

Public





BSUoS Fixed Tariff 6 (Oct 2025 – Mar 2026)

15 January 2025

Agenda

1. Recap
2. Ofgem Decision
3. Fixed Tariff 6
4. Next Steps
5. Questions and Answers

Supporting the webinar today

			
Nick Everitt	Katie Clark	Al-Marwah Az-zahra	Nicky White
Revenue Manager - Tariff Setting	Senior Revenue and Charging Analyst	Revenue and Charging Analyst	Revenue and Charging Analyst

Post Webinar Updates

- We recorded this session – available [HERE](#)
 - Questions and answers have been captured [HERE](#)
- If you have any questions or feedback, please email us at BSUoS.Queries@nationalenergyso.com

BSUoS Fixed Tariff Recap



Document or Webpage	Links
CMP308 – BSUoS charged on final demand only from 2023/24	Web link
BSUoS Fixed Tariff Model Methodology	Download
BSUoS Fixed Tariff Model Q&A	Download
BSUoS Fixed Tariff Model Consultation 2	Download
CMP361/362 – Ofgem minded-to 21/09/2022	Web link
CMP361/362 – Ofgem update on minded-to 15/11/2022	Web link
Draft BSUoS Fixed Tariff Published 31/10/2022	Download
CMP406/407 – Raised but rejected	Web link
Draft Tariff Webinar Held 23/11/2022	Download
Ofgem Decision CMP361	Download
CMP408 Raised – Change tariff notice period to 3 months	Web Link
Final BSUoS Fixed Tariff Published 31/01/2023	Download
Final Tariff Webinar Held 07/02/2023	Download
BSUoS Fixed Tariff 3 Published 30/06/2023	Download
BSUoS Fixed Tariff 4 Published 22/12/2023	Download
BSUoS Fixed Tariff 5 Published 28/06/2024	Download
Ofgem Decision CMP408	Web Link
Ofgem Decision CMP415	Web Link
BSUoS Fixed Tariff 6 Published 20/12/2024	Download

CMP408 and CMP415 (WACM1)

Allowing consideration of a different notice period for BSUoS tariff settings

Amending the Fixed Price Period from 6 to 12 months

Ofgem Decisions

- CMP408 and WACM 1 of CMP415 approved for implementation
- Implementation date 1 April 2025
- No reset of tariffs that have already been published, and Fixed Tariff 6 published in December 2024
- In December 2025, NESO will publish the first seasonal tariffs (BSUoS Fixed Tariffs 7 and 8) under the new arrangements, 3 months before BSUoS Fixed Tariff 6 ends, for a 12-month period. Subsequent tariffs will then be published every December.
- Implementation will be complemented by clear tariff reset mechanisms adopted by NESO, and incorporated into CUSC

BSUoS Fixed Tariff Timetable

• **Publication Dates:**

- **December 2024**
 - Fixed Tariff 6 (Oct 25 – Mar 26)
- **December 2025**
 - Fixed Tariff 7 (Apr 26 – Sep 26) and Fixed Tariff 8 (Oct 26 – Mar 27)

• **Additional Dates**

- **June 2025**
 - Initial View Tariff 7 & Tariff 8
- **September 2025**
 - Draft Tariff 7 and Draft Tariff 8

Publish Final Tariff (FT)

Effective Tariff Period

Initial Forecast

Draft Tariff

2024/25					2025/26								2026/27																		
Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26					
Fixed Tariff 4 in effect																															
					Fixed Tariff 5 in effect																										
					FT6					Fixed Tariff 6 in effect																					
								IF7					DT7					FT7		Fixed Tariff 7 in effect											
								IF8					DT8					FT8		Fixed Tariff 8...											
																				IF9					DT9					FT9	
																				IF10					DT10					FT10	

Fixed Tariff 6

Oct 24 – Mar 25

• Questions?
Go to: www.slido.com
Event code: #BSUOS

• Feedback?
Click [here](#)

