



ESO December 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 November and the underlying assumptions used.

December 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 =

$$\frac{\pounds 2000.5\text{m (Total Costs)}}{442.5\text{TWh (Total Volume)}} \\ = \pounds 4.52/\text{MWh}$$

This figure uses actual costs and volumes from April to November, and forecast costs and volumes from December 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 November was significantly higher than forecast. This was driven by both increased Balancing Costs and decreased demand. Balancing Costs were driven by constraint costs. These were largely incurred managing the B7 boundary with capacity reduction of over 2GW coupled with high wind, outturning 19% higher than November 2019 after control room action. Demand outturned lower than forecast due to the November lockdown effect.

Last month, in the November BSUoS forecast, we applied an uplift for the constraints component of the BSUoS forecast. This was applied following learning from the outturn BSUoS costs in October and an expectation of increased costs in managing the remainder of the outage plan in 2020/21. This was carried through 2021/22 as a best view in the changing climate; we anticipate increased costs as a result of increased challenges in securing the system with greater volumes of inflexible generation on the system coupled with an ambitious outage plan still being finalised in addition to ongoing uncertainty of the effects of Covid on behaviour.

There is no change to the uplift applied in November for the December forecast.