

BSUoS Initial Forecast of 2026/27 Tariffs






**Fixed Tariff 7 (Apr 26 – Sep 26)
Fixed Tariff 8 (Oct 26 – Mar 27)**

10 July 2025

[Click here to view the webinar recording](#)

Agenda

1. Recap
2. Timetable
3. Initial Forecast Tariffs 7 and 8
4. Latest View
5. Next Steps
6. Questions and Answers

Supporting the webinar today				
				
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Revenue Manager Tariff Setting	Senior Revenue and Charging Analyst	Revenue and Charging Analyst	Revenue and Charging Analyst	Revenue and Charging Analyst

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
BSUoS Fixed Tariffs 7 and 8 Initial Forecast 27/06/2025	Download

CMP408 and CMP415 (WACM 1)

- CMP408 and WACM 1 of CMP415 have come into effect as of 1 April 2025
- 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

- **Upcoming Publication Dates:**
 - **September 2025**
 - Draft Fixed Tariffs 7 and 8
 - **December 2025**
 - Final Tariff 7 (Apr 26 – Sep 26) and Tariff 8 (Oct 26 – Mar 27)

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		

Initial Forecast Fixed Tariffs 7 and 8

Fixed Tariffs 7 and 8

Fixed Tariff 7

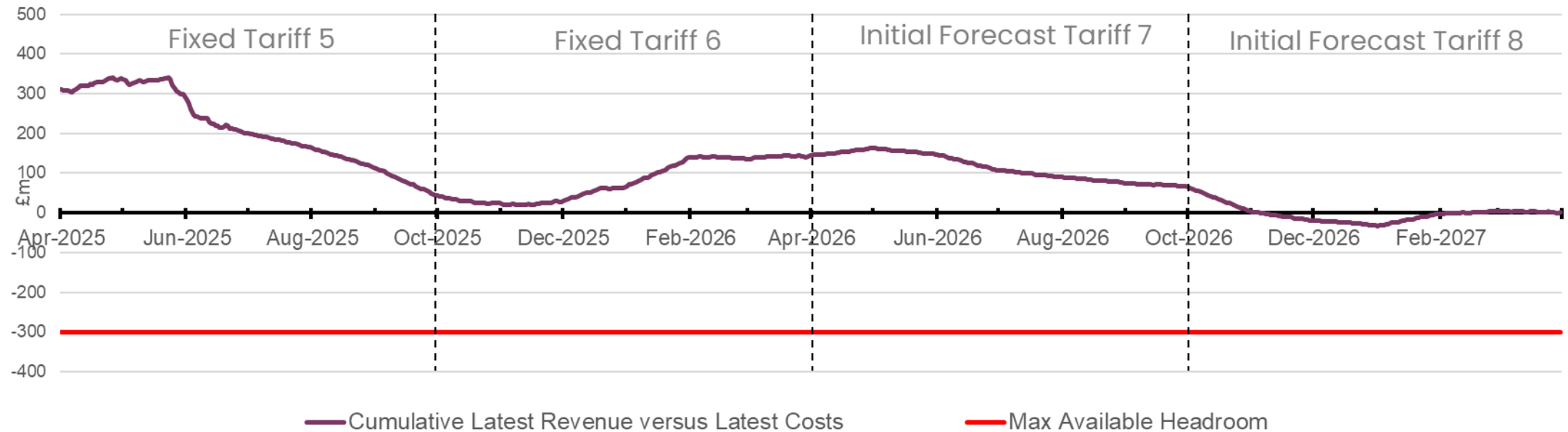
Financial Year 2026/27 – Fixed Tariff 7 – Initial Forecast		
Fixed Tariff 7 Apr 26 – Sep 26	Description	Initial Forecast
	Balancing Cost Forecast £m	1379.1
	Internal Costs £m	421.9
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	-78.8
	CMP398 Costs £m	7.3
	RF Income Adjustment £m	-7.7
	Total BSUoS £m	1721.8
	BSUoS Volume Forecast TWh	118.3
	BSUoS Tariff £/MWh	£14.55

