

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

Ref: NET/E/TH/163

22 November 2019

Dear Sarah,

Re: 110kV Switchgear Replacement – TNPP Approval

Thank you for the capex TNPP submission of the 30 September 2019 regarding switchgear replacement at Castlereagh and Tandragee 110kV substations in order to address the issue of increasing fault levels.

The SONI Licence¹ confirms that it is for the UR to decide what constitutes a TNPP by way of approval. With respect to the switchgear replacement project, we accept the project need, case for action and the proposed solution as comprehensively set out by SONI in the TNPP submission.

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.

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	£1.8k	£0
2019-20	£3.7k	£0
Total	£5.5k	£0

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

² See p6, para 1.14 of TNPP Guidance.

Other Issues

As stated above, we accept the need and case for action in this instance. However, we would welcome further clarity on why it is SONI's view that the capital costs of these assets should be recovered via Use of System tariffs as opposed to connection charges.

If switchgear assets are being installed because of the effect on fault levels (by those connecting to the system), can SONI then explain why these assets are not chargeable connection assets as defined by the TCCMS?³

Further engagement with SONI on this issue would be beneficial. Consequently, we would request that SONI provide a written response to the UR regarding this issue by 10 December 2019.

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

CC Alan Campbell (SONI)
Raymond Smyth (SONI)

³ See section 5.1.2 of the [TCCMS](#).