Utility Regulator

Rowan Tunnicliffe
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Ref: NET/E/EC/1440

11 March 2026

Dear Rowan

Re: Renewable Energy Price Guarantee (REPG) – Final Z_t approval

Thank you for the up-to-a-cap capex Zt submission of the 05 September 2025 regarding the Renewable Energy Price Guarantee (REPG).

Having reviewed the submission and your subsequent responses to our provisional determination issued on 05 February 2026, we have determined a partial allowance under the Zt mechanism. We wish to highlight that our guidance states that use of this mechanism should be the exception rather than the rule (See UM Guidance, p10, para 3.22). However, given the nature of this request, we have decided to show discretion in this instance.

In accordance with *paragraph 8.6(b) of Annex 1* of the TSO licence, the capex amount approved under the Zt term for this project is **£1.56m** (September 2025 prices), which you will note that whilst we considered your responses to our provisional determination this amount remains unchanged. In accordance with *paragraph 2.7(b)(iii) of Annex 1* of the TSO licence, the straight-line depreciation period for the approved amount is five years, starting with relevant year 2025-26. For confirmation, amounts approved are detailed in the table below by tariff year [including 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 (Apr 2019 prices)
2025-26	£1.77m	£1.56m	£1.21m
Total	**£1.77m**	**£1.56m**	**£1.21m**

Unresolved issues
The final decision supports approximately 89% of the amount SONI has requested. We recognise that delivery of the REPG auction platform is a key obligation on SONI following an instruction from the Department for the Economy (DfE). We also understand the need for SONI to proceed at pace once DfE have specified key inputs. However, we consider that there are a few issues with the request as submitted.

Supporting calculations are provided separately in a spreadsheet attached with this letter. However, the key issues can be summarised as follows:

1) We consider 20% to be a relatively high contingency rate that would be typical of projects with a high degree of risk. Our allowance has reduced this to 10% for Phase 1 and 15% for Phase 2. This reflects the largely effort-related activities of Phase 1 and the comparatively riskier activities in Phase 2, which are largely time and day-rate-related, as well as the fact that the technical solution is not well defined at this stage.

2) We consider it appropriate to include all 120 days of user acceptance testing in Phase 2 for the purpose of calculating the Zt allowance. This means that the higher 15% contingency rate is applied to these costs.

3) We do not agree with the need for a £1,500 daily Project Manager rate, particularly with contingency added. We have therefore reduced the allowance to £1,000, which is in line with concurrent SONI projects.

Reporting of actual costs incurred and progress against delivery should be included in the annual RIGS returns. Responses to detailed SONI points is captured as an annex to this letter. Comments should be addressed to Ciara Brennan and Sean Lyons.

I trust this satisfies your requirements at this time.

Yours sincerely,

Elaine Cassidy
Director of Price Controls

Utility Regulator

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

SONI provided a detailed response to the UR provisional decision regarding this project. UR views on the SONI comments are set out in the table below.

	SONI views and UR Responses
SONI Comment	We note that you refer within your letter to "DfE finalising key inputs". We would like to clarify that it is not DfE who will be finalising key inputs. The scheme requires both primary and secondary legislation.
UR Response	We have amended the wording in the final approval letter. However, we would like to clarify that the original wording was meant to indicate the inputs necessary for commencement of the project. The potential for the legislative process to impose scope changes was understood at the time of the provisional decision.
SONI Comment	We have identified contingency amounts and skill sets that are appropriate for the delivery of a complex high-profile project, while recognising that the eventual split between items will vary once we have more information. Having reviewed your preliminary decision, SONI believes that the original cap requested, at a holistic level, remains appropriate for the unusual circumstances that apply this request. Scrutinising at a line-item level when the necessary legislation is still at the drafting stage, and therefore final design is still incredibly uncertain applies a spurious level of accuracy to the request.
UR Response	We consider that the project phases vary in their relative levels of risk and have set respective levels of contingency to reflect this. We do not believe this constitutes an attempt to quantify spuriously accurate risks line by line.
SONI Comment	Because we are requesting funding up to a cap, SONI cannot gain in any way from the UR approving the limit that we have requested. Instead, we will only ever be able to claim the amount that it eventually costs us to deliver our role, as defined in the eventual legislation [...] and UR can still disallow demonstrably wasteful and inefficient spend ex-post. Conversely, any reduction made to the cap will reduce the scope available to SONI to incorporate the outcome of any potential changes introduced by the NI Assembly or manage other uncertainties. This would increase the risk of regulatory processes delaying the implementation of this scheme while we request an uplift to the funding cap. The purpose of unlocking funding at this early stage via this request was to avoid delays of this nature. Wider society, including consumers of electricity in Northern Ireland, may be adversely impacted by delays that would be triggered by SONI having to request an uplift to the cap should the UR's reduction turn out to be incorrect.

UR Response	The purpose of the cap is to protect consumers in the absence of a direct financial incentive for SONI under cost sharing. The uncertainty associated with this project was recognised in our provisional decision to apply the up-to-a-cap mechanism and include the level of contingency specified. We do not consider that the mere possibility SONI may need to request an uplift to the cap warrants setting a contingency level over and above this. Doing so would introduce a distortion between approval mechanisms that the agreed-upon guidance is meant to avoid (see UM Guidance, p10, para 3.20).