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# Initial Forecast BSUoS Tariffs for 2026/27 – Webinar v1.0

Q&A Summary – 10/07/2025

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**Purpose** To summarise the questions asked as part of the Initial Forecast BSUoS Tariffs for 2026/27 webinar and the answers provided by the presenters.

**Date** 10/07/2025

## Introduction

A webinar was held on 10 July 2025 to outline the Initial Forecast BSUoS tariffs for 2026/27 (Tariffs 7 and 8).

You can download the slide deck from this webinar [HERE](#)

You can view a recording of this webinar [HERE](#)

The following questions were asked, and answers provided during the webinar Q&A session:

#	Questions	Answers
Topic: Balancing Cost Forecast		
1.	Balancing cost forecast for Fixed Tariff 8 is lower than the forecast for Fixed Tariff 7. What's the driver behind this?	<p>To help answer this, we have provided an illustration of the balancing cost forecast model, which can be seen on slide 22 of the slide deck.</p> <p>To take advantage of model diversity benefits from different data sources and approaches, we use a blend of different forecasting models, with the weights changing depending on the lead time. In the short term, there is increasing weight given to our persistence model, which responds to recent model errors,</p>

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		<p>the Plexos constraints model and our short-term time-series model.</p> <p>As we move out beyond 12 months, there is increasing weight given to the long-term model, which is a scenario sampling model, using data sources such as the Network Options Assessment (NOA). The latest NOA has predicted a drop in thermal constraints in 2027 compared to 2026, and therefore this will have had an impact on our balancing cost forecast for this year.</p> <p>We perform annual reviews of the long-term assumptions of the balancing cost forecast, with the next review due in the next few months, therefore we are aiming to provide an update on this alongside the publication of the Draft Tariffs.</p> <p>Additionally, we do continue to monitor the performance of the balancing cost model at different lead times, and if any changes to the model are recommended, we will let you know through future webinars or updates.</p>
2.	What is the reasoning for balancing cost in winter (Fixed Tariff 8) being lower than during summer in your view?	Please refer to the answer provided for Question 1 above.
<b>Topic: Over/Under-Recovery</b>		
3.	Roughly how much would the indicative tariffs move with the large outturn costs for June being factored in?	<p>As shown on slide 16, there has been a £106m decrease in our forecast cash position to the end of Fixed Tariff 6 compared to our position as of 12 June used for Initial Forecast.</p> <p>Assuming the same approach in the treatment of over-recovery, we would anticipate there to be a £53m reduction in the negative over-recovery adjustment for both tariffs (meaning a £53m increase in total BSUoS costs).</p> <p>This would equate to an increase of £0.45/MWh for Tariff 7 and £0.37/MWh for Tariff 8.</p> <p>Please note, the treatment of over/under-recovery for Draft and Final tariffs will be dependent on the latest forecast cash position at the point of tariff setting.</p>
4.	If over-recovery continues to fall at the current rate, we could	The decision to reset tariffs will be dependent on both the timescale of the forecast under-recovery and the drivers behind

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	reach the £300m headroom before Winter 25. If this happened, which tariff(s) would you reopen?	<p>the under-recovery, therefore it is difficult to give a definitive answer on this.</p> <p>As of the 10 July Revenue vs Cost Report, our lowest forecast cash position in Winter 25 is -£69m in November 2025, which remains within our working capital facility for BSUoS. Therefore, a tariff reset is not currently being considered.</p> <p>We are working on further details regarding the tariff reset process which will be incorporated into CUSC.</p>
<b>Topic: Longer-Term View</b>		
5.	Are you still planning on releasing an updated Five- Year forecast view?	<p>For a longer-term view of balancing costs, please refer to the latest Annual Balancing Cost Report, which is available on the NESO website through the link below.</p> <p><a href="https://neso.energy/industry-information/balancing-costs">neso.energy/industry-information/balancing-costs</a></p> <p>If this is in reference to our Transmission Network Use of System (TNUoS) forecasts, we are due to publish this by the end of August.</p>
6.	Where can we find the long term (10 year) outlook for BSUoS?	<p>Please see link for the latest Annual Balancing Cost Report</p> <p><a href="https://neso.energy/industry-information/balancing-costs">neso.energy/industry-information/balancing-costs</a></p>

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## Document Revision History

Version Number	Date of Issue	Notes
1.0	16 July 2025	Publication of Initial Forecast BSUoS Tariffs for 2026-27 Webinar Q&A v1