Utility Regulator

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Ref: NET/E/PR/1436

26 February 2026

Dear Kevin

Re: SONI Governance Phase IV (Track 2) – Final Et approval

Thank you for the opex cost sharing Et submission of the 14 October 2025 regarding Phase IV of the Governance project – Track 2: Business Case for Change (BCFC).

Having reviewed the SONI response to the PD, we have determined to slightly increase the original proposed allowance. Under Annex 1 – para 8.5 and 8.6 of SONI's licence, we therefore approve an allowance via the Et opex cost sharing mechanism for these costs.

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 (Apr 2025 prices)	UR Allowance (Apr 2025 prices)	UR Allowance (Apr 2019 prices)
2025-26	£2.99m	£0.99m	£0.77m
2026-27	£4.49m	£1.70m	£1.33m
2027-28	£6.63m	£0.00m	£0.00m
Total	**£14.11m**	**£2.69m**	**£2.10m**

Unresolved Issues

The final decision supports around **19%** of the total amount requested. Whilst this appears to be a material reduction, we are proposing that much of the staff request (i.e. Track 2B, innovation and some graduates – total of 42.0 FTEs) be deferred until SRP27 deliberations.

We also consider that there are a few issues with the resource request as submitted. Supporting calculations are provided separately in a spreadsheet attached and detailed responses to SONI points are captured as an annex to this letter. Nonetheless, the key issues can be summarised as follows:

1) **Track 2B** – These staff (33.0 FTEs) relate to capacity enhancement to deliver on SONI's strategy. Most are due to be recruited in the first year of SRP27 (TY2027-28). From a

practical perspective it seems appropriate to defer decisions on these staff until the price control where business cases, outputs, service level impacts, benefits and the costs can be consulted on and determined accordingly. This includes the decision around the third 24/7 control room desk as we would like to see the outcome of the CHCC resource review before progressing any allowance.

2) **Innovation** – Innovation staff (6.0 FTEs) would typically not form part of base allowance but will fluctuate depending on projects being delivered. It is our view that much of the innovation staff should be considered alongside business cases for projects in SRP27 or via uncertainty mechanisms (UMs). We have however allowed one staff member (Digital Lead) to cover new compliance work in relation to the digitalisation licence condition (LC43) and data strategy work.

3) **Graduates** – SONI has requested 9.0 FTEs for the graduate programme. However, these roles are not accompanied by job descriptions / outputs, and staff do not appear to relate to LC42 compliance. LC42 might explain the need for direct recruits rather than recharges for the graduate programme, but it does not explain the expansion in staff numbers, particularly given no associated outputs. We have determined 5.0 FTEs to cover recharges and some contingency for SONI to allocate staff as the TSO considers appropriate. Further graduate resource uplift needs to be justified in SRP27 in the usual manner alongside corresponding deliverables.

4) **Workplace Specialist** – SONI has requested 0.5 FTEs to look after the estate, which they advise was previously undertaken by EirGrid. We are not minded to support this request as SONI already has an external contractor to provide this service.

5) **Track 1 Areas** – SONI has requested staff in business areas already considered under Track 1, i.e. procurement (2.0 FTEs) and networks (3.0 FTEs). We do not consider further allowance to be justified barring any recharged amount to ensure no net change.

6) **Telecoms** – Given the jurisdictional nature of the operational telecommunications network (OTN), we are unclear why LC42 means additional management resource. We have however increased the engineering support to ensure contingency for SCADA and communications maintenance.

7) **Continuity & Transformation** – SONI are requesting 8.0 FTEs in this area for Track 2A with only a 0.5 FTE recharge. Such a level of diseconomies of scale seems open to question in an area where SONI already has expertise. We have determined an allowance of 5.0 FTEs.

8) **Handover Period** – SONI assumes a 12-month handover period in TY2025-26 for new staff. As per the Track 1 decision, we have adjusted this to a 6-month handover allowance. This would seem reasonable for a handover, particularly since SONI's own

recruitment profile indicates that 50% of the staff due to be recruited in the first year will not be recruited until the last six months of the year.

