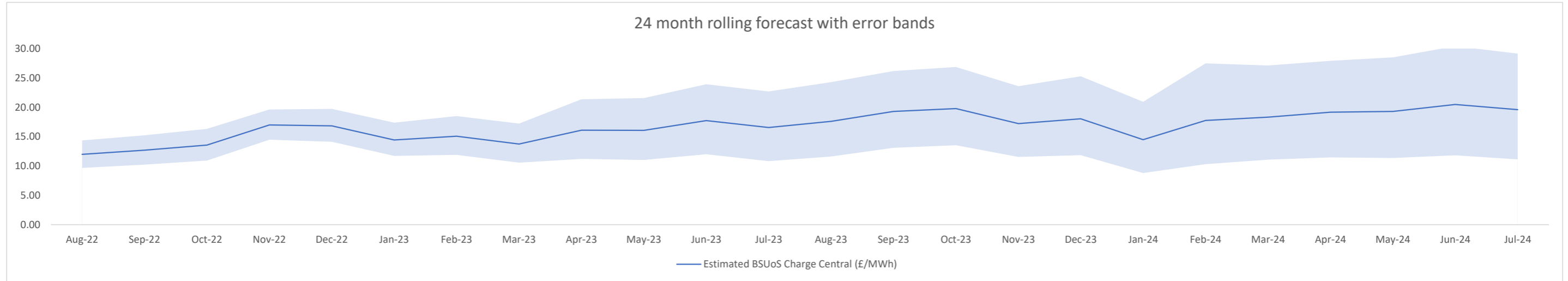


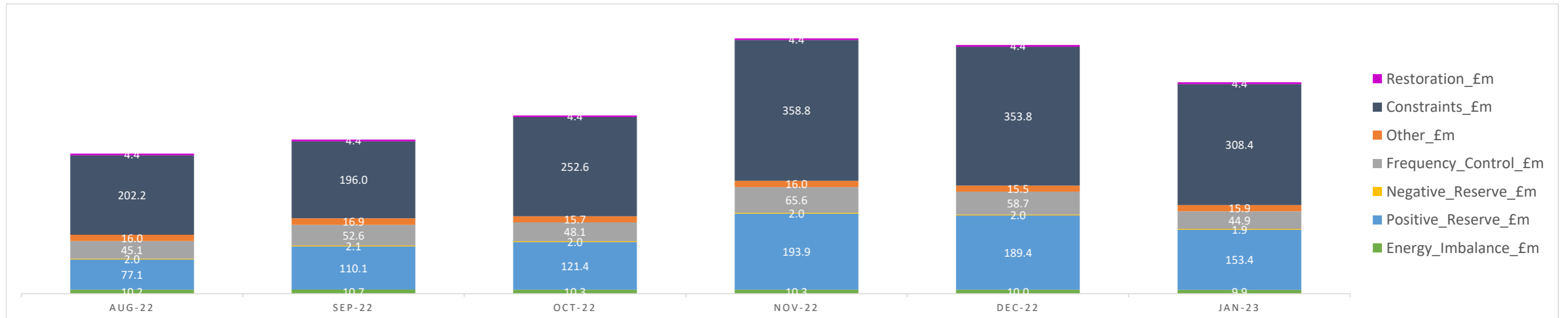
BSUoS Forecast for Sep-22



| | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | 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 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Balancing Costs (Central) £m | 357.0 | 392.8 | 454.5 | 651.0 | 633.8 | 538.8 | 503.9 | 440.6 | 330.9 | 327.7 | 324.8 | 312.1 | 325.0 | 376.9 | 421.8 | 411.2 | 454.6 | 367.7 | 383.1 | 420.1 | 399.2 | 401.4 | 379.6 | 376.7 |
| Balancing Costs (Upper) £m | 435.4 | 478.7 | 549.9 | 749.1 | 742.0 | 650.8 | 622.3 | 557.7 | 448.6 | 450.0 | 448.0 | 438.4 | 459.3 | 521.8 | 583.8 | 574.0 | 648.8 | 544.9 | 607.8 | 635.6 | 594.6 | 607.1 | 577.6 | 574.5 |
| Balancing Costs (Lower) £m | 281.0 | 309.8 | 365.4 | 557.8 | 534.8 | 437.9 | 395.7 | 334.1 | 221.5 | 215.8 | 210.5 | 193.6 | 204.4 | 246.9 | 279.6 | 265.9 | 288.3 | 212.1 | 210.7 | 242.5 | 227.3 | 224.3 | 206.9 | 201.3 |
| Estimated Internal BSUoS & ESO Incentive £m | 32.58 | 31.53 | 32.58 | 31.53 | 32.58 | 32.58 | 29.43 | 32.58 | 28.56 | 29.51 | 28.56 | 29.51 | 29.51 | 28.56 | 29.51 | 28.56 | 29.51 | 29.51 | 27.61 | 29.51 | 28.44 | 29.39 | 28.44 | 29.39 |
| ALoMCP £m | 1.02 | 0.99 | 1.02 | 0.99 | 1.02 | 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 |
| CMP381 Deferred Costs £m | 4.09 | 3.96 | 4.09 | 3.96 | 4.09 | 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 |
