

Rowan Tunncliffe
SONI Limited
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Ref: NET/E/PR/1479

03 June 2026

Dear Rowan

Re: Telecoms BAU 2024-27 – Final Et-Vt approval

Thank you for the opex/capex cost sharing submission of the 19 December 2025 and your response to the related provisional determination of 23 April 2026 regarding *Telecoms BAU 2024-27* costs for the remainder of the current price control.

After internal scrutiny, following our query process we have made a determination to provide a reduced allowance of the original request. For confirmation, amounts approved are detailed in the table below by tariff year.

Tariff Year	SONI Original Claim (Apr 2019 prices)	SONI Revised Claim (Apr 2019 prices)	UR Allowance (Apr 2019 prices)
2024-25	£2.44m	£0.00m	£0.00m
2025-26	£3.09m	£4.42m	£2.49m
2026-27	£1.76m	£1.04m	£0.55m
Total	£7.29m	£5.46m	£3.04m

Unresolved Issues

The final allowance affords c. 56% of the revised amount requested (c. 42% of the original amount). This represents an uplift from the provisional determination, consisting of a reinstatement of the requests for small RTU replacements and the IP telephony upgrade. A spreadsheet detailing our calculations is provided alongside this letter. However, in summary there remain a few issues with the current request.

Issue 1 – Submission Issues

The query process has identified submission issues which reduce the request by £1.83m and move all costs into the last two years of SRP20. SONI has accepted these amendments and we are in agreement with this position.

Issue 2 – Opex Cost

The final allowance for opex is calculated based on the difference between the existing price control provision and the SONI proportion of the RP7 OTN allowance calculated on an annual basis. We have also made separate provision for new licence costs, but only from TY2025-26 onwards when they are expected to be incurred.

Issue 3 – Existing Provisions

We are concerned that SONI are seeking funding for a black start link which it appears should be remunerated through the NIE Networks opex pass-through amount. We have made no provision for this project.

Issue 4 – Radial Substation RTUs

SONI's response to the provisional determination clarified that the requested allowance for 19 RTUs in radial sites is composed of 10 sites with transformers already upgraded but without corresponding live telemetry, and 9 sites with upgrades still in planning. We have determined an allowance covering the existing need at 10 sites. SONI can seek funding for the remaining radial RTU installations as transformers are being replaced by NIE Networks.

Conclusion

As a consequence of these issues, we have determined an opex allowance based on RP7 allowances for OTN investment. Capex allowances remove the black start costs, which we consider to be already funded. Adjustment has been made to the number of radial substation investments.

For purposes of clarity the split between opex and capex allowances is set out below.

Et Allowance

In accordance with *paragraph 8.6(c) of Annex 1* of the TSO licence, the opex amount approved under the *Et* term for this project is **£0.59m (April 2019 prices)**. For confirmation, amounts approved under the *Et* term are detailed in the table below by tariff year.

Tariff Year	SONI Original Claim (Apr 2019 prices)	SONI Revised Claim (Apr 2019 prices)	UR Allowance (Apr 2019 prices)
2024-25	£1.12m	£0.00m	£0.00m
2025-26	£0.97m	£1.57m	£0.29m
2026-27	£1.13m	£0.80m	£0.31m
Total	£3.22m	£2.37m	£0.59m

Vt Allowance

For the capital element, the UR now gives 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 **£2.44m (April 2019 prices)**. Costs will be recovered via the non-buildings RAB (*V_NBt* term). For confirmation, amounts approved under the *Vt* term are detailed in the table below by tariff year.

Tariff Year	SONI Original Claim (Apr 2019 prices)	SONI Revised Claim (Apr 2019 prices)	UR Allowance (Apr 2019 prices)
2024-25	£1.32m	£0.00m	£0.00m
2025-26	£2.12m	£2.85m	£2.20m
2026-27	£0.63m	£0.24m	£0.24m
Total	£4.07m	£3.09m	£2.44m

Reporting of actual costs incurred and progress against delivery should be included in the annual RIGS returns. I trust this satisfies your requirements at this time. Should you have any comments, queries or issues, feel free to contact Ciara Brennan.

Yours sincerely,



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