9) **TY2027-28** – The staff request runs into the first year of SRP27. This adds complication to the price control as base costs must shift to account for when the allowance is exhausted. We have determined to make our allowance until the end of the current price control, in line with other UM decisions.

SONI also asked for constructive feedback on detail that was missing from the funding request. At a high level this can be summarised as a lack of detail in certain areas as to why there was such a marked diseconomy of scale. In terms of Track 2B, SONI should endeavour to justify additional costs in terms of new outputs/activity, service level performance improvements, consumer benefits or KPI impacts.

Detailed responses to the individual SONI points raised to the provisional determination are set out as an annex to this letter.

I trust this satisfies your requirements at this time.

Yours sincerely,

PDRussell

Peter Russell
Executive Director
Price Controls, Networks, and Energy Futures

Annex A – UR views on SONI's response to the Provisional Determination

SONI provided a detailed response to the UR provisional decision regarding the SONI Governance Phase IV Track 2 allowance. UR views on the SONI comments are set out in the table below.

Topic	SONI comment	Initial UR Response
Innovation Project Manager and 3 * Business Analysts (4.0 FTEs)	Failing to recruit this role will undermine the quality and timeliness of SONI's funding submissions, increasing the risk of incomplete, delayed, or poorly evidenced cases being put forward for approval.	SONI already has both innovation and regulation staff in place to undertake such activity. There should be no reason for incomplete or poorly evidenced business cases. Neither is their typically time pressure associated with innovation projects as they are generally outside of BAU activity.
Innovation Project Manager and 3 * Business Analysts (4.0 FTEs)	EirGrid continues to invest in shared IT platforms that SONI is required to fund, yet SONI does not have the resources needed to manage, challenge, or prioritise these IT-related costs.	As part of the their response to the 2021 Governance consultation, SONI stated that, *"the Cost Allocation and Recharge Policy was developed jointly by the finance teams in SONI and EirGrid and is reviewed on an annual basis. The overarching purpose of the policy is to ensure a fair and supportable basis for costs to be attributed to business units / licensees across the Group......The SONI Compliance and Assurance Officer reports to the Utility Regulator on an annual basis regarding compliance with Condition 5 of the SONI TSO Licence – Prohibition of Cross Subsidies. Separately the policy has also been reviewed by Internal Audit and as part of the annual statutory audit process for all Group companies."* (p46, paras 5.17 & 2.20). SONI is not obligated to fund activities that it does not believe is in consumers interests. Neither does UR have a reason to believe that such scrutiny as previously advised is no longer applicable, particularly given additional management resource.
Data Lead (1.0 FTE)	Without specialist leadership SONI cannot establish the data governance, quality assurance, or controls needed to meet these obligations. This gap also means SONI is unable to deliver its recently drafted data strategy......The lack of data expertise directly compromises SONI's ability to meet LC42 & LC43 requirements and fulfil its strategic ambitions as a modern, transparent system operator.	SONI has been provided with dedicated resource (Digital Lead) in the Track 2A decision to progress work associated with LC43 digitalisation and data sharing requirements. Track 1 decisions also provided Director and HoF roles for *Network and Innovation* who should have a key role in developing and delivering digital/data strategies.

