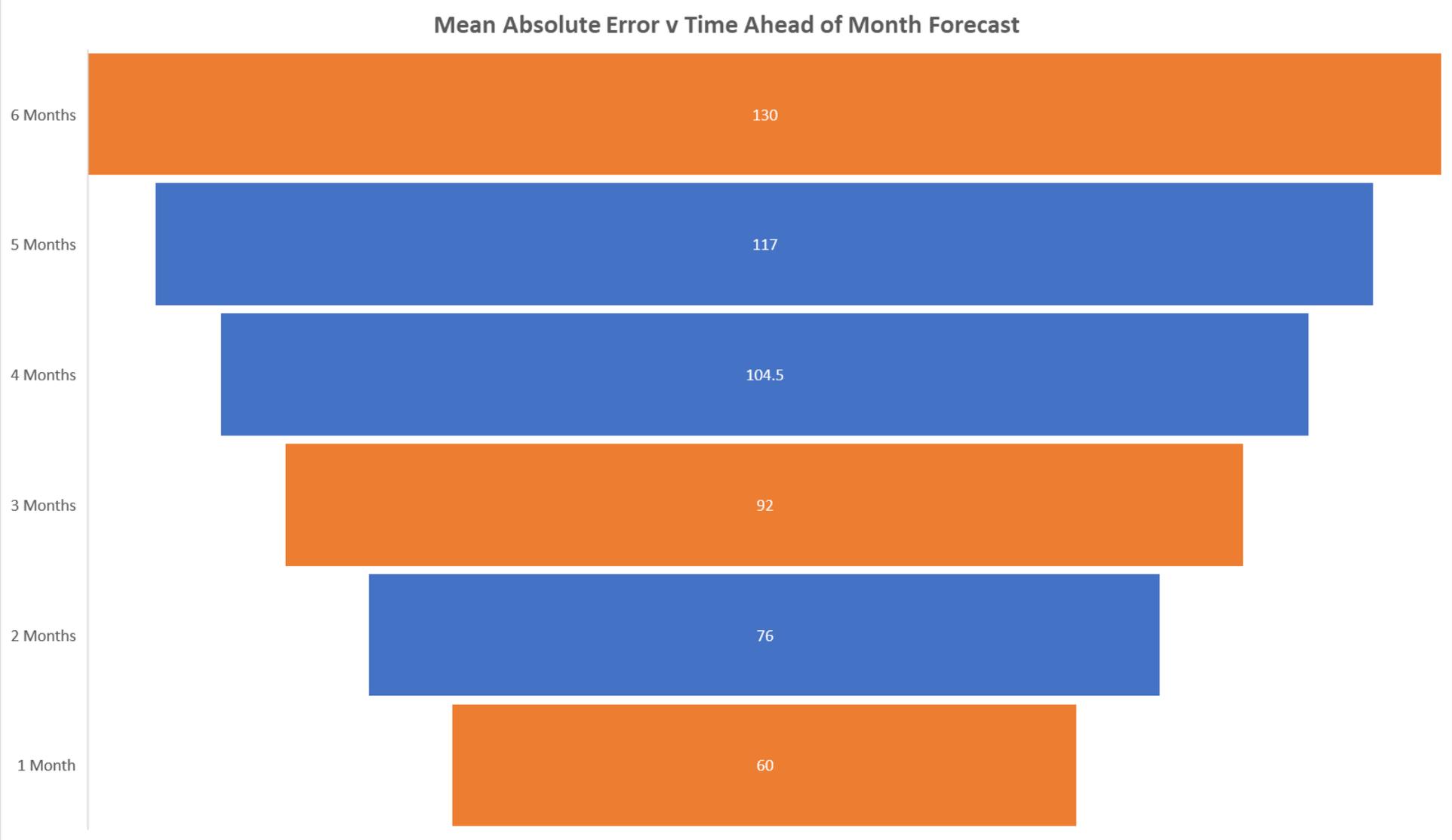


Accuracy of Forecasting

- Assessing the Mean Absolute Error (MAE) and how this increases the further out that you forecast a single month
- Under a 6 month notice or above:
 - When forecasting ahead for a single month, the MAE for that month would be £130m. If you make a forecast for a fixed 6 month period, that is 6 months out from it starting, each subsequent month within that fixed period is even greater than 6 months out. Therefore, there is an even higher MAE expected for each continued month in the fixed period.
- Under a 3 month notice:
 - When forecasting ahead for a single month, the MAE for that month would be £92m. If you make a forecast for a fixed 6 month period, that is 3 months out from it starting, each subsequent month within that fixed period is even greater than 3 months out. However, under a 3 month notice this over MAE will be lower than that in a 6 month or above notice period.

Accuracy of Forecasting – Mean Absolute Error



Please Note
MAE values for months 1,3 and 6 are based on historical performance data, the rest are interpolations from those three months.

3 Month Notice Period

- Currently under a 9 month notice period, you have increased uncertainty of BSUoS forecasting accuracy and therefore by shorting the notice period you are going to increase the accuracy and reduce the need for tariff resets within the fixed period.
- Forecasting for BSUoS has become more difficult with increased volatility
- The Second BSUoS Taskforce looks at the optimum amount of combined time for fixed and notice period would be 15 months and therefore by reducing the notice period to 3 months, you are left with only a combined period of 9 months.
- Although we recognise the 15 month findings from the Taskforce we question whether they are still relevant due to the change in context surrounding BSUoS costs currently. The increase in volatility, and lack of predictability suggests that a shorter overall period is more appropriate.

Total Daily BSUoS Charge 2015 to 2023 Using Published SF Data

Charging Year	Min	Max	Range
2015-16	£1,686	£8,554,497	£8,552,811
2016-17	£778,685	£17,598,214	£16,819,529
2017-18	£935,238	£16,615,461	£15,680,223
2018-19	£380,155	£13,761,735	£13,381,580
2019-20	£1,722,667	£13,298,803	£11,576,136
2020-21	£2,085,852	£21,004,966	£18,919,115
2021-22	£2,471,228	£66,341,794	£63,870,566
2022-23	£2,052,666	£64,590,239	£62,537,574

