

BSUoS Draft 2026/27 Tariffs






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

14 October 2025

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

Agenda

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

Supporting the webinar today				
				
Nick Everitt	Katie Clark	Edward Adofo	Nicky White	Tobi Odusanya
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

Document or Webpage	Links
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 Update and Modification Implementation Impact Webinar	Download
BSUoS Fixed Tariff 6 Published 20/12/2024	Download
BSUoS Initial Forecast Tariff 7 and Tariff 8 Published 27/06/2025	Download
BSUoS Draft Tariffs 7 and 8 Published 2/10/2025	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 Tariffs 7 and 8
 - **December 2025**
 - Final Tariffs 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	

Draft Tariffs 7 and 8

Draft Tariffs 7 and 8

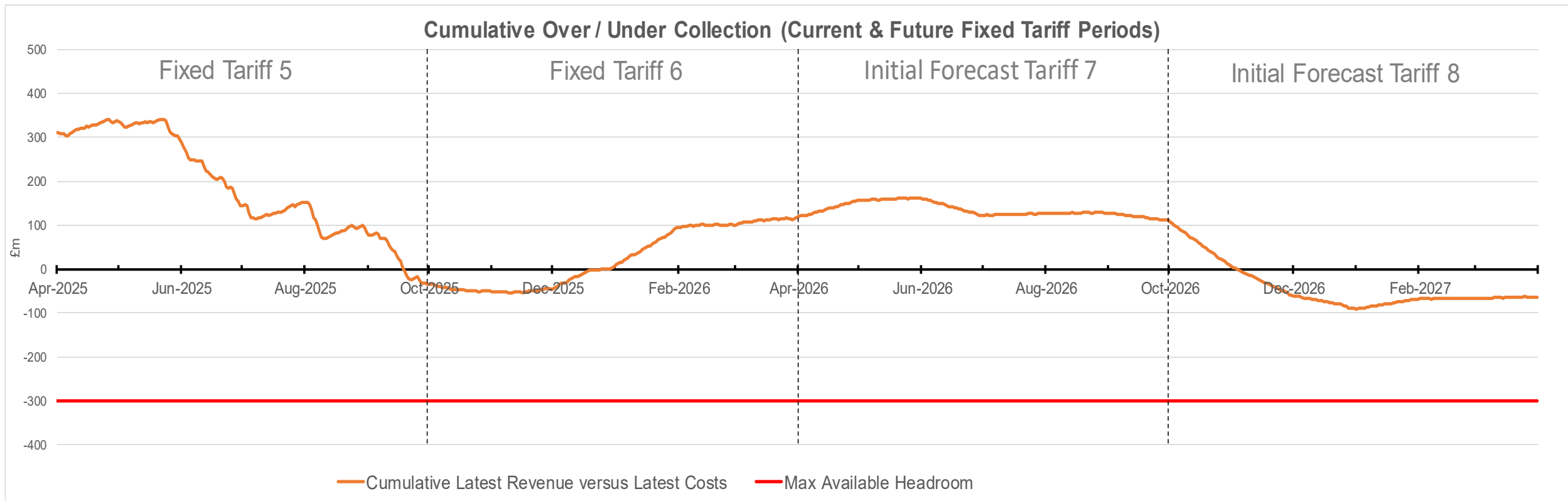
Draft Tariff 7

Financial Year 2026/27 – Fixed Tariff 7 – Draft Tariffs		
Fixed Tariff 7 Apr 26 – Sep 26	Description	Draft Tariffs
	Balancing Cost Forecast £m	1292.0
	Internal Costs £m	434.6
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	-58.8
	CMP398 Costs £m	7.3
	RF Income Adjustment £m	-10.4
	Total Costs £m	1664.7
	BSUoS Volume Forecast TWh	117.2
	BSUoS Tariff £/MWh	£14.21

Draft Tariff 8

Financial Year 2026/27 – Fixed Tariff 8 – Draft Tariffs		
Fixed Tariff 8 Oct 26 – Mar 27	Description	Value
	Balancing Cost Forecast £m	1347.9
	Internal Costs £m	432.2
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	-58.5
	CMP398 Costs £m	7.3
	RF Income Adjustment £m	-10.4
	Total Costs £m	1718.4
	BSUoS Volume Forecast TWh	144.0
	BSUoS Tariff £/MWh	£11.93

