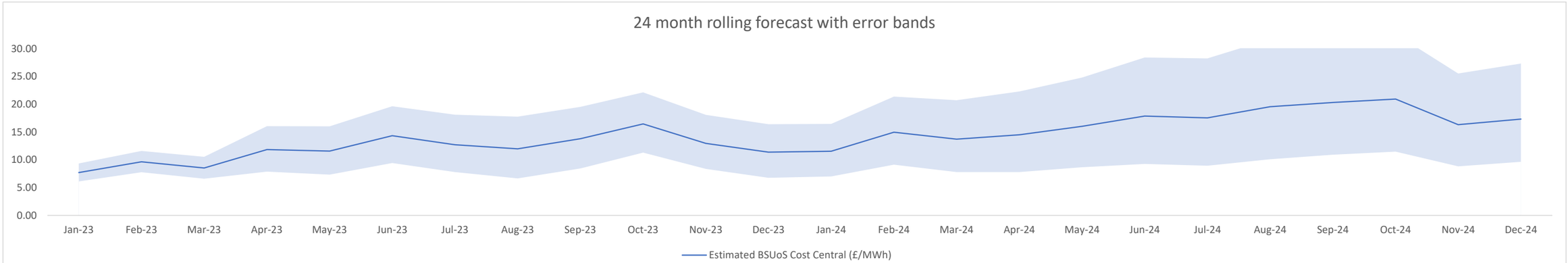
BSUoS Forecast for Feb-23

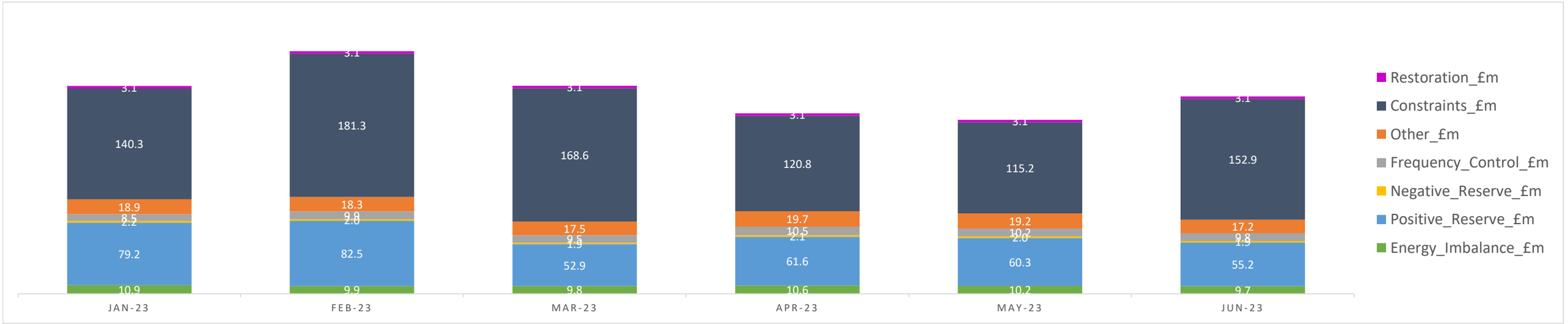


	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Balancing Costs (Central) £m	263.1	307.0	263.3	228.4	220.2	249.8	225.1	204.0	254.2	338.6	295.1	268.4	279.6	311.2	299.5	284.6	317.1	316.7	322.9	354.9	389.9	439.2	379.3	424.5
Balancing Costs (Upper) £m	335.2	382.1	344.0	322.6	319.3	355.5	336.7	320.4	374.5	468.1	425.8	402.8	414.3	459.6	471.4	458.5	513.1	526.7	544.5	600.9	638.9	707.5	615.1	691.9
Balancing Costs (Lower) £m	192.2	233.3	185.1	140.1	126.3	152.0	124.1	97.0	142.0	221.1	177.9	144.3	155.3	176.4	154.4	135.1	153.0	145.6	144.6	164.2	191.6	222.5	187.1	218.7
Estimated Internal BSUoS & ESO Incentive £m	32.58	29.43	32.58	35.40	36.58	35.40	36.58	36.58	35.40	36.58	35.40	36.58	36.58	34.22	36.58	38.76	40.05	38.76	40.05	40.05	38.76	40.05	38.76	40.05
ALoMCP £m	1.02	0.92	1.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CMP381 Deferred Costs £m	4.09	3.69	4.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Winter Contingency Cost (Central) £m	62.60	56.54	62.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Winter Contingency Cost (Upper) £m	67.28	60.77	67.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Winter Contingency Cost (Lower) £m	57.91	52.31	57.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total BSUoS (Central) £m	363.4	397.6	363.6	263.8	256.8	285.2	261.7	240.6	289.6	375.2	330.5	305.0	316.2	345.4	336.1	323.4	357.2	355.5	363.0	395.0	428.7	479.3	418.1	464.6
Total BSUoS (Upper) £m	440.2	476.9	449.0	358.0	355.9	390.9	373.3	357.0	409.9	504.7	461.2	439.4	450.9	493.8	508.0	497.3	553.2	565.5	584.6	641.0	677.7	747.6	653.9	732.0
Total BSUoS (Lower) £m	287.8	319.7	280.7	175.5	162.9	187.4	160.7	133.6	177.4	257.7	213.3	180.9	191.9	210.6	191.0	173.9	193.1	184.4	184.7	204.3	230.4	262.6	225.9	258.8
Estimated BSUoS Volume (TWh)	47.20	41.20	42.60	22.30	22.20	19.90	20.60	20.10	21.00	22.80	25.50	26.80	27.40	23.10	24.50	22.30	22.30	19.90	20.70	20.20	21.10	22.90	25.60	26.80
Estimated BSUoS Cost Central (£/MWh)	7.70	9.65	8.53	11.83	11.57	14.33	12.70	11.97	13.79	16.46	12.96	11.38	11.54	14.95	13.72	14.50	16.02	17.86	17.53	19.55	20.32	20.93	16.33	17.33
Estimated BSUoS Cost Upper (£/MWh)	9.33	11.58	10.54	16.05	16.03	19.64	18.12	17.76	19.52	22.14	18.09	16.39	16.46	21.38	20.73	22.30	24.80	28.42	28.24	31.73	32.12	32.64	25.54	27.31
Estimated BSUoS Cost Lower (£/MWh)	6.10	7.76	6.59	7.87	7.34	9.42	7.80	6.65	8.45	11.30	8.36	6.75	7.00	9.12	7.80	7.80	8.66	9.26	8.92	10.11	10.92	11.47	8.82	9.65