Fixed Tariff 6

Draft Tariff 6 – Published June 2024

	Description	Draft Tariff
Fixed Tariff 6 Oct-Mar	Balancing Costs (Central) £m	1,320.1
	Internal Costs £m	270.4
	Cumulative forecast over-recovery by end of FT4, less any adjustment in FT5 £m	-85.6
	CMP398 Claim Forecast £m	4.3
	Interest Repayment £m	-52.0
	NESO Framework Estimate £m	236.4
	Winter Security of Supply £m	0.0
	Total BSUoS £m	1,693.5
	Estimated BSUoS Volume TWh	141.2
	BSUoS Tariff £/MWh	£11.99

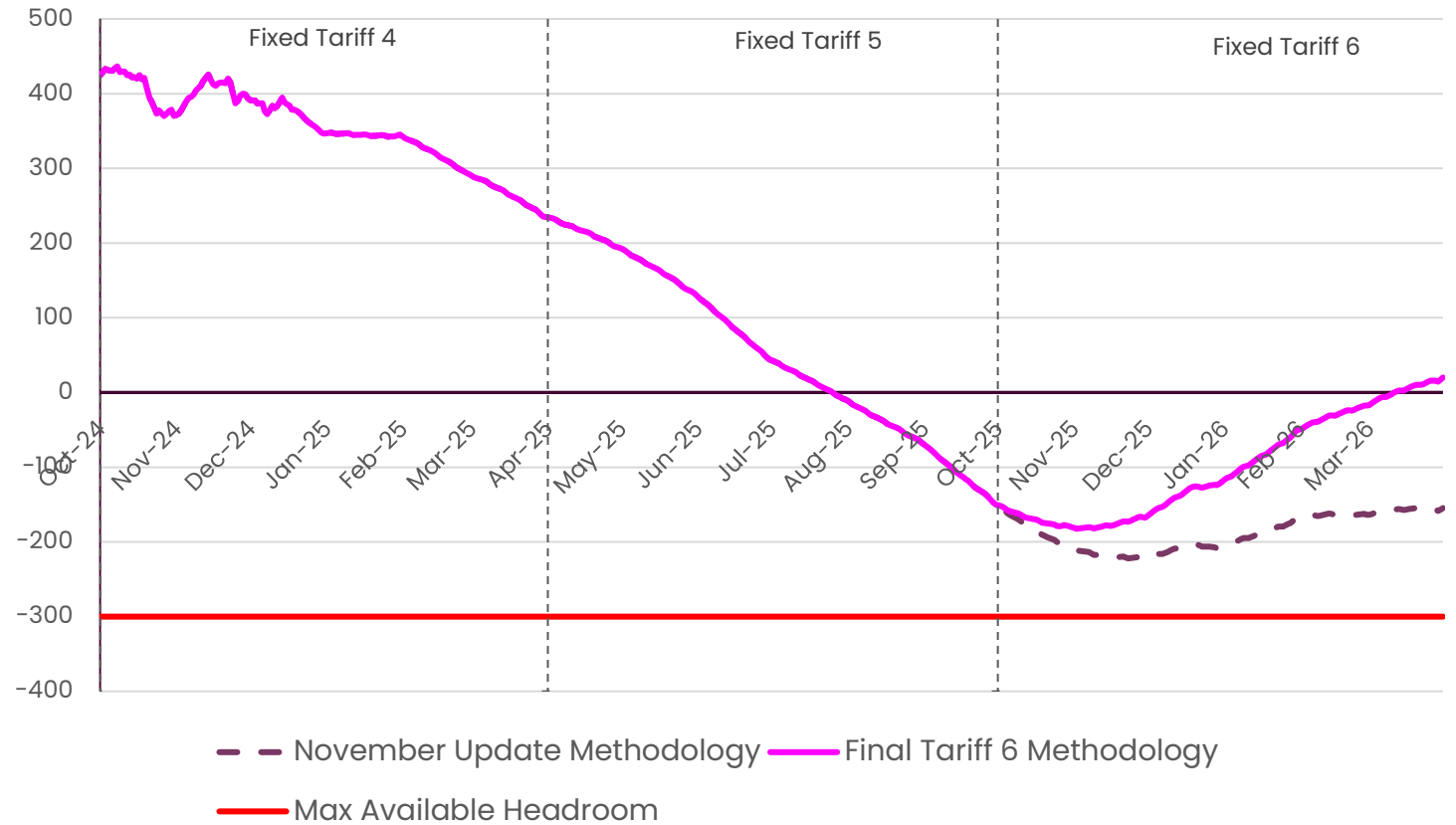
Final Tariff – December 2024

	Description	Updated View
Fixed Tariff 6 Oct-Mar	Balancing Costs (Central) £m	1,528.0
	Internal Costs £m	569.7
	Forecast cumulative over-recovery to the end of Fixed Tariff 5 £m	164.3
	CMP398 Claim Forecast £m	-4.3
	Prior Year Cost Under-Recovery	4.5
	RF Income Adjustment £m	-14.0
	Winter Security of Supply £m	0.0