Forecast Over Recovery Position



*All values as of 29 September 2025

Over-Recovery Adjustment

We are continuing our Initial Forecast approach for over/under-recovery, to return to a cash neutral position by the end of Fixed Tariff 8

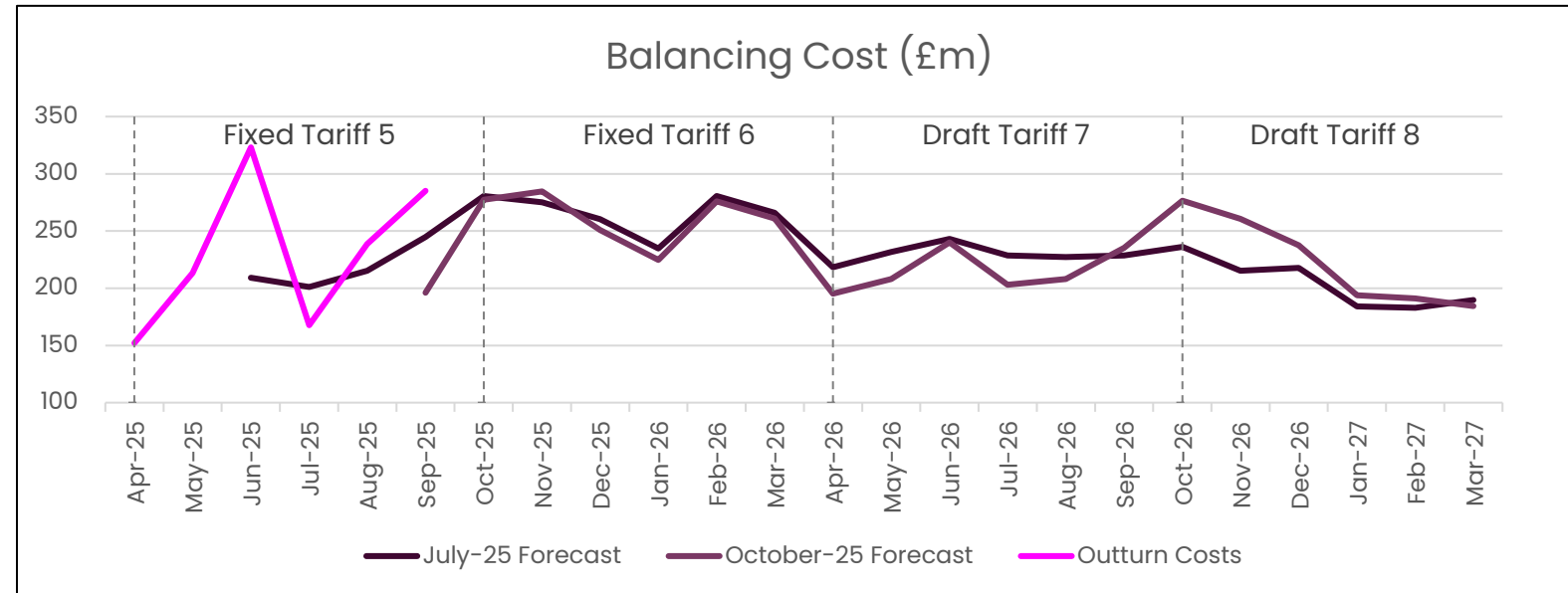
Tariffs 7 and 8 includes forecast over-recovery to the end of Fixed Tariff 6

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)	(129.4)	(33.9)
Fixed Tariff 6* (Oct 25 – Mar 26)	(33.9)	164.3	(13.2)	117.2
Fixed Tariff 7* (Apr 26 – Sep 26)	117.2	(58.8)	2.8	61.2
Fixed Tariff 8* (Oct 26 – Mar 27)	61.2	(58.5)	1.6	4.3

*Forecast as of 29 September 2025

Balancing Cost Forecast

Balancing Costs based on October 2025 Monthly Forecast



- **Balancing Cost forecasts for Draft Tariffs 7 and 8 are £1,292m and £1,347.9m respectively**
- Since June 2025, the balancing cost forecast have changed;
Draft Tariff 7 forecast: £1,292.0m (↓6% from £1,379.1m)
Draft Tariff 8 forecast: £1,347.9m (↑9% from £1,238.5m)
- Based on an average of forward price curve derived between 26 August and 1 September 2025.

