

Rowan Tunncliffe
SONI Limited
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

Ref: NET/E/JBM/1365

25 September 2025

Dear Rowan,

Re: SEMO System Release Costs [M] – Final Zt Approval

Thank you for the capex *Zt* submission of 16 April and the resubmission on 18 June 2025 regarding TSO costs arising from IT system releases of the Central Market System (CMS). The costs relate to system release M.

Following review of the submission and previous analysis, UR has determined a full and final allowance of **£363k** (April 2024 prices) under Annex 1, paragraph 8.6(b) of the licence for TY2023-24.

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

	SONI Claim (April 2024 prices)	UR Allowance (April 2024 prices)	UR Allowance (April 2019 prices)
Release M [2023-24]	£363k	£363k	£295k

Zt Allowance

The UR now gives notice to SONI that:

- 1) In accordance with paragraph 8.6(b) of Annex 1 of the licence, the application shall be treated as Special Project Costs (i.e. a *Zt* approval).
- 2) Special Project Costs will be recovered under the *Zt* term and in accordance with paragraph 2.2(n) of Annex 1 of the licence.

UR has approved a total capital allowance of **£363k** for release M. The capital approval set out above is subject to the following conditions:

- (a) SONI can recover the depreciation and return on actual spend up to the maximum amount approved.
- (b) Depreciation and return amounts can be recovered in tariffs from 2023-24 based on the maximum amount of **£363k** (April 2024 prices).
- (c) In accordance with paragraph 2.7(b)(iii) of Annex 1 of the TSO licence, the straight-line depreciation period for the project is five years, starting with relevant year 2023-24.
- (d) Return will be calculated based on the prevailing WACC.

Given the timing of this application and approval, monies for 2023-24 could not be included in tariffs. These costs should therefore be recovered via the K-factor in 2025-26. Reporting of actual costs incurred (by system release) should be included in the annual RIGS returns.

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

Yours sincerely,



John Mills
Head of Electricity Price Controls