



ESO May BSUoS Forecast Explained

14 June 2021

ESO June Forecast Explained

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

June 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 =

$$\frac{\pounds 2270.3\text{m (Total Costs)}}{511.4\text{TWh (Total Volume)}}$$

$$= \pounds 4.44/\text{MWh}$$

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 May was higher than April. Constraint costs rose due to higher RoCof costs as a result of lower demand. Energy Imbalance, Fast Reserve and Response prices all rose as a result of managing a low inertia system with a high degree of uncertainty. The total BSUoS volume was slightly lower than April (despite May being a 31 day month) due to lower demands as we move into the summer months.

Adjustments have been made to Fast Reserve and Response based on recently observed trends. ESO Incentive has been removed from the forecast as a separate cost and is now included in the ESO internal costs as part of the Price Control Financial Model. The ALoMCP costs have been revised and following the approval of CMP373 the under-recovered costs have been profiled in the forecast, further details can be found here:

<https://www.nationalgrideso.com/document/192426/download/>

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.