

Kevin O'Neill
SONI Limited
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

Ref: NET/E/TH/663

12 May 2023

Dear Kevin,

Re: SDP Phase 1 – Final Vt Approval

On 15 September 2022, SONI made an application for costs associated with conducting the analysis and planning (phase 1) for the Schedule & Dispatch Programme (SDP). The claim of **£476k (April 2022 prices)** includes capex costs which are part of an ongoing project.

UR provisionally approved a budget of **£205k (April 2022 prices)** on 20 February 2023 under the *Vt* mechanism, setting out the rationale for disallowance. SONI made representation to the UR on 13 March 2023. Following review of this response, UR has determined a final *Vt* mechanism allowance of **£0** given the updated information on lower outturn costs.

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

Tariff Year	SONI Claim (April 2022 prices)	UR Allowance (April 2022 prices)	UR Allowance (April 2019 prices)
2022-23	£475.8k	£0	£0
Total	£475.8k	£0	£0

Unresolved Issues

Response to the provisional determination and subsequent engagement highlighted that SONI wish the UR to make a final decision based on the ex-ante request. SONI has also highlighted the need for provision under the *Zt* mechanism.

Given the outturn costs are below existing price control allowances for Initiative F8 (Clean Energy Package), we are of the view that no further allowance for this phase is required. Whilst the uncertainty mechanism guidance envisages ex-ante approvals, it does not prohibit ex-post approval.

SONI has also signalled a need to meet regarding various issues including improving the UM process, governance arrangements, phased approaches etc. We are happy to set up such a discussion. We are however somewhat concerned by the scale of the differential between estimated and outturn costs for this planning phase. It is also unclear how costs are allocated between TSO and MO licences. These issues will merit further discussion.

I trust this satisfies your requirements at this time. A meeting to address the points raised above will be set up in due course. Any comments to this letter should be addressed to Ciara Brennan.

Yours sincerely,



Tanya Hedley
Director of Price Controls