	Total BSUoS £m	2,248.2
	Estimated BSUoS Volume TWh	143.3
	BSUoS Tariff £/MWh	£15.69

Forecast Over-Recovery Position

Lowest cash position of £193m on 2 November 2025

Cumulative Forecast Cash Position



*All values as of 11 December 2024

Over-Recovery Adjustment

We have changed our approach for over/under-recovery, to return to a cash neutral position by the end of Fixed Tariff 6.

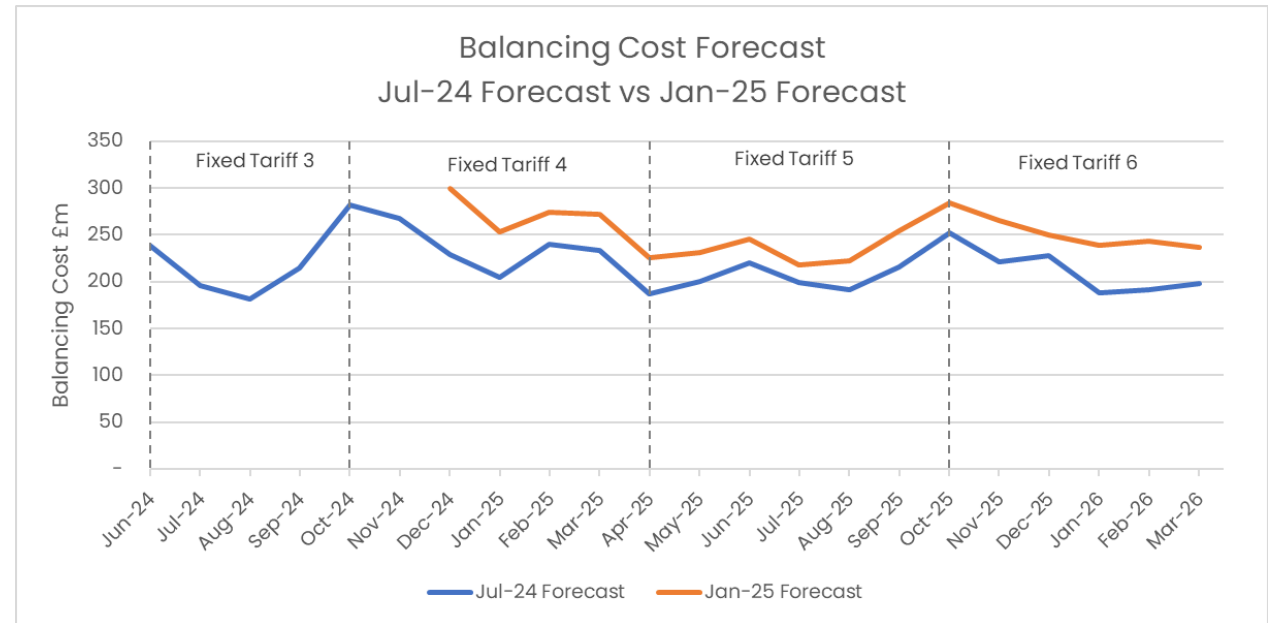
Tariff 6 includes forecast under-recovery to the end of Fixed Tariff 5

	Starting Cash Position	Over-Recovery Adjustment in Tariff	Within Tariff Over/(Under)-Recovery	Forecast Cash Position at End of Tariff
Fixed Tariff 3	854.3	(504.0)	72.0	422.1
Fixed Tariff 4	422.1	(182.0)	(15.5)	224.6
Fixed Tariff 5	224.6	(215.0)	(169.6)	(160.0)
Final Tariff 6	(160.0)	(164.3)	5.0	9.3
Fixed Tariff 7	9.3	TBC	TBC	TBC

