

Public

Introduction to Balancing Services Use of System Charges (BSUoS)

Guidance Document

February 2025

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Background to Balancing Service Use of System Charges (BSUoS)

What are BSUoS Charges

The BSUoS charge recovers the cost of day-to-day operation, including the cost of balancing the electricity transmission system.

How is it charged

- Half hourly BSUoS Fixed Tariff £/MWh
 - Information on specific charging methodologies for BSUoS are available in Section 14.31 of the Connection and Use of System Code (CUSC)¹

Who pays for BSUoS

- Final Demand Sites (since April 2023)
 - Please see TNUoS-BSUoS Non-Final Demand Declaration Note within our General Charging Guidance for further information on the Final Demand and Non-Final Demand Declaration Process²
- Suppliers
- Directly connected transmission demand

BSUoS Data Sources

A full list of the BSUoS data sources available can be found on our website within the BSUoS Data Sources guidance document, available within our Charging Guidance [neso.energy/industry-information/charging/charging-documentation](https://www.neso.energy/industry-information/charging/charging-documentation)

¹ www.neso.energy/industry-information/codes/connection-and-use-system-code-cusc/cusc-code-documents

² www.neso.energy/industry-information/charging/charging-documentation

BSUoS Tariffs

Background to BSUoS Tariffs

From 1 April 2023, BSUoS costs have been recovered under the fixed tariff methodology as defined by CUSC Modification Proposal (CMP) 361 – ‘BSUoS Reform: Introduction of an ex ante fixed BSUoS tariff’³.

CMP361 determined that BSUoS tariffs be fixed for 6 months, with a 9 month notice period.

From 1 April 2025, BSUoS tariffs will be set in accordance with the fixed tariff methodology as defined in CMP408- ‘Allowing consideration of a different notice period for BSUoS tariff settings’⁴ and CMP415 – ‘Amending the Fixed Price period from 6 to 12 months’⁵.

The CMP408 and CMP415 decisions determined from 1 April 2025, the BSUoS tariff should be fixed for 12-months, with two seasonal tariffs (April – September and October – March). Tariffs will be fixed with 3-months’ notice.

³ www.neso.energy/industry-information/codes/cusc/modifications/cmp361-cmp362-bsuos-reform-introduction-ex-ante-fixed-bsuos-tariff-consequential-definition-updates

⁴ www.neso.energy/industry-information/codes/cusc/modifications/cmp408-allowing-consideration-different-notice-period-bsuos-tariff-settings

⁵ www.neso.energy/industry-information/codes/cusc/modifications/cmp415-amending-fixed-price-period-6-12-months

BSUoS Tariff Setting Timetable

Final BSUoS Tariffs will be published by 31 December. We will also publish an initial forecast and a Draft Tariff in June and September respectively, as shown in the timetable below.

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				

BSUoS Tariff Setting Inputs

The biggest portion of the costs to be recovered through the BSUoS charge are the costs to balance the system (balancing costs). The forecasting model we have developed is used to determine balancing costs for the fixed tariff period ahead. The central forecast number determines the cost that goes into the tariff.

Before a tariff can be calculated, there are other non-balancing costs that need to be included. These are provided as a single central forecast only. The additional costs can be subject to change but sit outside of the capabilities of the current model, external influences affect them rather than parameters within the model.

The forecast for these additional costs is added to the central forecast for the balancing costs to calculate the total BSUoS Costs

The total BSUoS Costs are then divided by the BSUoS volumes to get the final BSUoS Tariff for the fixed period.

Balancing Costs

These costs have increased significantly over the last few years. Several factors have contributed to the rising costs including the increased contribution of renewable generation, the suppression of demand due to COVID-19 restrictions, the corresponding reduction in system inertia, and more recently the increase in wholesale electricity prices driven largely by Russia’s invasion of the Ukraine.

As well as being the largest portion of the BSUoS cost and therefore biggest component of the tariff, the balancing costs are also the hardest to forecast.

Balancing Costs are forecast using the ESO Balancing Cost model. For further information on the methodology used in our model please refer to the BSUoS Fixed Tariff Method Methodology, available on our website:

[neso.energy/document/262041/download](https://www.neso.energy/document/262041/download)

Internal Costs

Internal costs (allowed revenue) are calculated in the National Energy System Operator (NESO) Financial Model (NESO FM).

