Utility Regulator

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

Ref: NET/E/PR/1456

01 April 2026

Dear Rowan

Re: Corporate IT Separation Phase 2 – Final V_t approval

Thank you for the capex up-to-a-cap Zt submission of the 24 October 2025 regarding Phase 2 of the Corporate IT Separation Project.

Having reviewed the submission and query responses, we are supportive of the project but do not agree that this spend should be remunerated via the up-to-a-cap mechanism. This conclusion is based on the following rationale:

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) On the basis of the responses which we have received from you, the scope and costs of the project seem relatively clear at this juncture.
3) Cost-sharing should be typical for corporate IT expenditure (as per the current price control approach).
4) For the same reasons, Phase 1 of this project was approved under the Et cost sharing licence term.

Following a period of internal review, we have decided to to provide for the full allowance requested (and therefore do not need to issue a Provisional Determination). Please consider this correspondence as formal notice to SONI that in accordance with *paragraph 8.6(d) of Annex 1* of the TSO licence, the capex amount approved under the Vt term for this project is **£4.424m (October 2025 prices)**. Costs will be recovered via the non-buildings RAB (V_NBt term). For confirmation, amounts 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 (Oct 2025 prices)	UR Allowance (Oct 2025 prices)	UR Allowance (Apr 2019 prices)
2025-26	£3.114m	£3.114m	£2.402m
2026-27	£1.310m	£1.310m	£1.011m
Total	**£4.424m**	**£4.424m**	**£3.413m**

Unresolved Issues
The final allowance affords 100% of the amount requested. A spreadsheet detailing our calculations is provided alongside this letter. Despite the fact that the full requested allowance has been approved, there are a number of matters which we would like to draw to your attention:

Issue 1 – Non-delivery of Phase 1 output
We requested the firm cost report to develop the detailed design, which we understood was an output for Phase 1 (as supported by our first batch of queries of 03 December 2025). SONI's response of 18 December 2025 stated that *"costs were reviewed by Accenture at the end of Phase 1"* but did not provide further detail.

We repeated our request in a meeting on 21 January 2026, but SONI advised that the Accenture report was a review of the approach taken, rather than detailed Phase 2 costs. The Accenture report was provided following the meeting, but while useful for our review, we consider that it does not constitute the output specified for Phase 1, which we have interpreted to mean a Phase 2 cost report.

Please note that going forward, our expectation is that SONI must be clear when defining outputs and follow up by providing all cost information as per our reasonable requests. Failure to provide full cost information is likely to result in delays to the Provisional Determination and / or the Final Determination or cost reductions.

Issue 2 – Specificity of Phase 2 outputs
We consider the list of outputs included in the submission lacking in detail. It is our expectation that, as part of Phase 2, SONI:

1. Provide details of the clear inter-dependencies between workstreams in the Detailed Implementation Plan
2. Ensure that Phase 2 governance structures clearly define decision rights across workstreams and suppliers, include robust escalation routes, and incorporate quality gates aligned to the separation milestones
3. Ensure Change Management activities are included in the Detailed Implementation Plan, ideally associated with and related to the relevant application(s)

4. Produce an early Phase 2 procurement roadmap, including routes to market, contract timing, and supplier management strategy
5. Utilise actual day rate costs in the implementation cost estimates
6. Provide contingency estimates at the workstream level in the Detailed Implementation Plan
7. Provide further information on Risks and much more detail on mitigation approaches in the Detailed Implementation Plan
8. Consider undertaking 'what-if' scenario planning activities as an approach to mitigating cutover failure and lack of access to particular key applications
9. Consider the optimum number of System Integrators (SIs) to involve to reduce contention and competition during the delivery phase, taking into account cross-programme interdependencies with other separation workstreams, as misalignment across these areas could introduce sequencing conflicts, extend timelines, or increase delivery risk.

I trust this satisfies your requirements at this time. Should you have any questions please contact Ciara.brennan@uregni.gov.uk

Yours sincerely,

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