Fixed Tariff 8

Financial Year 2026/27 – Fixed Tariff 8 – Initial Forecast		
Fixed Tariff 8 Oct 26 – Mar 27	Description	Initial Forecast
	Balancing Cost Forecast £m	1238.5
	Internal Costs £m	419.6
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	-78.4
	CMP398 Costs £m	7.3
	RF Income Adjustment £m	-7.7
	Total BSUoS £m	1579.4
	BSUoS Volume Forecast TWh	143.2
	BSUoS Tariff £/MWh	£11.03

Forecast Over-Recovery Position

Cumulative Over / Under Collection
(Current & Future Fixed Tariff Periods)



*All values as of 12 June 2025

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 8

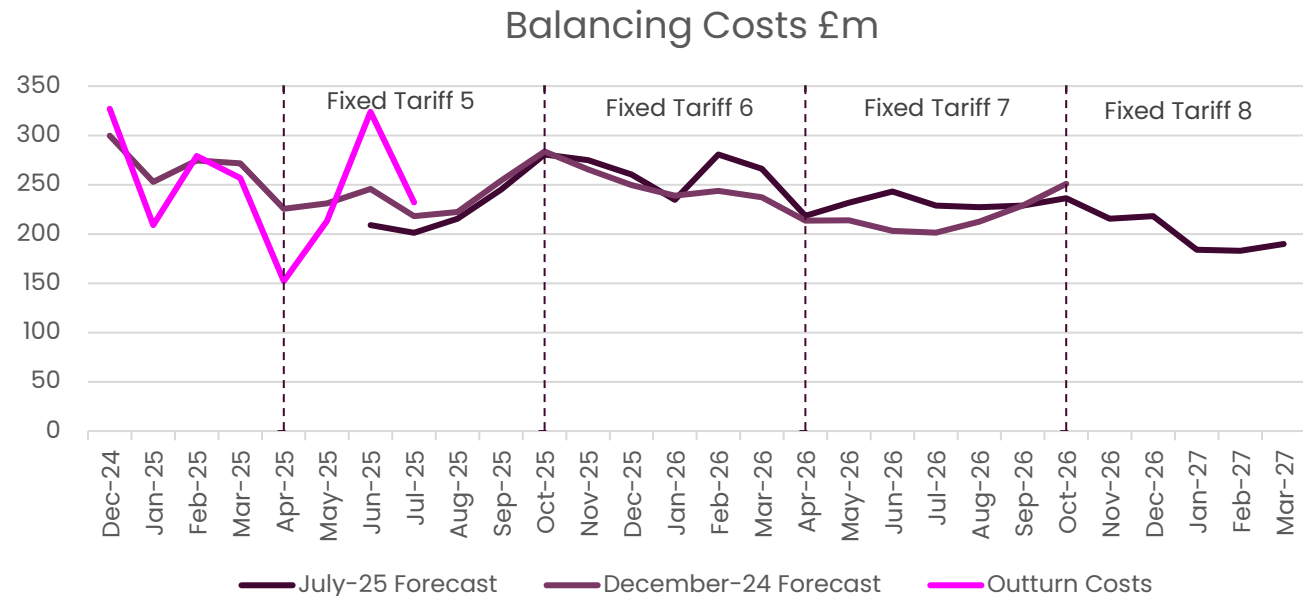
Tariffs 7 and 8 includes forecast over-recovery to the end of Fixed Tariff 6

Fixed Tariff	Tariff Period Starting Cash Position (£m)	(Over)/Under Recovery Adjustment in Tariff (£m)	Tariff Period Over/(Under) Recovery (£m)	Tariff Period End Cash Position (£m)
Fixed Tariff 3 (Apr 24 – Sep 24)	854.3	(504.0)	72.0	422.1
Fixed Tariff 4 (Oct 24 – Mar 25)	422.1	(182.0)	71.2	310.5
Fixed Tariff 5* (Apr 25 – Sep 25)	310.5	(215.0)	(38.8)	56.7
Fixed Tariff 6* (Oct 25 – Mar 26)	56.7	164.3	(63.9)	157.2
Fixed Tariff 7* (Apr 26 – Sep 26)	157.2	(78.8)	1.5	79.9
Fixed Tariff 8* (Oct 26 – Mar 27)	79.9	(78.4)	12.5	13.8

