

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

Ref: NET/E/PR/980

27 June 2024

Dear Kevin,

**Re: NRAA process – Final Et approval**

Thank you for the opex (*Dt / Et*) submission of the 14 November 2023 regarding costs for alignment of the Generation Capacity Statement (GCS) methodology with the National Resource Adequacy Assessment (NRAA) process.

Need for allowance is established. Having reviewed the submission and PD response, we are supportive of the project but remain unconvinced that any of the spend should be remunerated via the up-to-a-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 received, scope and costs seem relatively clear at this stage, particularly as the project is well advanced.

Under *Annex 1 – para 8.5 and 8.6* of SONI's licence, we therefore approve a full allowance via the *Et* opex cost sharing mechanism. For confirmation, amounts finally 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 (April 2023 prices)	UR Allowance (April 2023 prices)	UR Allowance (April 2019 prices)
2022-23	£86.5k	£86.5k	£72.5k
2023-24	£185.5k	£185.5k	£155.6k
2024-25	£99.1k	£99.1k	£83.1k
<b>Total</b>	<b>£371.0k</b>	<b>£371.0k</b>	<b>£311.2k</b>

We have included funding for all modelling, the critical review and the academic review. On completion of the project we expect to see copies of the two review reports and evidence of how SONI has addressed any issues raised as it finalises the models. We also expect the model to be robust on completion, meeting the necessary functional requirements.

Regarding future cost submissions as detailed in the PD response, we accept that the FTE requirement is an ongoing obligation. This will require additional request/allowance for the SRP20 extension year. Given a cost-sharing allowance, further requests for professional fees would only be applicable, *“if there is a clear need to make changes to the scope of a project’s deliverables.”* (See UM [Guidance](#), p16, para 6.9).

I trust this satisfies your requirements at this time. Any comments to this letter should be addressed to John Mills and Ciara Brennan.

Yours sincerely,



**Peter Russell**  
**Executive Director**  
**Price Control, Networks, and Energy Futures**