Topic	SONI comment	Initial UR Response
Workplace Specialist (0.5 FTEs)	Without this role, SONI will have no internal SONI resource dedicated to facilities, health and safety, physical security and the monitoring of providers. SONI will be fully reliant on external providers and will not be able to monitor value for money, oversight of quotations for works, or make decisions on facility matters for the SONI business.	There is no reason why SONI would be unable to monitor VFM given existing contract experience and additional management / procurement resource provided under Track 1 and 2.
Workplace Specialist (0.5 FTEs)	The 0.5 FTE recharge for facilities was partially included in the recharges in FY24 at 0.4 FTE; SONI need a similar dedicated resource or enhance the work done by third parties which would have a much higher cost.	SONI has been provided a generous allowance of an additional 5.0 FTEs in the *People & Place* business function across graduates and the workplace specialist. SONI is free to allocate these resources as it considers most beneficial to their organisation. No further allowance is therefore warranted.
Graduates (4.0 FTEs)	SONI has a statutory obligation to work towards a gender balanced workforce. Our graduate schemes support this commitment. Advertising graduate, entry level roles help widen our talent pool at SONI.	This point is accepted and reflects the increased graduate provision in the Track 2A provisional decision.
Graduates (4.0 FTEs)	We will have to employ more experienced staff to carry our entry level work, which is not cost-effective for NI consumers, and it limits career opportunities for Finance and Regulation Graduates in our industry which is contrary to NI Assembly skills programme.	It does not follow that disallowance of graduate staff would mean SONI having to employ more experienced staff to undertake entry-level work. As per the PD letter, SONI has not explained the need for the expansion in graduate staff numbers, particularly given no associated outputs. Further graduate resource uplift needs to be justified in SRP27 in the usual manner alongside corresponding deliverables.
Graduates (4.0 FTEs)	Further graduate job descriptions are included in supporting information – See Annex 3 (a-c).	No issues with the job descriptions.
Procurement Manager and Procurement Support (1.3 FTEs)	Post Track 1, SONI had reasonable expectation that it would still be sharing significant parts of procurement and IT with EirGrid. We did not get agreement from EirGrid to progress derogations for either resulting in significant additional work for both functions. New IT projects will not have procurement management or support. We need procurement involvement from the outset of all IT separation and replacement projects.	SONI has been provided additional procurement staff in Track 1. The Track 2 procurement allowance mirrors the recharged resource as there is limited rationale as to why SONI should be more inefficient than EirGrid in this area. Furthermore, it should be noted that significant resource has been requested as part of the corporate IT submission to undertake all the corporate IT tendering and to set up new IT procurement frameworks. New IT projects will therefore have the support via base and UM allowances.

Topic	SONI comment	Initial UR Response
Procurement Manager and Procurement Support (1.3 FTEs)	A recent high-level strategy has been created by SONI that details the 5-year plan and complexities surrounding the corporate IT separation and procurement process. There are ten separate areas of procurement for what will be multifaceted and complicated project with an estimated cost of £30m.	See response above.
Senior Engineer (Transmission Strategy) – (1.0 FTE)	The Senior Engineer (Transmission Strategy) role was not covered by Track 1. This role is intended to augment the capacity of the vital engineering resources that are required to support the transition of the power system to a net zero power system at pace.	We disagree with this position. Much of this work should already be subject to jurisdictional independence. We would also note the three additional system engineer roles provided in Track 1 are, *"required to support annual publications required under licence with regard to network planning i.e. TDPNI and TYTFS."* Consequently, we see limited need for further allowance in this area.
Senior Engineer (Transmission Strategy) – (1.0 FTE)	The following vital work to support NI's ambitions will be compromised and delayed: strategic spatial energy plans for Northern Ireland, evidence-based scenarios to inform network investment, new transmission policies and market mechanisms that enable renewable integration.	Given Track 1 additional allowances and the already jurisdictional nature of much of this work, we see no reason why work in this area should be compromised or delayed. On the contrary, we would expect it to be prioritised.
Networks Project Manager and Admin Support (0.7 FTEs)	No administrative role was requested for the Networks function as part of Track 1.	Whilst no specific admin role was provided in Networks, Track 1 made provision for 3.0 FTEs in administration roles across the TSO. We see no need for further allowance.
Networks Project Manager and Admin Support (0.7 FTEs)	The disallowance of 0.7 FTE for the Programme Manager and the disallowance of the 0.5 FTE Administrative Support will have the knock-on impact of delaying key transmission planning activities directly linked to our licence.	SONI is incorrect to state that 0.7 FTEs have been disallowed for the Networks PM role. The disallowance is limited to 0.2 FTEs.
Networks Project Manager and Admin Support (0.7 FTEs)	The UR, DfE, MLA's and industry have become increasingly vocal (including publicly) and critical of SONI's ability to deliver for the energy transition and ultimately the NI consumer. Disallowing the resources requested through Track 2 is not in keeping with UR's signals to SONI that the above work is essential and their thoughts on our delivery record.	In the current price control, SONI has consistently reported underspends in TNPP delivery and network planning and feasibility study activity. Separate UM processes are available should the TSO wish to expand their roles in these respective areas. This base cost disallowance should in no way impede transmission project delivery, particularly given the scale of current underspend.

