ESO February BSUoS Forecast Explained

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

February Forecast for 2020/21

The average charge is based on dividing total costs by total volumes over the period.

Average BSUoS charge for 2020/21 =

£2010.6m (Total Costs)
439.9TWh (Total Volume)

= £4.57/MWh

This figure uses actual costs and volumes from April to January, and forecast costs and volumes from February to March

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.

Explanation & Insight

The outturn BSUos for January was lower than December, driven by a reduction in constraint costs from December with the network more intact and less congestion on the system. However the reduction in constraint costs was partially offset by an increase in the cost of operating reserve as tight margins drove prices up. Demand was also higher than December, despite the lockdown, due to the usual holiday demand suppression for Christmas.

There is no change to the uplifts applied in previous forecasts, but the internal BSUoS has been revised for FY21/22 onwards.

For the February forecast covering 24 months, we have revised the forecast demands based on our latest view of current conditions, particularly the effect of the current lockdown on demand. These changes have resulted in a 2p decrease in the Average BSUoS charge for 2020/21.