

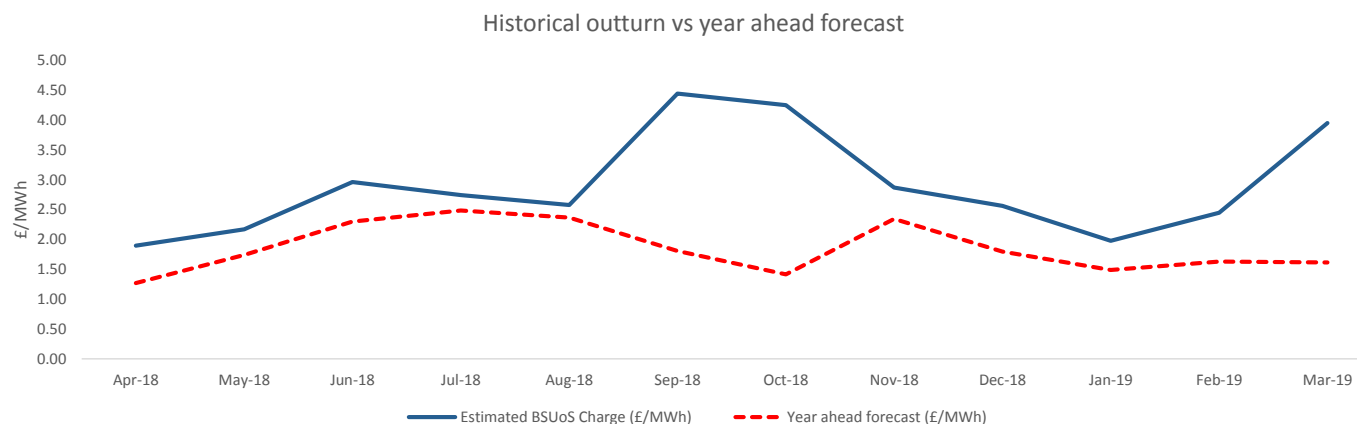
# BSUoS Outturn

Average BSUoS charge	£/MWh
Mar-19	3.95
Past 12 months	2.88
2018/19	2.88

Outturn costs for March were significantly higher than forecast with BSUoS at its highest level since October last year and the third highest of the last 12 months. The main driver of this was constraints with high levels of wind and network outages leading to an increase of £39.7m from February.

The BSUoS volume was up 0.6TWh on February.

The blue line on the chart shows the estimated monthly average BSUoS charge for the past 12 months. The red line shows our forecast for each month, made at year ahead. The table shows a breakdown of the elements that make up the BSUoS charge (including volume), broken down by cost category. The total cost divided by the volume gives the estimated average charge.