Internal NESO Costs

Draft Tariffs assumes a continuation of the 2026/27 Internal Costs, uplifted for 3% inflation

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

	Internal Costs (£m)
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 (2024 NESO FM)	841.5
Inflation	1.03
Forecast Total for 2026/27	866.7

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 £20.8m reduction in costs for Fixed Tariffs 7 and 8.

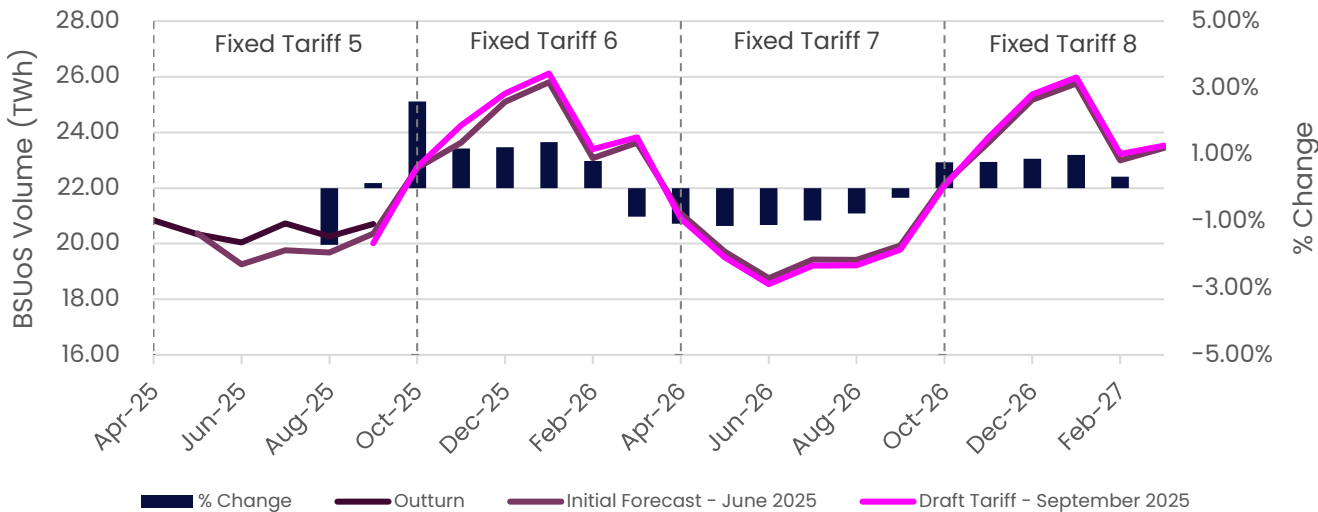
RF Income Adjustment

- We are also accounting for a £20.8m negative adjustment in respect of RF income from 2023/24 and 2024/25