Please note: As a result of the approval of CMP308, BSUoS charges are being removed from Generation from 1 April 2023. Therefore the chargeable volume approximately halves and the BSUoS charge (£/MWh) approximately doubles

As a result of the approval of CMP361/362, the BSUoS charge will be a fixed tariff from 1 April 2023. The fixed BSUoS tariffs for the periods Apr 2023 – Sep 2023 and Oct 2023 – Mar 2024 will be published by the end of January 2023

Balancing Costs Central Forecast Breakdown for next 6 months



	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Energy_Imbalance_£m	10.9	9.9	9.8	10.6	10.2	9.7
Positive_Reserve_£m	79.2	82.5	52.9	61.6	60.3	55.2
Negative_Reserve_£m	2.2	2.0	1.9	2.1	2.0	1.9
Frequency_Control_£m	8.5	9.9	9.5	10.5	10.2	9.8
Constraints_£m	140.3	181.3	168.6	120.8	115.2	152.9
Other_£m	18.9	18.3	17.5	19.7	19.2	17.2
Restoration_£m	3.1	3.1	3.1	3.1	3.1	3.1
Total_£m	263.1	307.0	263.3	228.4	220.2	249.8

BSUoS Forecast for Feb-23

Balancing Costs	Forecast for February 2023 is £307 million. The report includes the forecasted cost of the Winter Contingency Contract for the period October 2022 to March 2023. The CMP395 scheme has now been integrated into our forecast model so no longer shows as a separate line in the forecast costs. The latest forecast balancing costs includes a projected deferral of £36m from this year for CMP395. Of the £36m deferred, 55% (£20m) is included in next years balancing costs forecast to be recovered in next years BSUoS scheme. The remaining 45% (£16m) sits outside of this forecast as it will be recovered from generators only per CMP395 design.
Energy model considerations	The Balancing Costs model uses the patterns of costs historically which are then adjusted for changes in prices, changes in wind outturn/forecast to create a baseline which can then be projected forward and shaped based on an understanding of the shaping of costs through the year.
	This is 38% lower than the forecast produced in December (£497 million). This is primarily due to a decrease in the forward market wholesale prices from £515/MWh in December, to £182/MWh based on the latest prices.
	The forecast was produced based on an average of the forward price curves derived between 3rd and 09th January 2022. This approach has been taken over using a single forward curve due to industry feedback at the recent consultation.
	A consistent change in the wholesale electricity forward curve of ± 20% would lead to a change in central forecast over the next 12 months of approximately ± 11%.
	No new planned or current outages on interconnectors or the Western link.
Constraint model considerations	The new constraint forecast (available on the data portal) has been incorporated as an input to model.
Estimated internal BSUoS	The costs are the latest version of the Price Control Financial Model (PCFM) for the Electricity System Operator (ESO) under the RIIO-2 network price controls, based on the Ofgem publication on 13 Dec 2022. The sheet “SOIAR” in the PCFM spreadsheet shows the allowed revenue for 2022/23.The costs for 2023/24 and 2024/25 are based on ESO's BP2 submission which include FSO costs.
	ofgem.gov.uk
ALoMCP	Activities that were undertaken to reduce the costs that the ESO incurs through managing the Loss of Mains risk in other ways. Assurance and programme closure activities run to the end of the 2022-23 financial year. No change since May 2022 forecast.
CMP381 Deferred Costs	There is £43.9m deferred to 2022/23. Cost recovery has been included from 3rd May 2022 as per the approval of CMP383. This has been updated since May 2022 forecast based on the outturn SF data
Winter Contingency Contracts	In response to the disruption of gas supplies to Europe following Russia's invasion of Ukraine, the Secretary of State approached ESO to secure additional non-gas capacity over winter 22/23. This capacity would provide electricity should it be needed to ensure electricity security of supply. Central forecast of the Winter Contingency Contracts is ~£367.5m.
Estimated BSUoS Volume	The BSUoS volume has been changed to reflect the approved status of CMP308. This is applicable from April 2023.
BSUoS Reform	As a result of the approval of CMP361/362, the BSUoS charge will be a fixed tariff from 1 April 2023. The fixed BSUoS tariffs for the periods Apr 2023 – Sep 2023 and Oct 2023 – Mar 2024 will be published by the end of January 2023 This report shows the forecast costs for the next 24 months, not the recovery against the fixed tariff.