Forecast as of 12 June 2025

Balancing Cost Forecast

Balancing Costs based on July 2025 Monthly Forecast



- **Initial Balancing Cost forecasts for Tariffs 7 and 8 are £1,379m and £1,238.5m respectively**
- Based on an average of forward price curve derived between 3 – 9 June 2025
- Since December 2024, there has been an average 7% increase in the balancing cost forecast for the Fixed Tariff 7 period (Apr 26 – Sep 26).

Internal NESO Costs

Initial Forecast assumes a continuation of the 2025/26 Internal Costs

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

	2025/26 Internal Costs
December 2023 PCFM – 2025/26	542.2
Impact of NESO Framework	221.8
Interest Repayment	-52.0
Additional Capex/ Macro-Economic Factors	157.9
Now recovered through Gas revenues	-28.4
Total for 2025/26	841.5

We do not currently have a firm view of future internal costs. However, work is ongoing with NESO to determine a future view, and we will update our forecasts once this is available.

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

Other Costs

There is an additional
£14.6m in costs for Fixed
Tariffs 7 and 8

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.
- The latest forecast for the 2026/27 charging year is £14.6m, evenly distributed across Fixed Tariffs 7 and 8. This aligns with a total forecast of £48m covering the two-year period from April 2026 to March 2028.
- Due to inherent uncertainties around the CMP398 figures, there does remain the potential that generator costs will reach £85m across the remaining period.

Other Costs

There is a £15.4m reduction in costs for Fixed Tariffs 7 and 8.

