

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

Ref: NET/E/TH/345

16 April 2021

Dear Sarah,

**Re: Interim Intraday Market (IIDM) - Special Project Cost Approval**

On 15 March 2021, SONI made an application for costs associated with implementing intraday market coupling between the all-island market (I-SEM) and the GB market (BETTA). The claim of **£243.4k (April 2021 prices)** includes capital costs for tariff year 2020-21.

The UR now gives notice to SONI that:

1. In accordance with paragraph 9.1 of Annex 1 of the TSO licence, the application made by SONI shall be treated as Special Project Costs.
2. Special Project Costs will be recovered under the **Zt** term and in accordance with paragraph 2.2(j) of Annex 1 of the licence.

Following internal scrutiny, the UR has approved the full allowance of £243.4k for this project. For confirmation, amounts approved are detailed in the table below [and in April 2019 prices<sup>1</sup> using CPIH for ease of comparison with the new price control].

Interim Intraday Market – Request and Allowance			
Tariff Year	SONI Claim (April 2021 prices)	UR Allowance (April 2021 prices)	UR Allowance (April 2019 prices)
2020-21	£243.4k	£243.4k	£239.2k

The approval set out above is subject to the following conditions:

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<sup>1</sup> As the April 2021 price base is not yet known this is assumed to have an index value of 109.5 (CPIH) for the purposes of calculating the April 2019 allowance.

- (a) SONI can recover the depreciation and return on actual spend up to the maximum amount approved.
- (b) Depreciation and return amounts can be recovered in tariffs from 2020-21 based on the maximum amount of £243.4k (April 2021 prices).
- (c) In accordance with paragraph 2.5(e) of Annex 1 of the TSO Licence, the straight line depreciation period for the approved amount is five years, starting with relevant year 2020-21
- (d) Return will be calculated based on the prevailing WACC.

Given the timing of this application and approval, monies for 2020-21 could not be included in tariffs. These costs should therefore be recovered via the K-factor in 2022-23. Reporting of actual costs incurred should be included in the annual RIGS returns.

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

Yours sincerely



**Tanya Hedley**  
**Director of Networks**