| Winter Contingency Cost (Central) £m | 0.00 | 0.00 | 54.51 | 52.75 | 54.51 | 54.51 | 49.23 | 54.51 | 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 | 0.00 | 0.00 | 71.54 | 69.23 | 71.54 | 71.54 | 64.62 | 71.54 | 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 | 0.00 | 0.00 | 37.47 | 36.26 | 37.47 | 37.47 | 33.85 | 37.47 | 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 | 394.7 | 429.3 | 546.7 | 740.2 | 726.0 | 631.0 | 587.2 | 532.8 | 359.5 | 357.2 | 353.4 | 341.6 | 354.5 | 405.5 | 451.3 | 439.8 | 484.1 | 397.2 | 410.7 | 449.6 | 427.6 | 430.8 | 408.0 | 406.1 |
| Total BSUoS (Upper) £m | 473.1 | 515.2 | 659.1 | 854.8 | 851.2 | 760.0 | 721.0 | 666.9 | 477.2 | 479.5 | 476.6 | 467.9 | 488.8 | 550.4 | 613.3 | 602.6 | 678.3 | 574.4 | 635.4 | 665.1 | 623.0 | 636.5 | 606.0 | 603.9 |
| Total BSUoS (Lower) £m | 318.7 | 346.3 | 440.6 | 630.5 | 610.0 | 513.1 | 463.6 | 409.3 | 250.1 | 245.3 | 239.1 | 223.1 | 233.9 | 275.5 | 309.1 | 294.5 | 317.8 | 241.6 | 238.3 | 272.0 | 255.7 | 253.7 | 235.3 | 230.7 |
| Estimated BSUoS Volume (TWh) | 32.90 | 33.80 | 40.30 | 43.50 | 43.10 | 43.70 | 38.90 | 38.70 | 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 |
| Estimated BSUoS Charge Central (£/MWh) | 12.00 | 12.70 | 13.57 | 17.02 | 16.84 | 14.44 | 15.09 | 13.77 | 16.12 | 16.09 | 17.76 | 16.58 | 17.64 | 19.31 | 19.79 | 17.25 | 18.06 | 14.50 | 17.78 | 18.35 | 19.18 | 19.32 | 20.50 | 19.62 |
| Estimated BSUoS Charge Upper (£/MWh) | 14.38 | 15.24 | 16.36 | 19.65 | 19.75 | 17.39 | 18.53 | 17.23 | 21.40 | 21.60 | 23.95 | 22.71 | 24.32 | 26.21 | 26.90 | 23.63 | 25.31 | 20.96 | 27.51 | 27.15 | 27.94 | 28.54 | 30.45 | 29.17 |
| Estimated BSUoS Charge Lower (£/MWh) | 9.69 | 10.24 | 10.93 | 14.50 | 14.15 | 11.74 | 11.92 | 10.58 | 11.21 | 11.05 | 12.01 | 10.83 | 11.64 | 13.12 | 13.56 | 11.55 | 11.86 | 8.82 | 10.32 | 11.10 | 11.47 | 11.38 | 11.83 | 11.14 |