Month	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Energy Imbalance	-5.7	-6.8	-2.8	-1.1	-3.9	-0.7	0.0	2.5	-2.3	-5.5	-5.1	0.2
Operating Reserve	4.1	4.4	3.3	4.6	4.5	5.4	8.0	8.5	8.2	6.8	4.7	4.4
STOR	6.1	7.0	6.6	7.4	6.8	5.8	5.4	5.8	6.0	6.1	4.6	6.5
Constraints - E&W	8.8	20.3	32.3	37.2	32.1	77.7	71.0	29.8	26.5	9.3	21.2	23.3
Constraints - Cheviot	13.2	1.5	7.8	1.4	1.6	18.2	8.8	13.9	2.2	13.3	11.1	30.8
Constraints - Scotland	0.4	2.1	6.3	0.2	1.3	4.1	10.9	5.7	16.4	10.7	10.5	31.6
Constraints - AS	2.9	0.9	3.8	0.8	1.1	1.6	13.5	13.3	8.2	7.3	6.8	3.6
Negative Reserve	0.4	2.1	0.4	0.6	0.4	0.6	0.2	0.4	0.4	0.2	0.1	0.1
Fast Reserve	6.5	6.5	6.0	7.6	8.2	7.6	8.5	7.0	7.6	9.8	7.8	8.5
Response	11.0	12.2	11.5	10.5	10.8	11.4	10.5	12.1	11.8	9.7	9.1	11.1
Other Reserve	0.8	0.9	0.8	1.2	1.1	1.1	1.3	0.8	1.5	1.4	1.4	1.5
Reactive	6.4	7.1	7.4	6.6	6.8	6.1	6.8	6.9	7.9	7.5	6.1	5.6
Minor Components	1.5	1.1	1.3	1.3	2.1	1.5	0.6	1.2	1.8	1.3	2.0	12.9
Black Start	3.5	3.5	3.2	3.1	3.6	3.8	5.0	3.5	3.8	3.6	3.6	5.2
<b>Total BSUoS</b>	<b>59.8</b>	<b>62.9</b>	<b>87.8</b>	<b>81.4</b>	<b>76.4</b>	<b>144.0</b>	<b>150.6</b>	<b>111.4</b>	<b>99.9</b>	<b>81.6</b>	<b>83.8</b>	<b>145.3</b>
Estimated BSUoS Vol (TWh)	40.4	37.0	35.3	36.0	36.4	36.2	39.5	44.7	45.7	50.0	40.6	41.2
Estimated Internal BSUoS(£m)	15.6	16.1	15.6	16.1	16.1	15.6	16.1	15.6	16.1	16.1	14.5	16.1
Estimated NGET Profit/(Loss)	1.2	1.3	1.2	1.3	1.3	1.2	1.3	1.2	1.3	1.3	1.2	1.3
Estimated BSUoS Charge (£/MWh)	1.90	2.17	2.96	2.75	2.58	4.45	4.25	2.87	2.57	1.98	2.45	3.95
<b>Year ahead forecast (£/MWh)</b>	<b>1.27</b>	<b>1.74</b>	<b>2.30</b>	<b>2.49</b>	<b>2.37</b>	<b>1.81</b>	<b>1.42</b>	<b>2.35</b>	<b>1.80</b>	<b>1.49</b>	<b>1.63</b>	<b>1.62</b>