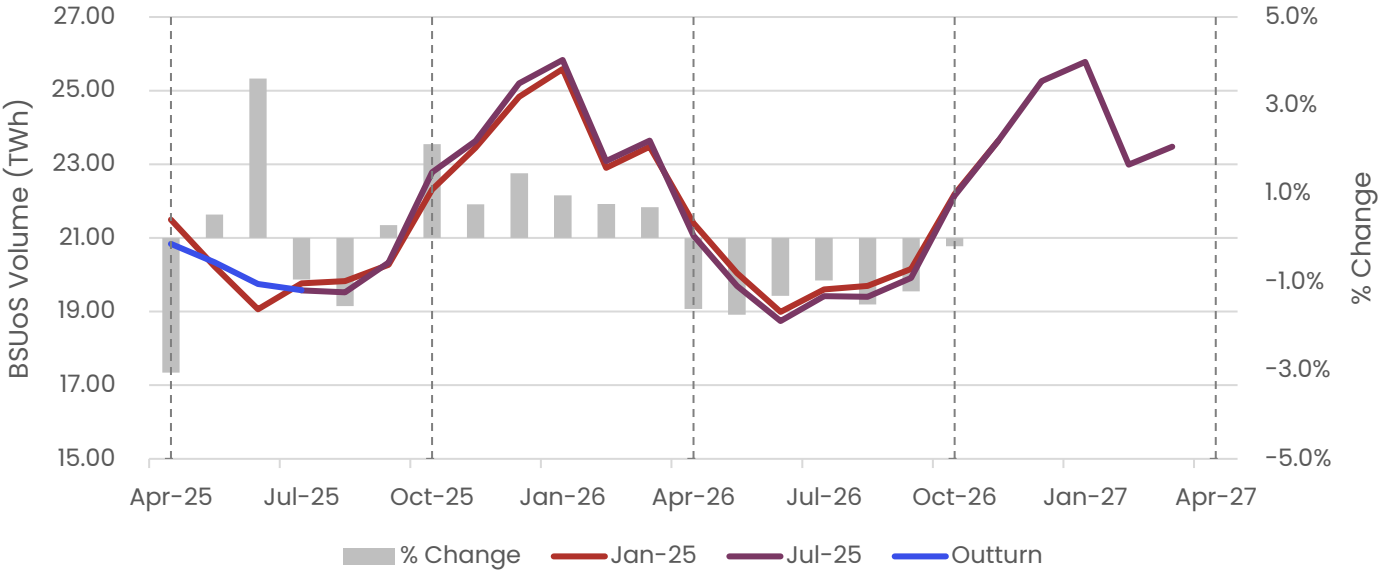
RF Income Adjustment

- We are also accounting for a £15.4m negative adjustment in respect of RF income from 2023/24 and 2024/25
- Please note, we are planning to update the Revenue vs Cost report to include RF income, therefore future adjustments should be included within the main over/under-recovery change

Volume

Volume forecast is a linear regression, based on National Demand Forecasts and historic BSUoS chargeable volume

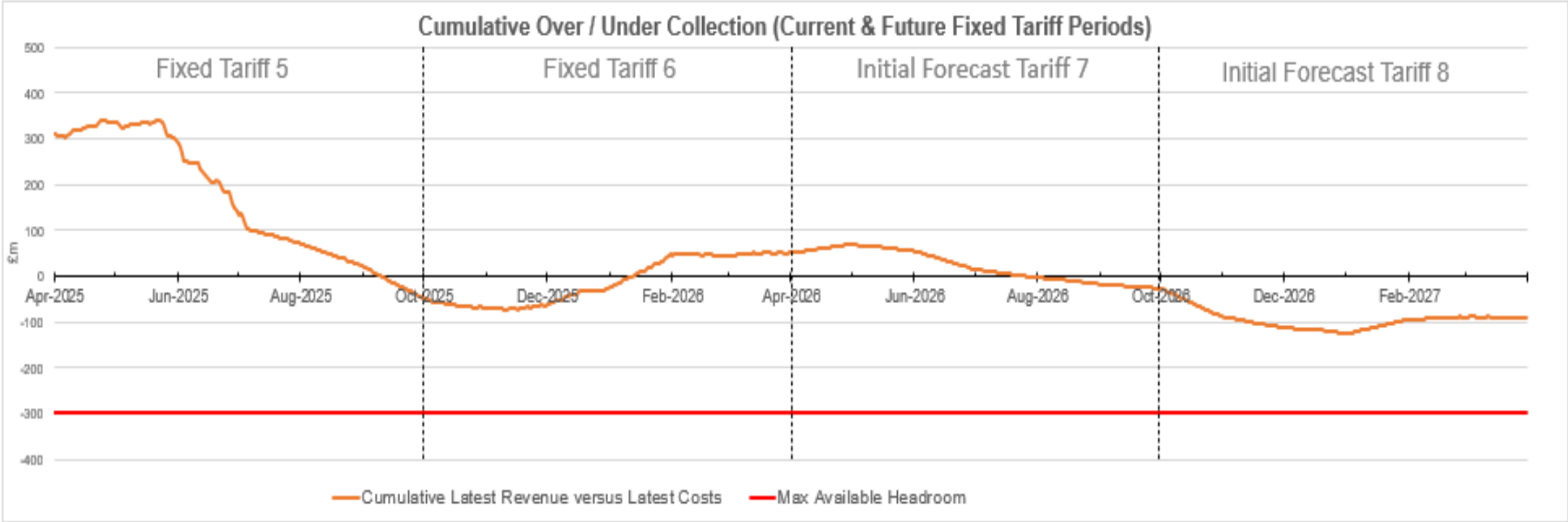
BSUoS Chargeable Volumes



Fixed Tariff	Jan-25 Forecast (TWh)	Latest Forecast and Outturn (TWh)	Variance
Fixed Tariff 5	120.6	120.4	-0.24%
Fixed Tariff 6	142.6	144.2	1.12%
Fixed Tariff 7	119.9	118.2	-1.39%
Fixed Tariff 8		143.3	

