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Ref: NET/G/RML/286

09 November 2020

Dear Emma Jayne,

**Re: BCO Revision Decision – GY2019-20**

Thank you for your submission of 27 August 2020 and subsequent query responses on 23 September 2020 regarding projects not included within the GT17 shadow price control. The correspondence requests a BCO uplift of £150k [March 2020 prices] for GY2019-20.

UR has reviewed the detail provided by MEL and is satisfied that in each case there is well documented project need and supporting evidence. Applying the GT17 efficiency challenge to the request results in a BCO revision as follows:

Project	2019-20 MEL Request	Efficiency Challenge	2019-20 UR Allowance
Ballylumford WBH & AGI Decommissioning	£83k	3.4%	£80k
Remedial Works on SNIP Pipeline	£23k	3.4%	£22k
Belfast Lough Crossing QRA	£44k	3.4%	£43k
<b>Totals</b>	<b>£150k</b>		<b>£145k</b>

*All figures are in March 2020 prices*

The BCO shall be amended by £145k [March 2020 prices] for MEL in GY2019-20. Revision of allowances for these project costs in future years can also be requested by the TSO at the appropriate time, as per licence requirements.

Under Condition 3.1.6 (b)(v) of the licence, the UR hereby confirms a revision to the PTL controllable operational expenditure of **£102k [March 2020 prices]**.

Under Condition 3.1.6 (b)(v) of the licence, the UR hereby confirms a revision to the BGTL controllable operational expenditure of **£43k [March 2020 prices]**. Supporting calculations are provided alongside this letter.

**Other Issues**

In terms of cost reporting, UR would appreciate any expenses associated with these projects to be captured in the '*Outputs not in GT17*' line of the RIGS repex table.

Whilst need for the projects is clear and significant cost is expected next year, there is a question as to the necessity for BCO revisions where the level of expense is relatively immaterial. UR has approved this request given previous allowances and expected future spend.

However, typically speaking, UR would expect MEL to manage some additions within existing budget given that other projects will cost less or may not be required at all. UR can confirm that, provided significant explanation and justification is given in the RIGs, MEL would not attract criticism in *Cost & Performance Reports* for undertaking necessary projects which were not provided funding in the price control. UR would ask MEL to consider the issue of materiality before submission of future requests.

I trust this satisfies your requirements at this time. Should you have any comments, queries or issues regarding this letter, feel free to contact myself or Roy Colville.

Yours sincerely,



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**Roisin McLaughlin**  
**Head of Network Operations**

CC: Gerard McIlroy  
Stephen Hemphill  
Tanya Hedley