



ESO April BSUoS Forecast Explained

20 April 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 April and the underlying assumptions used.

April 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 =

$$\frac{\pounds 2103.5\text{m (Total Costs)}}{508.5\text{TWh (Total Volume)}}$$

$$= \pounds 4.14/\text{MWh}$$

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.

Explanation & Insight

The outturn BSUoS for March was similar to February. The Western Link HVDC remained unavailable for the early part of the month but constraint costs fell due to lower wind. This was offset by an increase in energy costs, primarily Operating Reserve, due to tight margins.

Minor adjustments have been made to Energy Imbalance, Fast Reserve and Response costs based on recently observed data. ESO Incentive has been removed as a separate cost and is now included in the ESO internal costs as part of the Price Control Financial Model.

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. Additionally, adjustments have been applied to Operating Reserve, Energy Imbalance and Response costs to reflect the experience of this year.

From April 21 CMP333 comes into effect changing the demand base to gross demand (NB. This has been included in the forecast figures for some time).