Volume

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

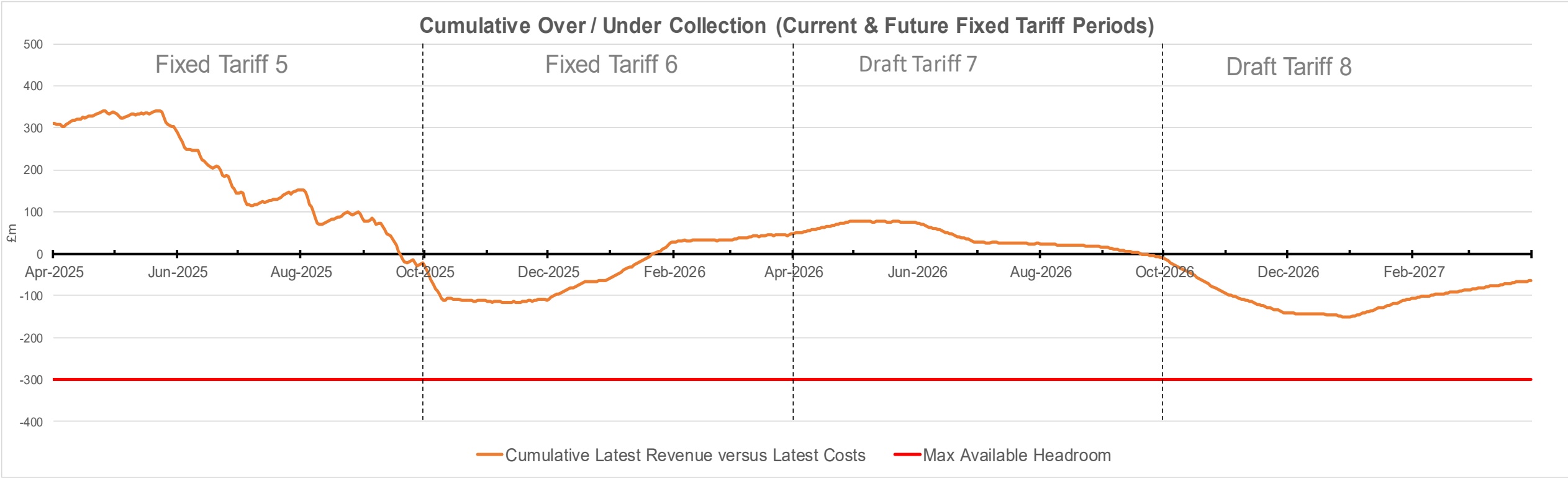
BSUoS Chargeable Volume



Fixed Tariff	Jun-25 Forecast (TWh)	Latest Forecast and Outturn (TWh)	Variance
Fixed Tariff 5	120.4	122.9	2.0%
Fixed Tariff 6	144.2	145.7	1.1%
Fixed Tariff 7	118.2	117.2	-0.9%
Fixed Tariff 8	143.3	144.0	0.7%

Latest View

Latest View: Revenue vs Cost Report



Fixed Tariff	Draft tariffs Setting Position (29/09/2025)	Cash Position - Latest View (13/10/2025)	Change so far
Fixed Tariff 5	-£34m	-£22m	£12m
Fixed Tariff 6	£117m	£64m	-£53m
Fixed Tariff 7	£61m	£8m	-£53m
Fixed Tariff 8	£4m	-£47m	-£51m

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	System balancing reports National Energy System Operator	

Next Steps

November
2025

2025 NESO Financial Model Published

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 the Q&A document linked [HERE](#)

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



Thank you!

