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Date: 16 January 2025

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

Whereas:-

1. TC East Anglia One 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 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 from 28 February 2024 to 11 April 2024 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 reduction in system availability that the Licensee considers resulted from the Exceptional Event and further information requested by the Authority; 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 9 of the Condition, the Authority is satisfied, for the reasons specified in Annex to this direction, that the Licensee took steps to manage the impact of the Event on the availability of transmission services.
5. The Authority gave the required notice in accordance with Paragraph 10 of the Condition to the Licensee on 13 January 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: reported system incentive performance for incentive year 3 will be increased by a combined total of 322,573 MWh to fully offset the impact of this event.

This direction constitutes notice pursuant to section 49A(1)(c) of the Act.

Yvonne Naughton
Head of the OFTO Licensing and Compliance, Networks

Duly authorised by the Authority

ANNEX 1

THE AUTHORITY'S DECISION ON AN EXCEPTIONAL EVENT CLAIM SUBMITTED BY TC EAST ANGLIA ONE OFTO LIMITED UNDER AMENDED STANDARD CONDITION E12-J4

1 Notification

- 1.1 On 01 March 2024, TC East Anglia One OFTO Limited (the **Licensee**) notified the Authority that there had been a Transmission Service Reduction on onshore export cables. The Transmission Service Reduction ran from 28 February and 11 April 2024 (the **Failure Event**).
- 1.2 The Licensee submitted an Exceptional Event claim to the Authority on 16 October 2024.

2 Exceptional Event requirements

- 2.1. Paragraph 9 of the Condition (Amended Standard Condition E12-J4 (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 the European Commission 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 Failure Event 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 dated 4 January 2024 (the **Open Letter**).¹
- 4.2 The unplanned outage running from 28 February to 11 April 2024 occurred due to a failure of blue phase of the 220 kV onshore cable of Export Circuit 1 specifically a conductor connector in Joint Bay 10/11, which failed (the **Failure Event**).
- 4.3 The Licensee considers that the root cause of the Failure Event was due to defective weld in the conductor connector within the blue phase joint at Joint Bay 10/11 of Export Circuit 1, this resulted in overheating later during normal operation of the conductor connector in the joint (the **Trigger Event**). The Licensee submitted GHD, RINA and Prysmian reports all support the Licensee's conclusion.
- 4.4 The Licensee, informed by findings of independent examination, considers that the workmanship defects occurred during the construction phase undertaken by the windfarm developer. Furthermore, the Licensee considers that it the event was beyond their reasonable control as there were no outward signs of distress or defects in the Export Circuit 1 cable, or specifically, the conductor connector, despite the Licensee having "*Routine maintenance, in accordance with good industry practice would not detect this defect.*".
- 4.5 The Licensee explained that the due diligence on the available information from the Developer prior to asset transfer did not contain any manufacturing and installation records which would have indicated any technical issues with the conductor connector in question. Furthermore, the Licensee indicated that there was no indication that the Developer of the assets was aware of any potential defects in the conductor connector in the joint. As such, the Licensee contends that they could not have reasonably known or acted to prevent the Failure Event.
- 4.6 Regarding repairs, work began immediately to establish what had caused the trip of Export Circuit 1, and the location of any faults. The Licensee's asset managers traced the location of the fault to the onshore cable route. Additional service providers were then used to pinpoint the fault to the specific location of Joint Bay 10/11.
- 4.7 The Licensee contacted the cable Original Equipment Manufacturer and installer to carry out the repair and replacement works. Export Cable 1 was reenergised on the 11 April 2024.

¹ [Update to open letter on the Authority's approach towards Exceptional Events \(ofgem.gov.uk\)](https://www.ofgem.gov.uk)

- 4.8 Based on the evidence provided, the Authority concludes that the Licensee could not reasonably have been expected to identify the fault during the technical due diligence process prior to asset transfer and the root cause of the event was beyond reasonable control of the Licensee as:
- a) there were no outward signs of distress to the conductor connector used within Export Circuit 1 Joint Bay 10/11 that were observable to the Licensee; and
 - b) routine monitoring by Distributed Temperature Sensing (DTS) could not have identified problems with the conductor connector ahead of failure as at Joint Bays the fibre used for DTS is split from the electrical power cables by as much as 2.5 meters.
- 4.9 We therefore consider that the event constitutes an Exceptional Event as defined in Amended Standard Condition E12-A1.
- 4.10 In accordance with Paragraph 10 of the Condition, where the Authority is satisfied that an Exceptional Event has occurred, 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).
- 4.11 Given the actions taken by the Licensee, we are satisfied that the Licensee took steps, in accordance with Good Industry Practice, to manage the impact of the event on the availability of the services.
- 4.12 Therefore, 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 year 3 will be increased by 322,573 MWh to fully offset the impact of this event.