

Kevin O'Neill  
Head of Commercial & Regulation  
SONI Limited  
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Ref: NET/E/JF/337

2 April 2021

Dear Kevin

### North South Interconnector – UR Allowance

Thank you for SONI's TNPP<sup>1</sup> submission of the 16 June 2020 with respect to the North South Interconnector (NSIC) project variation. We welcome the submission and the detail subsequently provided via the query process.

Need for the project is well established. We further accept the rationale for requesting an uplift of the TNPP budget. After UR Board scrutiny, allowance for SONI's pre-construction work is as follows:

	<b>SONI Claim (April 2014 prices - £m)</b>	<b>SONI Claim (April 2019 prices - £m)</b>	<b>UR Allowance (April 2019 prices - £m)</b>
<b>Total</b>	<b>£17.0m</b>	<b>£19.2m</b>	<b>£18.3m<sup>2</sup></b>

The vast majority of the pre-construction budget (95%) has been approved. Disallowance is focused principally on the area of communications. Full calculations and detailed explanation is set out in information provided alongside this letter. We therefore approve spend up to a maximum of £18.3m [April 2019 prices] for this project under Annex 1, paragraph 2.4 of SONI's licence.

We request that SONI keep the UR up to date on developments associated with the existing legal challenges and the potential for a new planning application should the need arise. We would further expect SONI to detail the potential costs to the infrastructure project by way of further planning hearings and possible delays should the new planning application proceed.

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.

<sup>1</sup> TNPP = Transmission Network Pre-construction Project.

<sup>2</sup> Approval figures given in April 2019 prices in line with the price base for the 2020-25 price control.

Within the closure report SONI should confirm the following:

- 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.

I trust this satisfies your requirements at this time. Should you have any comments, queries or issues regarding this letter, feel free to contact Jody O'Boyle.

Yours sincerely



**John French**  
**Chief Executive**

cc: Shane Brennan (SONI)  
Alan Campbell (SONI)