*All values as of 11 December 2024

Balancing Cost Forecast

Since Draft Tariff 6, our balancing cost forecast for Fixed Tariff 6 has increased



- Based on an average of forward price curve derived between 2 December and 6 December 2024
- There has been an increase in constraint costs (45%) with fairly small movements in wholesale market prices of around -1% or 1%
- **In the update, Fixed Tariff 6 is forecasted to have Balancing Costs of £1,528m, an increase of £207.9m since Draft Tariff 6 was published. For final Fixed Tariff 6, balancing costs were reforecast at tariff setting in December 2024**

Internal NESO Costs

Since Draft Tariff 6, Internal NESO costs have increased

- For Fixed Tariff 6, Internal Costs are calculated in the NESO Financial Model : [Regulatory finance | National Energy System Operator](#)
- Table below shows our latest view of 2025/26 Internal Costs, and the changes since Draft Tariff 6

	Draft Tariff	Updated View
December 2023 PCFM – 2025/26	542.2	542.2
Impact of NESO Framework	236.4*	221.8
Interest Repayment	-52.0*	-52.0
Additional Capex/ Macro-Economic Factors	-	157.9
Now recovered through Gas revenues	-	-28.4
Total for 2025/26	726.6	841.5
Less Amount included in Fixed Tariff 5	-271.9	-271.9
Internal Costs for Fixed Tariff 6	456.3	569.6

*Shown as separate line items in Draft Tariff 6

- Further information on the effects of the financial framework can be found here: [National Energy System Operator Financial Handbook decision | Ofgem](#)

Other Costs

Since our Draft tariff 6 was set, -£13.8m has been included for other costs in the Fixed Tariff 6

Winter Security of Supply

- NESO has previously received requests from the Secretary of State to undertake enhanced actions to ensure ongoing security of supply across the winter period for previous winters.
- No request has been received for the upcoming winter, therefore Winter Security of Supply remains zero

CMP398/CMP412

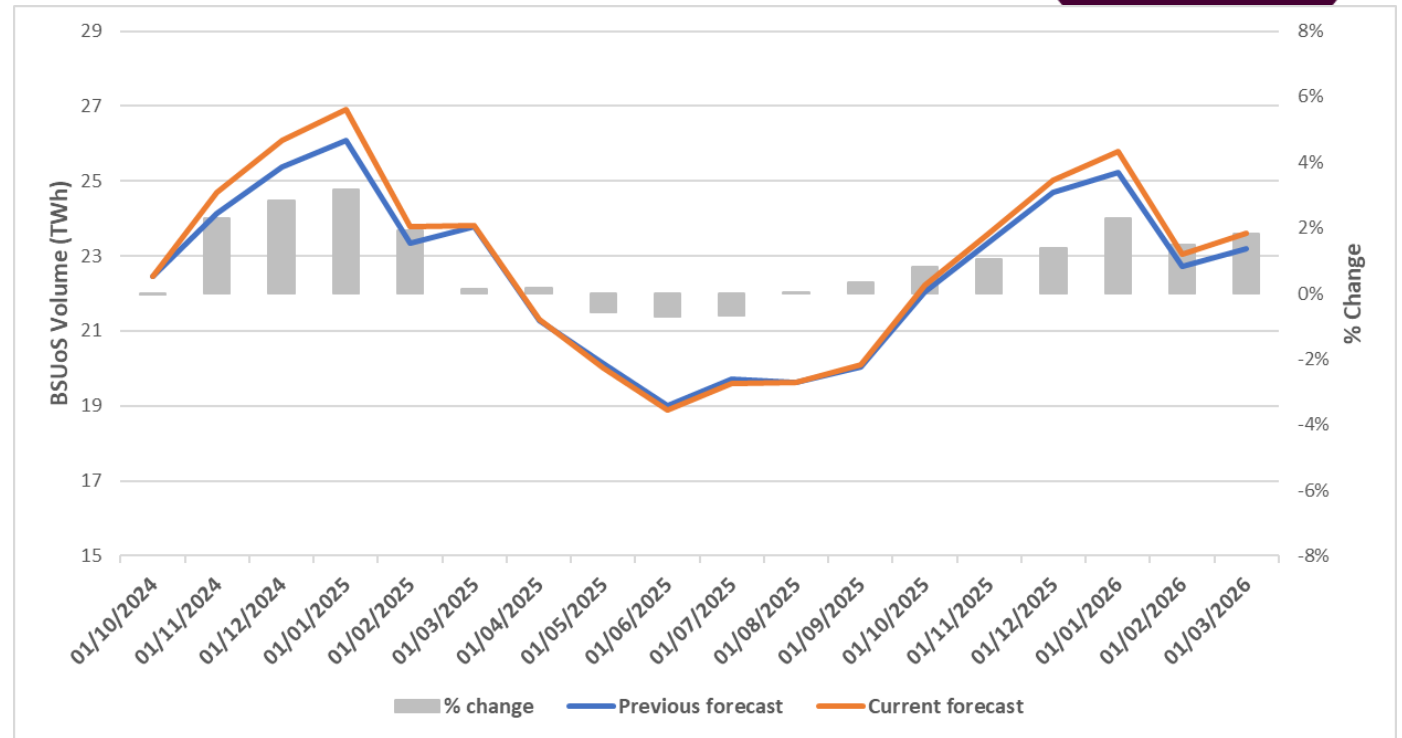
- This modification was required to implement Grid Code Mod 0156 by providing a cost recovery mechanism for CUSC parties who do not hold contracts with NESO to provide Restoration Services.
- We originally forecast £8.6m to be claimed for the 2025/26 charging year. No successful claims were submitted in September, therefore we expect to return the £4.3m included in Fixed Tariff 5 in Fixed Tariff 6.

