



ESO October BSUoS Forecast Explained

14 October 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 October and the underlying assumptions used.

October 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 =

$$\frac{\pounds 2562.6\text{m (Total Costs)}}{511.7\text{TWh (Total Volume)}}$$

$$= \pounds 5.01/\text{MWh}$$

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 September was significantly higher than August. Balancing Mechanism prices rose sharply on the back of higher wholesale prices and tight margins leading to increases in the cost of securing reserve. Constraint costs fell due to higher levels of inertia and lower RoCoF costs. Minor components became negative as neighbouring system operators requested SO-SO trades to assist their system operation. The total BSUoS volume was slightly higher than August.

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.