

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

Ref: NET/E/TH/103

04 July 2019

Dear Sarah,

Re: CVT Upgrades – TNPP Approval

Thank you for the capex TNPP submission of the 08 March 2019 regarding CVT [Capacitor Voltage Transformer] upgrades to address the issue of harmonic current measurement.

Annex 1 of the TSO licence defines a transmission network project as:

- a) identified, by the Licensee or the Transmission Owner, as a project which is necessary for the purposes of developing the transmission system;*
- b) in respect of which the Licensee is, as the Transmission System Operator, responsible for carrying out activities required to progress the project from the conceptual design stage to, but not including, the construction stage; and*
- c) which has been approved by the Authority, following a claim by the Licensee for such approval in accordance with paragraph 10.1 of this Annex.¹*

Ultimately *point c)* confirms that it is for the UR to decide what constitutes a TNPP by way of approval. With respect to the CVT upgrade, we accept the project need, case for action and the proposed solution.

However, the vast majority of the work involved relates to investigating the issue and developing a solution. As identified in the [TNPP Guidance](#),² SONI's initial activities in developing and completing the proforma for TNPPs are covered by its ex-ante opex allowance.

We consider that remaining work with respect to project management represents typical engagement with NIE Networks. Existing opex allowances are therefore considered to be the appropriate method of remuneration.

¹ SONI Licence, Annex 1, Definitions, p176-177.

² See p6, para 1.14 of TNPP Guidance.

For confirmation, amounts requested and approved are detailed in the table below.

Tariff Year	SONI Claim (April 2014 prices)	UR Allowance (April 2014 prices)
2018-19	£13.5k	£0

The issue of what does and does not constitute a TNPP may merit further discussion. The question of a de-minimis materiality threshold for submissions may also be explored further. This can be progressed as part of the review of price control arrangements.

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

Yours sincerely,



Tanya Hedley
Director of Networks