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

Ref: NET/E/SL/1383

29 October 2025

Dear Rowan,

Re: Flexibility Needs Assessment (FNA) – Final Et Decision

Thank you for the opex (Dt) submission of the 05 September 2025 regarding costs associated with TSO modelling for the first NI Flexibility Needs Assessment.

Having reviewed the submission and response to the provisional determination, we are supportive of the project but remain unconvinced that this 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, scope and costs seem relatively clear at this juncture.
3) Cost-sharing should be typical for this type of activity and was the chosen approach for the NRAA modelling work.
4) Whilst Annex 1, Section 6.2 of the licence does reference Dt allowances, this is not the only UM available for change of law provision (i.e. Section 8.1 (a) and (h)).
5) We have set an allowance which we consider ensures that the financial position of the Licensee is the same as if the change had not taken place. It is for SONI to ensure that it manages its allowances in an efficient manner.

UR has subsequently determined a final allowance under *Annex 1, paragraph 8.6(c)* of the licence of **£446k** (September 2025 prices), which represents an uplift from the provisional position. For confirmation, amounts finally approved under the Et mechanism 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 (Sep 2025 prices)	UR Allowance (Sep 2025 prices)	UR Allowance (April 2019 prices)
2025-26	£474k	£446k	£346k
Total	**£474k**	**£446k**	**£346k**

Issues
The final allowance affords c. 94% of the request. A spreadsheet detailing our calculations is provided alongside this letter. However, the key issues are summarised below.

1) **Daily Rates** - The daily rate provided in the [redacted] quote for the senior engineer is lower than that which has been budgeted by SONI. We have set the daily rate at the quoted figure after uplifting to September 2025 prices. [N.B. The daily rate has been amended slightly since PD based on the actual CPIH value for September.]

2) **Economics Consultancy Review** - We have taken on board SONI comments and reinstated the resource request (in days). Whilst we do not think it is efficient for a third party to audit consultants work, we accept that there is additional effort in ensuring that the FNA process aligns with EU regulations. We also acknowledge that such a process was undertaken for the All-Island Resource Adequacy Assessment.

Given this is the first iteration of the FNA, we are minded to approve the economics consultancy review. In light of time constraints and on a one-off basis, an audit will be granted for the first iteration to utilise specialist expertise and ensure the accuracy of the modelling and analysis.

For subsequent iterations, it is expected that the lessons learned report and its' findings will be applied to refine processes, progress the development of internal expertise in this area and drive a high standard of analysis that fully meets the requirements outlined in the FNA methodology.

Furthermore, as part of this approval we expect that the CBA and the lessons learned report will be shared with Market Operations colleagues in the UR.

I trust this satisfies your requirements at this time.

Yours sincerely,

Sean P Lyons

Sean Lyons
Head of Electricity Price Controls