Prior Year Costs and RF Income Adjustment

- We are also accounting for a £4.5m under-recovery from prior years and a £14m negative adjustment in respect of RF income from 2023/24 (1 April 2023 – 11 October 2023)

Volume

Since Draft Tariff 6, our volume forecast for Fixed Tariff 6 has increased to 143.3 TWh



- The estimated BSUoS volume is set to increase in the update by an average 1.5% for FT6 since tariffs were published in June for DT6
- **Since DT6 was published, volume forecast for FT6 is forecasted to increase by around 1.5% which is in line with the over recovery forecasted positions and data refresh assumptions**

Volume Forecast Impact	% Change
Oct-24 tariff volume	1.7%
Apr-25 tariff volume	-0.2%
Oct-25 tariff volume	1.5%

Reporting

Report	Description	Link to Webpage	Webpage Location
BSUoS Monthly Forecast Report	Monthly forecast for month-ahead and a rolling 24 month period	Balancing Services Use of System (BSUoS) charges NESO	BSUoS Monthly Forecast
BSUoS Monthly Outturn Report	Monthly outturn report for the previous 12 months		BSUoS Monthly Forecast
Revenue vs Cost Report	Weekly view of latest II, SF and forecast revenue and cost data		Current BSUoS Data
Daily Web Prices	II and SF cost data at half-hourly granularity		Current BSUoS Data
Payment Calendar	This tells you which settlement days are being billed on a particular day and the payment day.		Useful Information and Documents
Monthly Balancing Services Summary	Provides the costs and volumes of BSUoS by month and service	Monthly Balancing Services summary (MBSS) NESO	

Next Steps

January 2025

Publish webinar slide pack, recording and Q&A

June 2025

Initial Forecast of Draft Tariff 7 and 8

September
2025

Draft Tariff 7 and 8

December
2025

Publish Final Fixed Tariff 7 and 8
(Apr 26 – Sep 26 and Oct 26 – Mar 27)

Q&A

- Please enter your questions in slido.
Go to: www.slido.com
Event code: #BSUOS
- If you would like to ask a question verbally then please raise your hand so you can be unmuted.



Thank you!

Please provide your feedback through the link

[BSUoS Tariffs Feedback Form](#)

Or please send any other feedback you have via
email

bsuos.queries@nationalenergyso.com

Appendix

Tariff Reset Process