Latest View

Latest View Revenue vs Cost Report



Fixed Tariff	Initial Forecast Setting Position (12/06/2025)	Cash Position - Latest View (09/07/2025)	Change so far
Fixed Tariff 5	£57m	-£49m	-£106m
Fixed Tariff 6	£157m	£52m	-£105m
Fixed Tariff 7	£80m	-£26m	-£106m
Fixed Tariff 8	£14m	-£92m	-£106m

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

July 2025

Publish webinar slide pack, recording and Q&A

August 2025

Publish Revenue vs Cost Report with RF data

Summer/
Autumn 2025

Publish proposed 2026/27 NESO Financial Model for representations

September
2025

Publish Draft Tariffs 7 and 8

December
2025

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

Q&A

A Q&A session was held during the webinar.
You can find our Q&A document linked [HERE](#)

If you have any further questions, please
contact us at BSUoS.queries@neso.energy



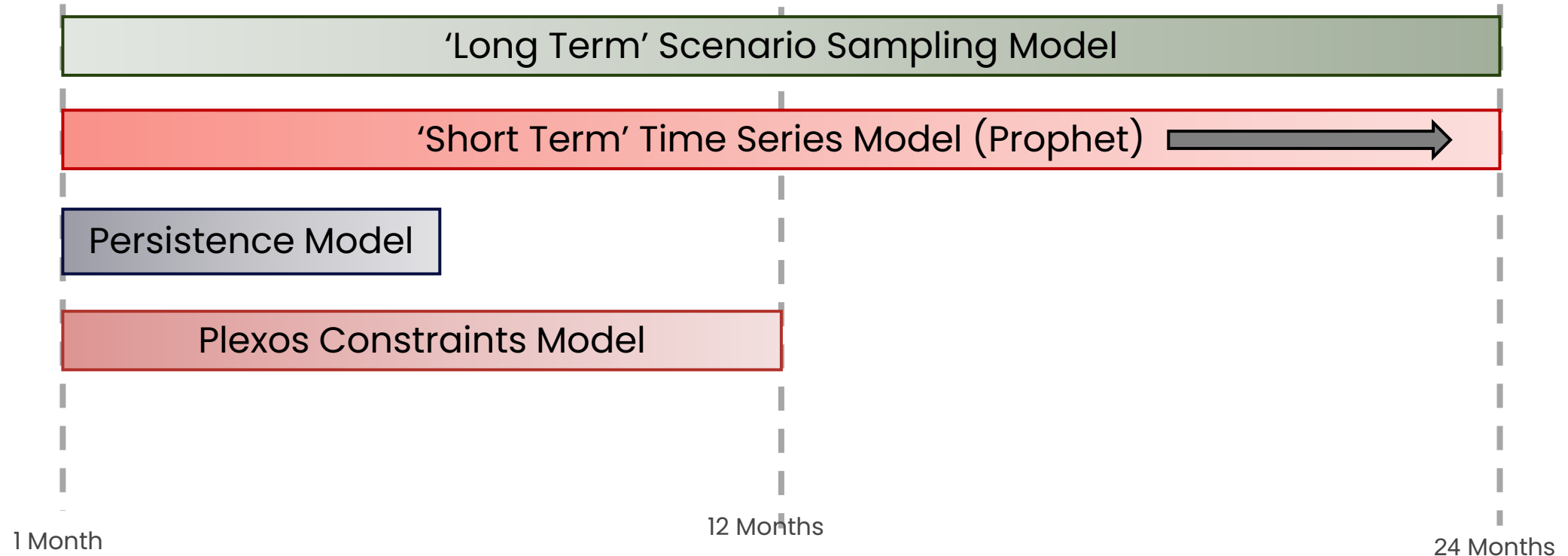
Thank you!

Please send any feedback you have via email to
BSUoS.queries@neso.energy

Appendix

Forecast Blends

To take advantage of model diversity benefits from different data sources and approaches, we blend different models, with the weights changing depending on the lead time.



Indicative Model Blending (for illustration only)

Tariff Reset Process