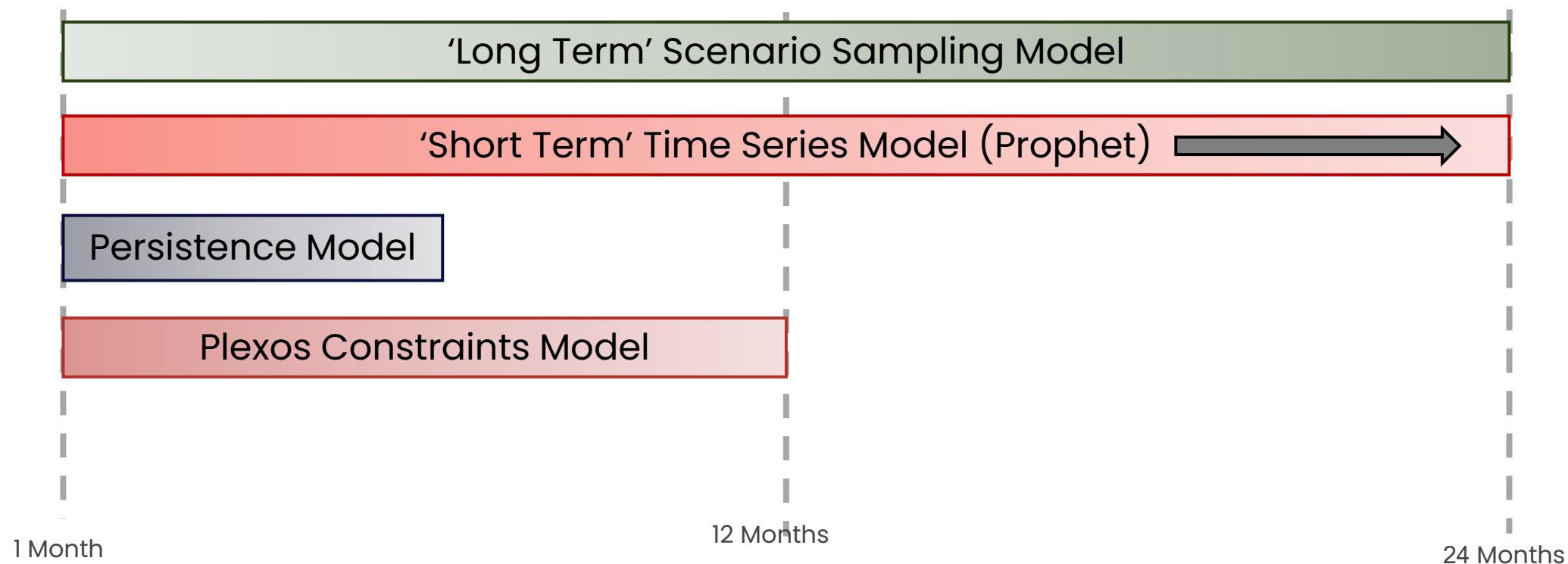
Please send any feedback you have via email

