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Ref: CNO/E/TH/437

Dear Robin

### **North South Interconnector – UR Allowance**

Thank you for SONI's TNPP submission on the 2 March, updated on 1 August 2018 with respect to the North South Interconnector (NSIC) project. We welcome the submission and use of the TNPP format.

Need and supporting rationale for the project is established in the TNPP proposal and engagement / responses to our queries have led to a greater understanding of the project and the basis for budgetary assumptions.

After UR Board scrutiny, allowance for SONI's pre-construction work is as follows:

Tariff Year	SONI Initial Claim (Current Prices)	SONI Revised Claim (Apr-14 Prices)	UR Allowance (Apr-14 prices)
TNPP Claim / Allowance	£14.5m	£13.2m	£12.2m

The vast majority of the pre-construction budget (93%) has been approved. Disallowance is focused principally on the area of communications (£■■■■ removed).

The UR is unconvinced of the need for a national advertising campaign associated with this project. Furthermore, the quantum of costs proposed for stakeholder engagement did not seem justified, particularly in later years. Consequently, an allowance has been provided much more in line with the annual engagement costs incurred to date. We do support the ongoing local engagement however.

Whilst the communications allowance is specific to SONI, the UR approval requires that elements of the engagement be conducted jointly with NIE Networks. Evidence of this joint

working should be provided in the annual TNPP reporting and this approval is subject to SONI submitting a joint communication strategy within the next few months. Reporting should include:

- Provision of a shared communications plan (with associated objectives);
- Examples of joint working; and
- Evidence of what the engagement has achieved.

A relatively minor cost disallowance (£■■■■) was also based on manpower estimates. These changed between the initial and revised submission with no explanation for the uplift in future resources. The UR has allowed for the initial SONI provision which was considered to be reasonable.

UR therefore approves spend up to a maximum of £12.2m [April 2014 prices] for this project. Full calculations and explanation is set out in detail provided alongside this letter.

Yours sincerely



**Jenny Pyper**  
**Chief Executive**