

Sarah Friedel  
Group Regulation  
SONI Limited  
Castlereagh House  
12 Manse Road  
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Ref: NET/E/TH/516

20 May 2022

Dear Sarah,

**Re: Minimum Generation Studies – Final Et Approval**

Thank you for the opex *Dt* submission of the 30 March 2022 regarding costs for grid code studies to address complex questions raised by Kilroot regarding minimum generation requirements and changes to the code.

Need is well established and the cost is additional to existing price control allowances. Having reviewed the submission and your response to the provisional decision, we are supportive of the project but remain unconvinced that this spend should be remunerated via the up-to-cap mechanism. This conclusion is based on the following:

- 1) Our guidance states that use of this mechanism should be the exception rather than the rule (See UM [Guidance](#), p10, para 3.22).
- 2) From responses, scope for both parts (A and B) seem relatively clear at this stage.
- 3) Risk of financial exposure for SONI is low given cost materiality, sharing mechanism and the fact that further uplifts can be requested should there be material change to project deliverables (See UM [Guidance](#), p16, para 6.9).

We have therefore decided to provide full allowance less contingency under the *Et* mechanism. Contingency has been removed to ensure a 'fair bet' approach to cost sharing. For confirmation, amounts approved are detailed in the table below by tariff year [and in April 2019 prices for ease of comparison with the current price control].

Tariff Year	SONI Claim (March 2022 prices)	UR Allowance (March 2022 prices)	UR Allowance (April 2019 prices)
2021-22	£51.4k	£46.7k	£43.2k
2022-23	£51.4k	£46.7k	£43.2k
<b>Total</b>	<b>£102.8k</b>	<b>£93.5k</b>	<b>£86.4k</b>

In terms of the minimum generation studies, we are content that NI consumers cover the costs of this report given that there is likely to be wider industry impacts / benefits. However, this should not be considered to establish precedent for future Grid Code changes. Each case will be decided on its merits and it may be that generators may be best placed to fund such future studies.

We note from your response to the provisional decision that you wish to present on the risks of one-off *Et* / *Vt* approvals. We would be happy to accommodate such a discussion at a future date suitable to both SONI and the UR.

I trust this satisfies your requirements at this time. Should you have any comments, queries or issues, feel free to contact Ciaran MacCann.

Yours sincerely,



**Tanya Hedley**  
**Director of Network Operations**