 132kV circuit, which required the disconnection of the Alness grid supply point (GSP) in order to allow repairs to be carried out. The total loss of supply was 63.80 MWh and all 11,743 disconnected customers had supply restored after 3 hrs 39 minutes.

Having carried out an assessment proportionate to the materiality of the claim, the Authority proposes to direct that 63.80 MWh shall be excluded for the purpose of calculating the volume of energy not supplied for the incident for the following reasons:

1. Based on the weather forecast data provided by SHE Transmission, the media reports at the time of the event, and the explanations provided by SHE Transmission, the Authority is reasonably satisfied that severe weather was the major cause of the loss of supply.
2. While SHE Transmission’s claim contained an element of double counting and therefore overstates the number of faults in a 24 hour period (at 57), the Authority is nonetheless satisfied that the correct number of faults comfortably exceeds the threshold number of faults (7 faults) required for the event to be classified as a severe weather event as defined in Special Condition 1A.
3. The Authority is satisfied that in deploying additional internal and contract staff in response to severe weather forecasts, SHE Transmission used reasonable endeavours to mitigate the impact of the event before it occurred.
4. In the Authority’s view, due to the need to prioritise safety, SHE Transmission acted correctly in disconnecting the Beaulay-Shin East 132kV circuit to remove the tree that caused the fault on the adjacent Beaulay-Shin West 132kV circuit. The repair work was carried out in a timely manner and supply was restored to all affected customers in a reasonable timeframe. The Authority is therefore satisfied that SHE Transmission used reasonable endeavours to mitigate the impact of the event after it occurred.

It should be noted that the level of scrutiny applied in this case was proportionate to the materiality of the claim. The Authority reserves the right to apply higher levels of scrutiny to future claims.