



ESO December BSUoS Forecast Explained

14 December 2021

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We produce monthly BSUoS forecasts which detail forecast costs over the coming year. This slide provides an explanation of the forecast in December and the underlying assumptions used.

December Forecast for 2021/22

The average charge is based on dividing total costs by total volumes over the period.

Average BSUoS charge for 2021/22 =

$$\frac{\pounds 3521.1\text{m (Total Costs)}}{558.0\text{TWh (Total Volume)}}$$

$$= \pounds 6.31/\text{MWh}$$

Deferred BSUoS Costs

The deferred BSUoS costs relating to CMP345/350 are included in 21/22 forecasts when the deferred costs will be re-charged.

BSUoS Cost Recovery

The under-recovered BSUoS costs are included in 21/22 forecasts following the approval of CMP373.

Explanation & Insight

The outturn BSUoS for November was significantly higher than October. Continued high Balancing Mechanism prices weighed significantly on the costs of actions taken to operate the system. Increased wind levels caused Constraint costs to rise due to increased congestion on the system and replacing the sterilised margin. The total BSUoS volume increased as we move towards winter.

From January 2022 uplifts have been applied to Operating Reserve, Constraints, Negative Reserve, Fast Reserve, Other Reserve, and Black Start cost as a result of observed trends.

The final modification report for CMP308 has been published, more details can be found here:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp308-removal>

CMP361 workgroup consultation has now completed, further information can be found

here: <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp361-cmp362>

In March for the FY21/22 forecast we re-costed the outage plan and adjusted the constraint costs accordingly. When producing a forecast of constraint costs, we apply a historical wind profile for each month. Variations in the constraint costs month on month will therefore be driven by the reduction in constraint limits due to outages in addition to the wind level applied. As such these are indicative of where costs may outturn but variations are expected due to outturn wind not following a particular historical profile exactly.

Improved BSUoS Forecasting is a part of our 5-point plan, and an improved constraint cost forecast element will be included in our forecasts from January 2021.