BSUoS.queries@neso.energy

Appendix

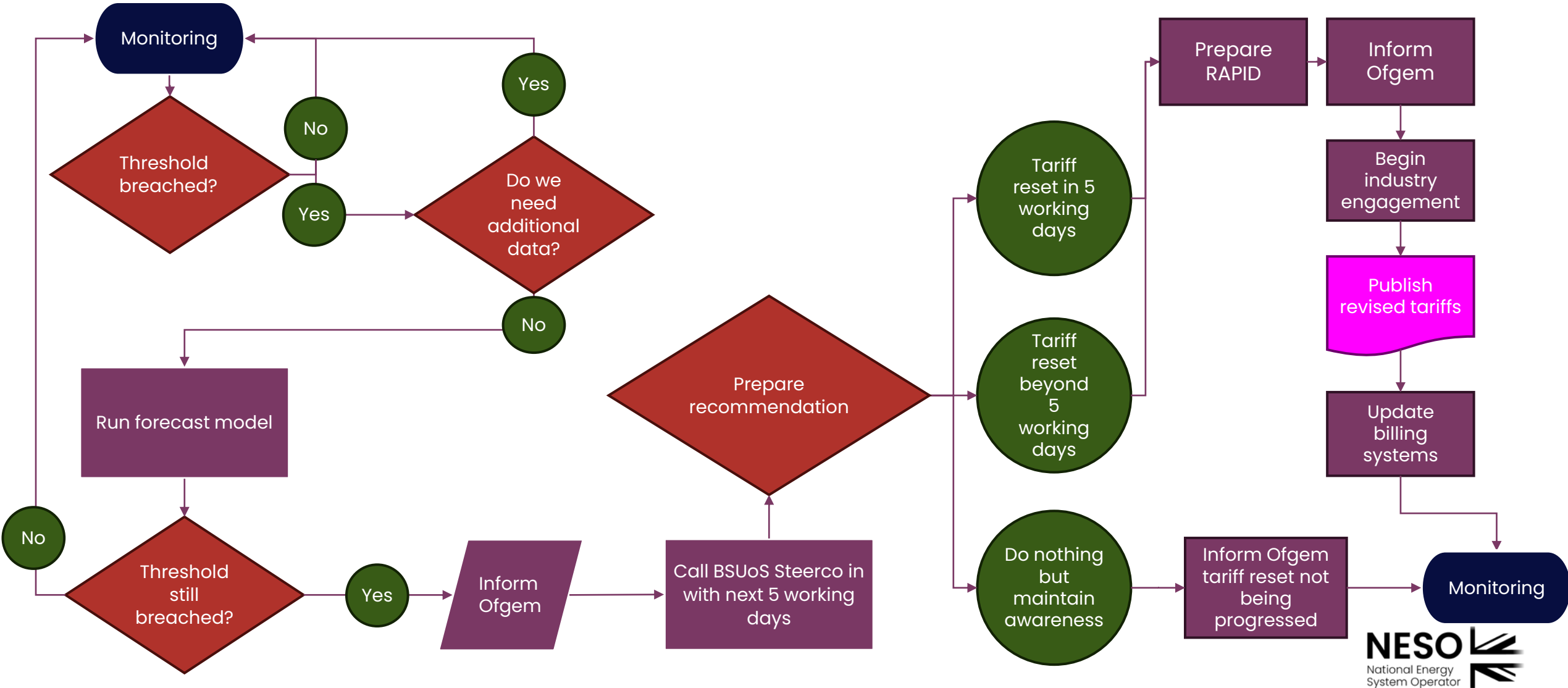
Forecast Blends

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.

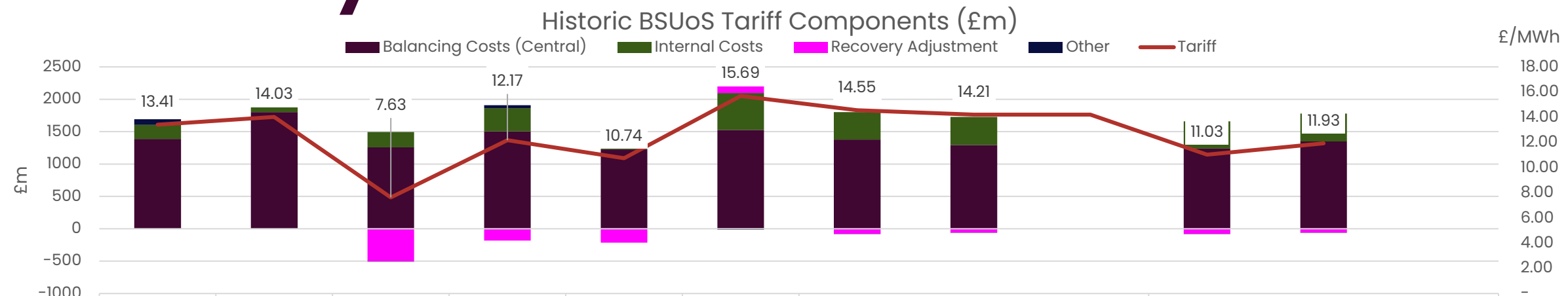


Indicative Model Blending (for illustration only)

Tariff Reset Process



Previously Published BSUoS Tariffs



BSUoS Tariff Input	Final Tariff 1	Final Tariff 2	Final Tariff 3	Final Tariff 4	Final Tariff 5	Final Tariff 6	Initial Forecast 7	Draft Tariff 7	Final Tariff 7	Initial Forecast 8	Draft Tariff 8	Final Tariff 8
Balancing Costs	1,387.00	1,803.00	1,259.3	1,502.5	1,225.5	1,528.0	1,379.1	1,292.0		1,238.5	1347.9	
Internal Costs	215.9	215.9	236.4	359.2	271.85	569.7	421.9	434.6		419.6	432.2	
Recovery Adjustment	-	-	-504.2	- 182.0	-215.0	164.3	-78.8	-58.8		-78.366	-58.5	
Other	87.5	87.5	-	46.7	4.3	-13.8	-0.4	-3.1		-0.3	-3.1	
Total	1,690.5	2,106.5	991.50	1,726.4	1,286.6	2,248.2	1,721.8	1,664.7		1,579.4	1718.4	
Tariff (£/MWh)	£13.41	£14.03	£7.63	£ 12.17	£10.74	£15.69	£14.55	£14.21		£11.03	£11.93	