# BSUoS Forecast

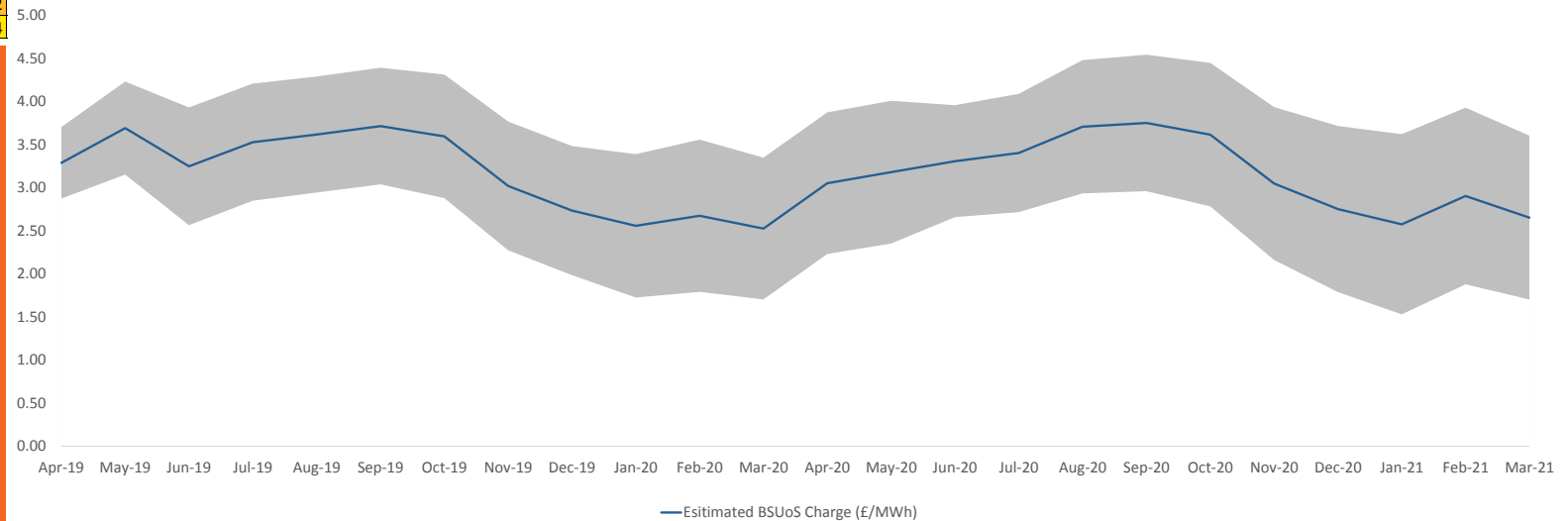


Average BSUoS charge	£/MWh
Apr-19	3.29
2019/20	3.14
2020/21	3.12
Next 12 months	3.14

We have increased our forecast for thermal constraints for the next couple of months due to system outages. There has been an increase in managing RoCoF in 2018/19, and we anticipate that cost will remain at similar levels for the next 2 years while RoCoF relay changes are being made.

£110m was added to the Internal BSUoS figure in the December issue for 2019/20 following the BSUoS circular sent on 5th December (also available on our website - <https://www.nationalgrideso.com/charging/balancing-services-use-system-bsuos-charges>). The chart shows the average monthly BSUoS forecast for the next 24 months. The grey band shows the upper and lower range of the forecast. The forecast uses a combination of forecast models and historical data. Constraint costs are adjusted in line with major changes to the outage plan, system faults, and commissioning programmes. The other energy cost categories are forecast using a baseline of historical trends with adjustments for expected changes in system operation or balancing services markets.

