

Draft BSUoS Fixed Tariff Webinar Q&A Summary – 23/11/22

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Purpose	To summarise the questions asked as part of the BSUoS draft fixed tariff webinar and the answers provided by the presenters.
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Introduction

A webinar was held on 23rd November 2022 to outline the ESO's BSUoS draft fixed tariff.

Reference documents:

- Draft BSUoS Fixed Tariff webinar slides, [here](#)
- Draft BSUoS Fixed Tariff webinar recording, [here](#)

The following questions were asked, and answers provided during the webinar Q+A slot:

#	Question	Answer
1	You've shown the main tariff to be priced at P50 (i.e. median). Should the main tariff be priced at mean? Given I expect there is a skew to the distribution of outcomes, towards higher cost scenarios, setting the main tariff at P50 would lead to a bias to under recover.	The mean is close to the median value (looking visually at the plot of p-values on slide 5). There is a floor to wholesale prices in the model, which could lead to further skew if prices become lower. We will keep monitoring this.
2	Please could you confirm that Generators will not pay any Fund Tariff for 2022/23 and for 2023/24?	<p>BSUoS fund charges would only start to be charged in the 2023/24 charging year and only if a version of CMP361 were approved for implementation that included a fund.</p> <p>Under CMP308 (Already approved for implementation) BSUoS charges from 2023/24 will be levied on final demand only so unless a generator had some final demand attached to one of their BMU's then they wouldn't pay the charge.</p> <p>It is however worth mentioning that generators will be liable for paying a portion of the deferred costs under the CMP395 scheme. These will be collected from generators between 1st April 2023 and 31st December 2023 settlement days and charged monthly. Further details HERE</p>

<p>3</p>	<p>The chargeable demand for the remainder of 22/23 has increased between the Nov and Dec forecast. Do you expect a similar increase in demand between the draft and final tariff for Apr-23?</p>	<p>Our best view of chargeable volume for FY 23/24 has not changed. We are working with the energy forecasting team to get our best view of next summer demand. At the moment we have not identified any drivers which will make a significant change.</p> <p>We are working through the data for the BST period from 2022 and update our models accordingly.</p>
<p>4</p>	<p>When are you going to provide detail of the changes to the BPA report and the new format for the BCR report? And will the changes be settlement date based or calendar date based? So will you still be issuing the current format reports for settlement dates before April 2023?</p>	<p>We are currently working on the specifications for the BPA and BCR reports with our system developers and will release these as soon as they are finalised. Please sign up to our mailing list HERE to be notified when they are available.</p> <p>Implementation will be by the settlement date, so any changes to reports will only be seen once we start billing the 1st April 2023 and any dates beyond that.</p>
<p>5</p>	<p>Have you done any modelling to see, by what sort of a percentage the wholesale prices would have to go up by for winter 23, which may trigger a mid-period tariff reset in 23/24? Thanks</p>	<p>We haven't looked at potential changes in the wholesale forward curves, but do consider a range of possible trajectories for the wholesale price in our model.</p> <p>We have also undertaken analysis for the risk of mid-period fund reset. For a fund tariff of £1 per MWh there is approximately a 15% chance of a reset within the first year. This reduces to approximately a 10% chance for a fund tariff of £2 per MWh.</p>
<p>6</p>	<p>Is it absolutely necessary to change the BPA report format for April 2023?</p>	<p>Unfortunately, yes, we are not able to accommodate the changes to the methodology and data within the design of the current report.</p> <p>We are trying to minimize how many changes we make to the report whilst ensuring that the report is useful to parties that pay the BSUoS charge.</p>
<p>7</p>	<p>Amid the energy crisis, it is possible that 23/24 chargeable demand is maybe less than current view. Would you be taking a view on this possibility when setting the final fixed tariff? Because a lower than expected chargeable volume base may increase the risk of mid period tariff reset, Thanks</p>	<p>We will be using our best view of demands as provided by our forecasting team. To remain consistent with other datasets published.</p> <p>Appreciate there is uncertainty in the volumes and we have looked at how this variability impacts our plume. In comparison to cost variability relatively small.</p>

8	Does the current 23/24 indicative fixed BSUoS rate include any forecasted costs for CMP395?	<p>In the draft tariff published in October the costs for CMP395 were factored in as a fixed assumption.</p> <p>The latest November forecast has CMP395 modelled through at a simulation level and so there are different impacts at different percentiles as follows:</p> <p>P10 (Lower): £140m</p> <p>P50 (Central): £220m</p> <p>P90 (Upper): £250m</p>
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