

Kevin O'Neill
Head of Commercial & Regulation
SONI Limited
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

Ref: NET/E/JF/572

14 September 2022

Dear Kevin,

Re: Metering Request - Final Approval

On 09 March 2022, SONI made an application for costs associated with replacing the energy metering IT data collation system. The claim of **£1.64m (April 2021 prices)** includes both opex and capex costs across tariff years spanning from 2021-22 until 2024-25.

UR provisionally approved a budget of **£1.06m (April 2021 prices)** on 08 June 2022 setting out the rationale for disallowance. SONI made representation on the issue to the UR on 28 June 2022. Following review of this response, UR has provided an uplifted final allowance of **£1.30m (April 2021 prices)**.

For confirmation, total amounts approved are detailed in the table below [and in April 2019 prices for alignment with the current price control].

Metering Project – Request and Final Allowance			
	SONI Claim (April 2021 prices)	UR Allowance (April 2021 prices)	UR Allowance (April 2019 prices)
Total	£1.64m	£1.30m	£1.26m

The final decision represents c. 80% of the amount requested. A spreadsheet detailing all calculations is provided alongside this letter. In summary however, the following deductions have been required:

- 1) No provision has been made for the additional £284k 'standalone' costs SONI has requested as a result of utilising the uncertainty mechanism.
- 2) Some £54k of capital costs have been removed. This represents allowances provided for this project in the 2015-20 price control but spend was not undertaken.

However, since the provisional determination a couple of allowance adjustments have been made. This includes a re-instatement of both the opex request and parallel capex running costs. Criticality of parallel operations has been accepted. Likewise, UR has conceded SONI's arguments around additional opex vendor costs for supporting an end-of-life system.

The final allowance for the metering project amounts to **£1.30m (April 2021 prices)**. This includes **£0.16m (April 2021 prices)** of opex and **£1.14m (April 2021 prices)** capex. This allowance is subject to cost sharing provisions within the licence.

Et Allowance

As the request includes both opex and capex, it is important to provide clarity around the allowances by licence terms. In accordance with *paragraphs 8.5 and 8.6 of Annex 1* of the TSO licence, the opex amount approved under the *Et* term for this project is detailed in the table below by tariff year [and in April 2019 prices for alignment with the current control].

Metering Project – Opex Request and Final Allowance			
Tariff Year	SONI Claim (April 2021 prices)	UR Allowance (April 2021 prices)	UR Allowance (April 2019 prices)
2022-23	£54.0k	£54.0k	£52.6k
2023-24	£54.0k	£54.0k	£52.6k
2024-25	£54.0k	£54.0k	£52.6k
Opex Total	£162.0k	£162.0k	£157.9k

Vt Allowance

For the capital element, the UR now gives notice to SONI that in accordance with *paragraphs 8.5 and 8.6 of Annex 1* of the TSO licence, the capex amount approved under the *Vt* term for this project is **£1.14m (April 2021 prices)**. Costs will be recovered via the non-buildings RAB (*V_{NBt}* term).

For confirmation, amounts approved under the *Vt* term are detailed in the table below by tariff year [and in April 2019 prices for ease of comparison with the new price control].

Metering Project – Capex Request and Final Allowance			
Tariff Year	SONI Claim (April 2021 prices)	UR Allowance (April 2021 prices)	UR Allowance (April 2019 prices)
2021-22	£307.0k	£236.5k	£230.5k

2022-23	£808.0k	£622.5k	£606.7k
2023-24	£359.0k	£276.6k	£269.6k
Total	£1,474.0k	£1,135.6k	£1,106.8k

Reporting of actual costs incurred and progress against delivery should be included in the annual RIGS returns.

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



John French
Chief Executive