

Gerard McIlroy
Finance Director
Mutual Energy Ltd
The Arena Building
85 Ormeau Road
BELFAST
BT7 1SH

Ref: NET/G/JF/597

25 October 2022

Dear Gerard,

Re: BCO Revision Decision – GY2021-22

Thank you for your submission of 31 August 2022 and subsequent query responses on 14 October 2022 regarding projects not included within the GT17 shadow price control. The correspondence requests a BCO uplift of £1.8m [March 2022 prices] for GY2021-22.

UR has reviewed the detail provided by MEL and is satisfied that in each case there is well documented project need and supporting evidence for costs. However, it is unclear why MEL considers that the 2021-22 BCO uplift should incorporate material Kilroot connection costs which will be incurred in the year following. These costs (£670k) have been excluded from the approval.

Applying the GT17 efficiency challenge to the request results in a BCO revision as follows:

Project	2021-22 MEL Request	2021-22 UR Allowance
Remedial Works on SNIP Pipeline	£0.3m	£0.26m
Gas connection at EP Kilroot	£1.5m	£0.79m
Totals	£1.8m	£1.05m

All figures are in March 2022 prices

The BCO shall be amended by £1.05m [March 2022 prices] for MEL in GY2021-22. 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 **£259k [March 2022 prices]**.

Under Condition 3.1.6 (b)(v) of the licence, the UR hereby confirms a revision to the BGTL controllable operational expenditure of **£789k [March 2022 prices]**. Supporting calculations are provided alongside this letter.

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

Yours sincerely,



John French
Chief Executive

CC: Gareth Robinson
Emma Jayne Armstrong
Stephen Hemphill
Tanya Hedley