24 month rolling forecast with error bands



Month	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
<b>Energy Imbalance</b>	-3.0	-4.2	-3.6	-2.8	-3.4	-1.7	-0.8	-0.9	-1.0	-0.2	1.5	-1.4	-6.4	-4.4	-3.7	-2.9	-3.6	-1.8	-0.9	-1.0	-1.1	-0.3	1.7	-1.2
<b>Operating Reserve</b>	7.4	8.9	5.8	7.0	8.2	14.1	16.3	16.1	11.8	10.0	13.0	12.9	8.3	9.0	5.8	7.0	8.2	14.1	16.4	16.1	11.9	10.1	12.9	13.2
<b>STOR</b>	4.8	5.4	5.2	5.8	5.6	6.1	6.0	7.4	7.5	7.6	6.5	7.6	5.2	5.6	5.4	6.0	5.8	6.3	6.2	7.4	7.5	7.6	6.5	7.4
<b>Constraints</b>	49.1	59.8	39.2	47.0	49.5	53.1	56.0	52.6	46.5	39.8	36.4	36.8	38.9	39.5	39.2	40.5	49.5	53.1	56.0	52.6	46.5	39.8	45.3	41.6
<b>Negative Reserve</b>	0.3	0.9	1.6	1.8	1.7	1.8	1.2	0.5	0.5	0.6	0.1	0.2	0.4	0.9	1.6	1.8	1.7	1.8	1.2	0.5	0.5	0.6	0.1	0.2
<b>Fast Reserve</b>	7.9	9.0	8.8	9.1	9.6	8.8	9.1	9.4	10.0	10.3	8.7	9.9	9.0	9.0	8.8	9.1	9.6	8.8	9.1	9.4	10.0	10.3	8.7	9.7
<b>Response</b>	11.1	11.6	11.2	11.8	11.6	11.5	11.7	11.3	11.4	11.2	11.1	11.6	11.8	12.6	11.9	12.6	13.1	11.3	11.2	11.2	11.3	11.1	10.5	11.4
<b>Other Reserve</b>	1.2	0.9	1.0	1.2	1.3	1.0	0.9	0.9	0.9	0.9	0.9	1.0	1.1	0.9	1.0	1.2	1.3	1.0	0.9	0.9	0.9	0.9	0.9	1.0
<b>Reactive</b>	6.5	7.5	7.0	6.9	6.8	6.6	6.7	6.5	7.1	7.0	5.7	6.1	6.7	7.5	7.0	6.9	6.8	6.6	6.7	6.5	7.1	7.0	5.7	6.1
<b>Minor Components</b>	1.1	2.1	1.4	1.1	0.1	-0.3	0.9	-0.8	0.0	-1.6	1.3	-0.6	3.0	3.0	2.6	2.6	1.5	1.1	2.1	0.6	1.0	-0.6	2.3	0.3
<b>Black Start</b>	3.8	3.8	3.7	3.8	3.8	3.7	3.8	3.7	3.8	3.8	3.5	3.8	3.7	3.8	3.7	3.8	3.8	3.7	3.8	3.7	3.8	3.8	3.8	3.8
<b>Total BSUOs</b>	90.1	105.6	81.6	92.7	94.7	104.7	111.9	106.6	98.5	89.5	88.7	87.8	81.8	87.2	83.5	88.5	97.7	105.9	112.7	107.9	99.3	90.3	98.4	93.6
<b>Esitimated BSUOs Vol (TWh)</b>	35.3	35.8	33.1	33.8	33.6	35.1	38.6	43.9	45.8	45.4	42.2	45.3	35.3	35.8	33.1	33.8	33.6	35.1	38.6	43.9	45.8	45.4	42.2	45.3
<b>Estimated Internal BSUOs(£m)</b>	24.9	25.7	24.9	25.7	25.7	24.9	25.7	24.9	25.7	25.7	23.2	25.7	24.9	25.7	24.9	25.7	25.7	24.9	25.7	24.9	25.7	25.7	23.2	25.7
<b>Esitimated NGET Profit/(Loss)</b>	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0
<b>Esitimated BSUoS Charge (£/MWh)</b>	3.29	3.69	3.25	3.53	3.62	3.71	3.60	3.02	2.73	2.56	2.67	2.53	3.05	3.18	3.31	3.40	3.71	3.75	3.62	3.05	2.75	2.58	2.90	2.65

<b>High Error Band (£/MWh)</b>	3.70	4.23	3.93	4.21	4.29	4.39	4.31	3.77	3.48	3.39	3.56	3.35	3.87	4.01	3.96	4.09	4.48	4.54	4.45	3.94	3.72	3.62	3.93	3.60
<b>Low Error Band (£/MWh)</b>	2.87	3.15	2.56	2.85	2.94	3.04	2.88	2.27	1.99	1.73	1.79	1.70	2.23	2.35	2.66	2.72	2.93	2.96	2.78	2.16	1.79	1.53	1.88	1.70

