

Sarah Friedel
Group Regulation
SONI Limited
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

Ref: NET/E/TH/36

20 December 2018

Dear Sarah,

Re: Omagh South – TNPP Approval

Thank you for the capex TNPP submission of the 04 September 2018 regarding the pre-construction costs associated with the Omagh – Omagh South line uprating.

We note the need for this project. Having reviewed the submission, we accept the budget for pre-construction activity. As such, approval for the full sum requested (including contingency) is provided.

For confirmation, amounts approved are detailed in the table below by year [and in April 2014 prices for ease of comparison with the current price control].

Tariff Year	SONI Claim (April 2014 prices)	UR Allowance (April 2014 prices)
2016-17	£33.1k	£33.1k
2017-18	£23.8k	£23.8k
2018-19	£34.4k	£34.4k
Total	£91.2k	£91.2k

Following the query process, SONI confirmed that the preferred option (Totara conductor) is not currently in use by NIE Networks. We would anticipate that the full cost of this option (in terms of type testing, spares and maintenance as agreed appropriate by NIE Networks) will be investigated and compared to others prior to any final decision.

For the purposes of clarity therefore, we affirm that this approval only relates to pre-construction costs. It should not be considered as an endorsement of SONI's existing preferred option.

The approved TNPP allowance sets the cap for costs which can be recovered in relation to this project. On conclusion of pre-construction work, SONI should endeavour to provide a completion report, as per TNPP guidance.

The closure report should detail:

- Actual SONI costs incurred (in nominal prices) by year and in totality.
- Total amount to be charged to NIE Networks (adjusted for inflation).
- Proposed timing of this payment (allowing for UR review).
- Phasing of completed activities e.g. Technical studies, Functional Specifications, TPI and Transmission Project Agreement etc.
- Variance against budget and timescales with associated commentary.
- Any other relevant detail as required.

Separate review and approval of the closure report will be required from the UR to allow transfer of monies from NIE Networks to SONI.

Should you have any comments, queries or issues regarding this letter, feel free to contact Jody O'Boyle.

Yours sincerely,



Tanya Hedley
Director of Compliance and Network Operations