Topic	SONI comment	Initial UR Response
Telecoms (2.0 FTEs)	Under the previous arrangement, the SCADA team received day-to-day management from EirGrid. With the transition of the SCADA team to SONI-direct reporting, this management layer no longer exists.	SONI has been provided with significant resource in Track 1 to bolster the senior leadership team across all business functions. This should cover management of this key activity.
Telecoms (2.0 FTEs)	SONI currently has only four engineers available to maintain a 24/7 support rota for SCADA/EMS. Without the disallowed roles, this rota is not sustainable or resilient…… Previously SONI relied on a shared Out of Hours Support rota from EirGrid which consisted of 6 people, providing resilience within the rota.	Given the need for 24/7 coverage and SONI no longer having access to out of hours support from EirGrid, we accept that there may be some need for contingency in this area. We are therefore minded to accept the request for an additional Telecoms Engineer.
Telecoms (2.0 FTEs)	A revised IT Operating Model has now been formally agreed with EirGrid. Under the former group model, EirGrid provided strategic design, technical planning and architectural direction for the Operational Telecommunications Network (OTN). Under the new operating model, this support is no longer available to SONI, requiring internal capability to be established.	If EirGrid provided this direction, it is unclear why SONI is not reporting any recharge in this area. It is also uncertain why EirGrid would have such a prominent role given that the OTN is owned and maintained by NIE Networks (in conjunction with SONI). Given these issues, the Telecoms Manager request has been rejected.
Network Code Compliance Engineer & Operations Compliance Manager (1.0 FTE)	Merger of both roles would in highly ineffective as both roles are very different and the workload capacity would be too large.	Whilst there are differences, there are significant overlaps in terms of responsibility for development of the SONI Grid Code, ensuring alignment with Network Codes and representing SONI across working groups at European and regional forums. We remain unconvinced of the need for 2.0 FTEs in this area given the overlap in roles.
Control Room Policy Engineer (1.0 FTE)	Lack of a central point for standardisation of policies and procedures across operations including, standard templates, version control, naming conventions, document storage and access rights including the implementation of an appropriate controlled policy & procedure review mechanism's.	This is activity that SONI should already be prioritising as part of their control room function. We do not see any need for further allowance for existing activity.
Major Projects Support Engineer (1.0 FTE)	There is a risk of NI being excluded from availing of required operational tools being developed all-island…..There is a requirement for a major projects engineer within operations on an enduring basis, and given a minded to rejection position, SONI will be required to fund and cost a permanent role within each project capital expenditure request.	The Track 2 decision provides allowances for a Future Power Markets (FPM) Development Manager and a Future Power Systems (FPS) Manager and Senior Engineer. These roles are dedicated to delivery of operational change from EUNCs, new technologies or market changes. In light of this provision, the major project support role does not seem required.

Topic	SONI comment	Initial UR Response
Grid Control Engineer (1.0 FTE)	In 2025 there were four safety incidents on the NI transmission system requiring joint investigation with NIE Network's, no incident resulted in injury or harm to personnel.....When a safety incident arises, GCE's can be stood down with immediate effect and until an investigation is performed. Dependent on the findings of an investigation, GCE's can regain authorisation to perform their role, require further training, or in certain circumstances can lose their authorisation to perform their role.	SONI's original submission indicated that this role is not expected to be recruited until Q4 of 2027 (TY2027-28). Given the role is fully resourced for 24/7 coverage, there seems limited need to progress this role ahead of the BP submission.
Control Room Engineers (3.0 FTEs)	SONI has initiated a review of CHCC Operations with external consultants. This review is an initial investigation in response to four safety incidents that occurred in 2025. While safety management is the key focus, the operating model of CHCC has been queried through the local inquiries in response to the four safety incidents, and as such is included within the scope of this review. As part of this work, SONI has already engaged with neighbouring TSOs. These discussions have raised further concerns with the current resource model within CHCC.	We would welcome the outcome of the CHCC review before making a decision on the third 24/7 control room desk. Further engagement on this area is required before a decision can be taken. This can be addressed via the UM process before the SRP27 decisions if necessary.
Control Room Engineers (3.0 FTEs)	In terms of resilience within CHCC and the complexity of the roles within CHCC, the control room engineer within CHCC are significantly more responsible and active than similar roles in Ireland and GB. Given further complexity and responsibilities coming through new technologies, market projects and reintegration with Europe, and with training of control room engineers taking 1-year, it is imperative that SONI can begin recruitment for the new third desk at the earliest to allow for a re-distribution of existing and to appropriately plan for future responsibilities. These three engineers would ultimately be part of another fully resourced 24/7 desk, however three are requested at this time to ensure training can be appropriately planned and accommodated.	It's not entirely clear why, *"the control room engineer within CHCC are significantly more responsible and active than similar roles in Ireland and GB."* SONI would need to evidence this and fully explain the rationale for the third desk before the UR can consider proceeding with this allowance.