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

Balancing Costs Central Forecast Breakdown for next 6 months



| | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 |
|----------------------|--------|--------|--------|--------|--------|--------|
| Energy Imbalance_£m | 10.2 | 10.7 | 10.3 | 10.3 | 10.0 | 9.9 |
| Positive_Reserve_£m | 77.1 | 110.1 | 121.4 | 193.9 | 189.4 | 153.4 |
| Negative_Reserve_£m | 2.0 | 2.1 | 2.0 | 2.0 | 2.0 | 1.9 |
| Frequency_Control_£m | 45.1 | 52.6 | 48.1 | 65.6 | 58.7 | 44.9 |
| Constraints_£m | 202.2 | 196.0 | 252.6 | 358.8 | 353.8 | 308.4 |
| Other_£m | 16.0 | 16.9 | 15.7 | 16.0 | 15.5 | 15.9 |
| Restoration_£m | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 |
| Total_£m | 357.0 | 392.8 | 454.5 | 651.0 | 633.8 | 538.8 |

BSUoS Forecast for Sep-22



| | |
|--|--|
| Balancing Costs | <p>Forecast for September 2022 is £392 million.</p> <p>The report includes the forecasted cost of the Winter Contingency Contract for the period October 2022 to March 2023.</p> |
| Energy model considerations | <p>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.</p> <p>This is slightly lower than the forecast produced in July (£412 million), primarily due to a slight decrease in the constraint forecast.</p> <p>The forecast was produced based on an average of the forward price curves derived between 4th and 10th August 2022. This approach has been taken over using a single forward curve due to industry feedback at the recent consultation.</p> <p>A consistent change in the wholesale electricity forward curve of $\pm 20\%$ would lead to a change in central forecast over the next 12 months of approximately $\pm 12\%$.</p> <p>No new planned or current outages on interconnectors or the Western link.</p> |
| Constraint model considerations | <p>The new constraint forecast (available on the data portal) has been incorporated as an input to model.</p> |
| Estimated internal BSUoS | <p>Future year costs were adjusted in the April 2022 forecast in line with the latest results of the Annual Iteration Process (AIP) for the Electricity System Operator (ESO) under the RIIO-2 network price controls, based on the Ofgem republication on 31 January 2022. The sheet "SOIAR" in this spreadsheet shows the allowed revenue for 2022/23 and a forecast for future years.</p> <p>Ofgem have published an update to our ESO allowed revenue for 2023/24 and 2024/25 (SOIARt) and these figures have been included in the September 2022 forecast.</p> <p>https://www.ofgem.gov.uk/publications/eso-price-control-financial-model</p> |
| ALoMCP | <p>Following discussion at the Steering Group, it was agreed that there was a need for additional activities in this final year in order to maximise the Loss of Mains risk reduction that the programme can deliver. Activities include supporting generators to undertake initial site compliance checks and assurance of compliance declarations. Activities are expected to continue a reduction in costs that the ESO incurs through managing the Loss of Mains risk in other ways.</p> <p>These assurance and programme close down activities will run through the 2022-23 financial year (rather than ending at the end of August, which our provisional forecast had accounted for).</p> <p>As the deadline is August this year we are expecting a last minute push from all DNO's.</p> <p>No change since May 2022 forecast.</p> |
| CMP381 Deferred Costs | <p>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</p> |
| Winter Contingency Contracts | <p>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 ~£320m.</p> |
| Estimated BSUoS Volume | <p>The BSUoS volume has been changed to reflect the approved status of CMP308. This is applicable from April 2023.</p> |
| BSUoS Reform | <p>This forecast does not currently contain any allowance for the outcome of CMP361/362 whereby charges would be fixed in advance by the ESO. Once further detail is known in regards to the outcome of this process we will update our forecast accordingly.</p> |