

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

Ref: NET/E/RM/56

07 February 2019

Dear Sarah,

**Re: Ballylumford to Eden – TNPP Approval**

Thank you for the capex TNPP submission of the 12 October 2018 regarding the pre-construction costs associated with the Ballylumford – Eden line refurbishment and uprating.

Having reviewed the submission, we accept the budget for pre-construction activity. Consultancy and internal cost appear reasonable given that no wayleave or consents are required. 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].

<b>Tariff Year</b>	<b>SONI Claim (April 2014 prices)</b>	<b>UR Allowance (April 2014 prices)</b>
2016-17	£24.6k	£24.6k
2017-18	£46.5k	£46.5k
2018-19	£4.6k	£4.6k
2019-20	£3.7k	£3.7k
<b>Total</b>	<b>£79.3k</b>	<b>£79.3k</b>

Following the query process, SONI confirmed that, *“the section of this line between Ballylumford and Eden remains necessary under all plausible further scenarios.”* The TNPP also referenced the fact that this section is in the worst condition. As such, we are content to approve costs on this basis.

However, it is recognised that this is only one section (15km) of a much longer transmission line (52km). We are concerned about the potential for stranded assets if need is based on the entirety of the line being available, yet costs are only reflective of individual sections.

For the remaining three sections, SONI should provide assurance that individual elements can be separately justified. Otherwise, investigations and cost/benefit analysis needs to be completed on the entirety of the scheme, as not doing so may result in sub-optimal outcomes.

### Completion Report

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 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,



**Roisin McLaughlin**  
**Head of Network Operations**