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

Ref: NET/E/SL/1492

23 June 2026

Dear Rowan,

Re: SEMO System Release Costs [N] – Final Zt Approval

Thank you for the capex Zt submission of 28 April 2026 regarding TSO costs arising from IT system releases of the Central Market System (CMS). The costs relate to system release N.

Following review of the submission and previous analysis, UR has determined a final allowance of **£102.6k** (April 2025 prices) under Annex 1, paragraph 8.6(b) of the licence for TY2025-26.

For confirmation, total amounts finally approved by tariff year are detailed in the table below [and in April 2019 prices for alignment with the current price control].

Tariff Year	SONI Claim (Apr 2025 prices)	UR Allowance (Apr 2025 prices)	UR Allowance (Apr 2019 prices)
2025-26	£102.6k	£102.6k	£80.2k
Total	**£102.6k**[1]	**£102.6k**	**£80.2k**

Zt Allowance
The UR now gives notice to SONI that:

1) In accordance with paragraph 8.6(b) of Annex 1 of the licence, the application shall be treated as Special Project Costs (i.e. a Zt approval).
2) Special Project Costs will be recovered under the Zt term and in accordance with paragraph 2.2(n) of Annex 1 of the licence.

UR has approved a total capital allowance of **£102.6k** for release N. The capital approval set out above is subject to the following conditions:

[1] This represents a revised figure from an initial request of **£181k** following the identification of a double counting issue.

Utility Regulator

(a) SONI can recover the depreciation and return on <u>actual spend</u> up to the maximum amount approved.
(b) Depreciation and return amounts can be recovered in tariffs from 2025-26 based on the maximum amount of **£102.6k** (April 2025 prices).
(c) In accordance with paragraph 2.7(b)(iii) of Annex 1 of the TSO licence, the straight-line depreciation period for the project is five years, starting with relevant year 2025-26.
(d) Return will be calculated based on the prevailing WACC.

Given the timing of this application and approval, monies for 2025-26 could not be included in tariffs. These costs should therefore be recovered via the K-factor in 2027-28. Reporting of actual costs incurred (by system release) should be included in the annual RIGS returns.

I trust this satisfies your requirements at this time. Any comments on this letter should be addressed to Ciara Brennan.

Yours sincerely,

Sean P Lyons

Sean Lyons
Head of Electricity Price Controls