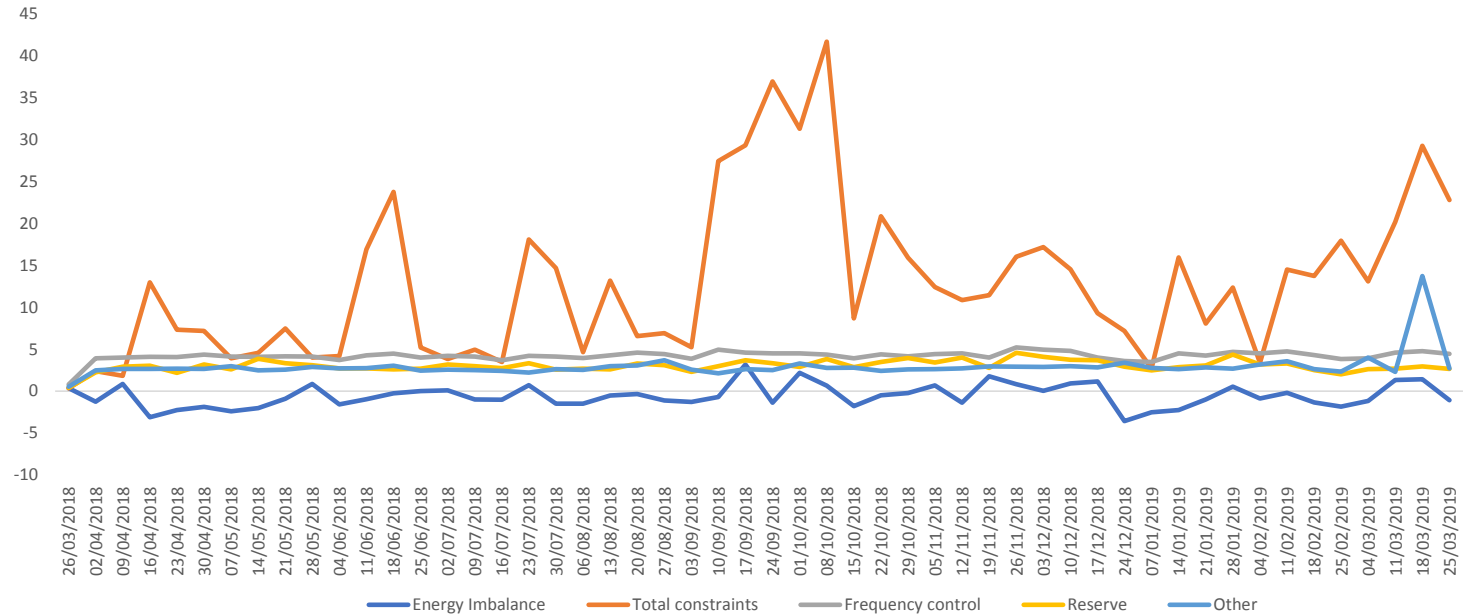
# BSUoS Volatility and Forecast Accuracy

The first chart shows the volatility of the cost categories that make up BSUoS. Constraint costs shown in red are the most variable and difficult to predict, mainly driven by the output of wind generation combined with the transmission outage plan at the time. A fault on the transmission system can add to the underlying volatility and cause large unforeseen increases in constraint costs. Reserve, shown in yellow, is generally stable but can have large deviations when the cost of generator margin increases significantly when generation is short. Predicting increases in the cost of reserve is difficult at long timescales, and can have a significant impact on the average BSUoS charge. Energy Imbalance is the other category that contributes to BSUoS volatility, which is the cost of residual balancing when the energy market is long or short. The other cost categories are relatively stable across the year, although there may be longer term trends that we consider.

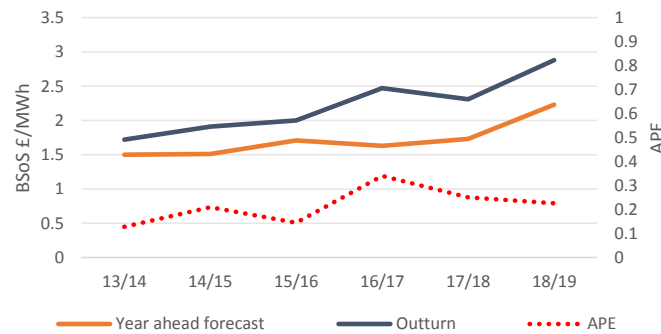
The second chart shows the annual outturn BSUoS charge compared with the forecast made at 12 months ahead, and the absolute percentage error for each year.

The third chart shows the month ahead forecast compared with outturn and absolute percentage error. Month ahead is the month ahead of the reporting month.

Cost volatility by category over past 12 months



Yearly History and APE



Month ahead forecast vs actual and APE