For further information on the NESO FM, please visit our Regulatory Finance section on our website: [neso.energy/about/operational-information/regulatory-finance#Financial-Framework](https://www.neso.energy/about/operational-information/regulatory-finance#Financial-Framework)

Forecast Over-Recovery and Under-Recovery

From 1 April 2023, the daily costs incurred to operate the transmission system are now detached from what is recovered against the Fixed Tariff. This results in potential for both significant over and under-recovery of revenue vs costs. Per the legal text of CMP361, any over/under recovery feeds into a future fixed tariff.

We report weekly on our forecast over/under recovery position through our Revenue vs Cost report, which is available under ‘Current Data’ on our website

[neso.energy/industry-information/charging/balancing-services-use-system-bsuos-charges](https://www.neso.energy/industry-information/charging/balancing-services-use-system-bsuos-charges).

Questions? Contact us at BSUoS.queries@nationalenergyso.com

BSUoS Chargeable Volume

From April 2023 the code reform CMP308 ‘Removal of BSUoS Charges from Generation’ has come into effect which moved the charging of BSUoS from generation and demand to “Final Demand” only. (Final Demand is currently defined as electricity consumed other than for the purposes of generation or export onto the electricity network. The BSUoS chargeable volume is estimated using a simple linear regression using the NESO national demand forecast as the explanatory variable.

Other Inputs

Other non-balancing costs can be subject to change. Previous inputs into the BSUoS Tariff include:

- Winter Security of Supply Costs
- Costs associated with CUSC modifications; e.g. CMP395
- Adjustments for prior year costs

Further information on these can be found within the BSUoS Fixed Tariff documents which are available on our website.

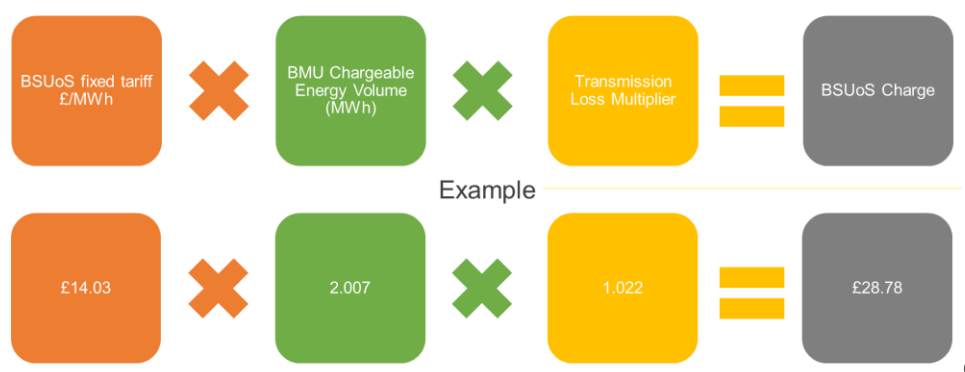
Example Tariffs

Financial Year 2023/24 - Tariff 1		
	Description	Final Tariff
Apr - Sep	Balancing Costs (Central) £m	1387
	Internal Costs £m	215.95
	CMP395 Recovery	Included in Balancing Costs
	Winter Security of Supply £m	87.5
	Total BSUoS £m	1690.45
	Estimated BSUoS Volume TWh	126.1
	BSUoS Tariff £/MWh	£13.41

Financial Year 2023/24 - Tariff 2		
	Description	Final Tariff
Oct - Mar	Balancing Costs (Central) £m	1803
	Internal Costs £m	215.95
	CMP395 Recovery	Included in Balancing Costs
	Winter Security of Supply £m	87.5
	Total BSUoS £m	2106.45
	Estimated BSUoS Volume TWh	150.1
	BSUoS Tariff £/MWh	£14.03

