



ESO February BSUoS Forecast Explained

12 March 2021

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ESO March Forecast Explained

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

March 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 =

$$\frac{\text{£2010.1m (Total Costs)}}{508.5\text{TWh (Total Volume)}}$$

$$= \text{£3.95/MWh}$$

Explanation & Insight

The outturn BSUoS for February was higher than January and higher than forecast. Operating reserve costs remained high on the back of tight margins but were lower than January. Constraint costs rose significantly following the loss of the Western Link HVDC mid-month, resulting in a larger number of actions required to manage the Cheviot congestion.

For the FY21/22 forecast we have 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).

Deferred BSUoS Costs

The 20/21 forecast does not include any deferred BSUoS costs relating to CMP345/350. These are included in 21/22 when the deferred costs will be re-charged.