Topic	SONI comment	Initial UR Response
ENTSO-E Market Modelling Engineer (1.0 FTE)	Following on from the ENTSO-E letter to SONI's CEO requesting additional resources, the System Development Committee meeting on 3-4 February 2026 asked all TSOs to reaffirm their commitments to ENTSO-E's legally mandated processes, including the Ten-Year Network Development Plan (TYNDP). At present, SONI has no techno-economic modelling representation within the TYNDP process.	SONI did not envisage recruiting this resource until Q2 of 2028. Not entirely clear from the description why the need to progress this request now.
ENTSO-E Market Modelling Engineer (1.0 FTE)	SONI has had to seek support from EirGrid to address dataset problems, and several matters have required escalation to the ENTSO-E TYNDP Steering Group. Without this role, SONI is unable to validate whether customers are receiving value for money from major transmission projects connecting to the SEM, in line with the latest ENTSO-E Cost–Benefit Analysis guidelines.	Allowances under Track 1 provide for Senior Engineers with specialist power system analysis capability to determine VFM of transmission projects. The Track 2 decision also makes provision for a Senior Power Market Modeller with the technical expertise to, *"forecast and build credible techno-economic models."* Consequently, need for this additional resource seems unjustified at this stage.
ENTSO-E Market Modelling Engineer (1.0 FTE)	Recently the Utility regulator been engaging with SONI in respect of how SONI can support technical assessment of future interconnection, this resource will be needed to help guide the technical assessments. [See consultation]. As part of TYNDP 2026, at least two new storage projects and an existing proposed interconnector between Northern Ireland and Great Britain are included for assessment. It is essential that SONI can adequately resource this process over the next year.	See response above.

Topic	SONI comment	Initial UR Response
Future Energy Modelling Lead (Senior Lead Engineer) & Future Energy Modelling Analyst (Analyst / Engineer) – (2.0 FTEs)	SONI will have limited capability to support the Future Energy Modelling Group (FEMG), which operates under a shared terms of reference between SONI, the Utility Regulator and the Department for the Economy. In addition, SONI is developing the Project Initiation Document for the next edition of Tomorrow's Energy Scenarios……. Without this role, SONI do not have the capacity to lead complex modelling projects required to support decisions related to the Climate Action Plan and to ensure consistency across the wider energy system.	SONI are already successfully participating in FEMG with existing resources. The Track 2 decision also provides for a Senior Power Market Modeller, FPS Manager and FPS Evolution Manager dedicated to, *"building & managing the techno-economic modelling team, by developing capabilities to deliver best in class energy scenario planning and techno-economic studies."* Considering this provision, further modelling capability does not seem justified at this time. SONI would need to evidence new obligations, outputs or service level improvements to justify any resource increase. This should be undertaken as part of the SRP27 submission.
Future Energy Modelling Lead (Senior Lead Engineer) & Future Energy Modelling Analyst (Analyst / Engineer) – (2.0 FTEs)	As part of the FEMG 80 by 30 Steering Group, the Future Energy Modelling Group (FEMG) has been recognised as an influential cross-organisation working group that enables effective collaboration. The Steering Group emphasised the importance of continuing to support and strengthen this group, given its key role in informing decisions related to the current Climate Action Plan and the development of CAP2, which is now underway.	See response above.