BSUoS Billing Process

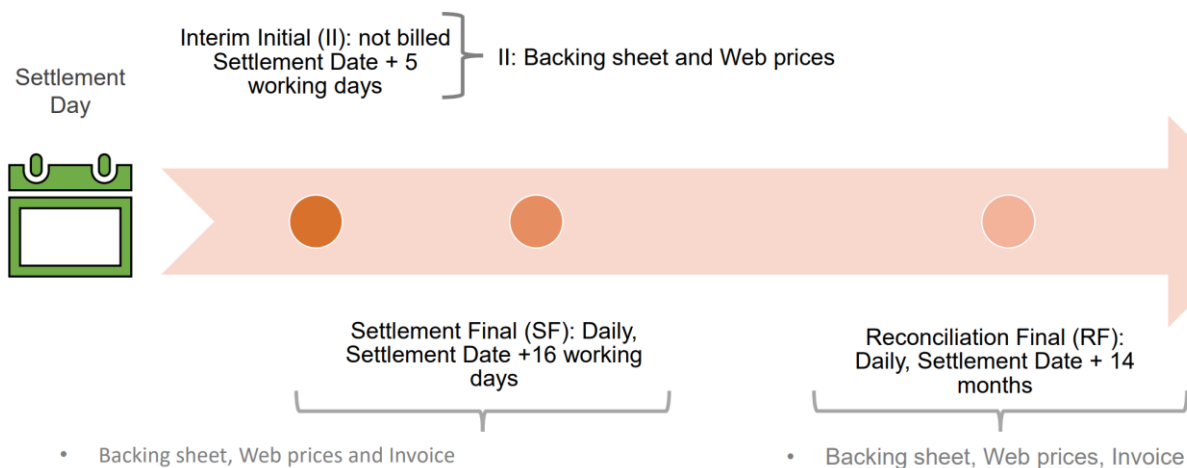
How to calculate your BSUoS Charge



Based on Fixed Tariff 1 – applicable to settlement dates 1 April 2023 – 30 September 2023

What will you receive?

Billing Process - What will you receive?



There are 3 run types for billing; **II**, **SF** and **RF**

1. II (Settlement Date + 5 working days)

- Is not billed, and is more an indication of what the metering files are saying

⁶ Based on Fixed Tariff 1 – applicable to settlement dates 1 April 2023 – 30 September 2023

2. SF (Settlement Date + 16 working days)

2.1. The Company will calculate initial settlement (SF) BSUoS charges in accordance with the methodology set out in Section 14 of the CUSC.

3. RF (Settlement Date + 14 months)

3.1. Final Reconciliation (RF) will result in the calculation of a reconciled charge for each settlement day in the scheme year. The Company will calculate RF BSUoS charges (with the inclusion of interest as defined in the CUSC) in accordance with the methodology set out in Section 14 using the latest available data.

Payment Calendar

The payment calendar is available on the BSUoS website under 'Useful Information and Documents' [Balancing Services Use of System \(BSUoS\) charges | National Energy System Operator](#)

It is dependent on Elexon's calendar for when the settlement metering files will be available.

As highlighted below in orange, a customer can receive multiple SF or RF runs on a single day, reasons for this may include:

- Catching up on Settlement dates that fall on the weekend/bank holidays
- Coming back from a planned system outage.

The easiest way to pay for the charge is through a Variable Direct Debit ([Variable Direct Debit](#))

Sett Date	Sett Code	Notification Date (SAA released +1WD)	Payment date (notification date +3WD)	Notification Period	Payment Period
09/02/2022	RF	03/04/2023	06/04/2023	272	275
09/03/2023	SF	03/04/2023	06/04/2023	18	21
10/02/2022	RF	04/04/2023	11/04/2023	272	275
10/03/2023	SF	04/04/2023	11/04/2023	18	21
11/03/2023	SF	04/04/2023	11/04/2023	17	20
12/03/2023	SF	04/04/2023	11/04/2023	17	20
11/02/2022	RF	05/04/2023	12/04/2023	272	275
12/02/2022	RF	05/04/2023	12/04/2023	271	274
13/02/2022	RF	05/04/2023	12/04/2023	271	274
13/03/2023	SF	05/04/2023	12/04/2023	18	21
14/02/2022	RF	06/04/2023	13/04/2023	272	275
14/03/2023	SF	06/04/2023	13/04/2023	18	21
15/02/2022	RF	11/04/2023	14/04/2023	272	275
15/03/2023	SF	11/04/2023	14/04/2023	18	21
16/02/2022	RF	12/04/2023	17/04/2023	272	275
16/03/2023	SF	12/04/2023	17/04/2023	18	21
17/02/2022	RF	13/04/2023	18/04/2023	272	275
17/03/2023	SF	13/04/2023	18/04/2023	18	21
18/03/2023	SF	13/04/2023	18/04/2023	17	20
19/03/2023	SF	13/04/2023	18/04/2023	17	20
18/02/2022	RF	14/04/2023	19/04/2023	272	275