



ESO January 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 January and the underlying assumptions used.

January 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 =

$$\frac{\pounds 2015.8\text{m (Total Costs)}}{438.9\text{TWh (Total Volume)}}$$

$$= \pounds 4.59/\text{MWh}$$

This figure uses actual costs and volumes from April to December, and forecast costs and volumes from January 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 December was significantly lower than November. This was driven by a reduction in constraint costs from November with outages returning to service and overall demand levels increasing following the November lockdown period. Balancing Costs in December were largely driven by constraint costs. These were primarily incurred managing the B6 and B7 boundaries which were intact (with no outages) for the majority of the month.

There is no change to the uplift applied in November, and upheld for December, for the January forecast. The effect of the recent high cost days driven by tight margins will be reflected in the January outturn which will feed into the February forecast.

For the January 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. This change in volume has resulted in a 3p increase in the Average BSUoS charge for 2020/21.