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BSUoS Draft Tariffs 7 and 8 for 2026/27 Webinar

Q&A Summary – 14/10/2025

Contributors Nick Everitt, Katie Clark, Edward Adofo, Tobi Odusanya

Purpose To summarise the questions asked as part of the BSUoS Draft Tariffs 7 and 8 for 2026/27 webinar and the answers provided by the presenters.

Date 14/10/2025

Introduction

A webinar was held on 14 October 2025 to outline the BSUoS draft tariffs for 2026/27 (Tariffs 7 & 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. It is worth noting that the written answers provided below may differ, be more detailed or include additional information that we were not able to provide during the live webinar.:

#	Questions	Answers
Topic:		
1.	What is the value of having 2 charging periods (Apr and Oct) published at the same time (Dec)? why isn't it just 1?	<p>Originally when the fixed tariff methodology was first introduced, there was a consideration that we could have a single fixed tariff over a 12-month period. Fairly late on in the modification process, we started to look at issues around seasonality and the potential for a single fixed tariff increasing the risk of a tariff reset being needed.</p> <p>Seasonality, both in the different costs that we sometimes see in a winter period and the volume would mean that we would generally be recovering less at the start of the year (due to less volume) than we would later in the year.</p>

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		<p>With the Fixed Tariffs aim of always matching recovery to costs each year, this would mean that a single tariff across the whole year would increase the risk of a deficit in the first half of the year and therefore increase the risk of a tariff reset being needed.</p> <p>Having two 6-month tariffs to split the year up allows us to tune the price a bit better to track what we need to recover to pay the expected costs in that 6-month period.</p>
2	Why does constraint cost forecast vary between your 24-month forecast and monthly forecast for 2026/27 especially where Winter period sees over £400m difference?	<p>We are seeing a decrease in our constraint cost forecasts for the fixed tariff 8 and the start of 2027 and that's the fact that one of the key assumptions that we use in our long-term model is looking at the network options assessment (NOA).</p> <p>We have recently (September 2025) updated our long-range constraint cost assumptions to consider the most recent NOA studies, so there has been an increase in constraint costs compared to previous forecasts. However, there is still a projected decrease in thermal constraint costs in 2027, before increasing across 2028 to the end of 2030. Details of these assumptions can be found in the Data workbook of the Annual Balancing Cost Report 2025, which is linked to the website below.</p> <p><u>Balancing costs National Energy System Operator</u></p>

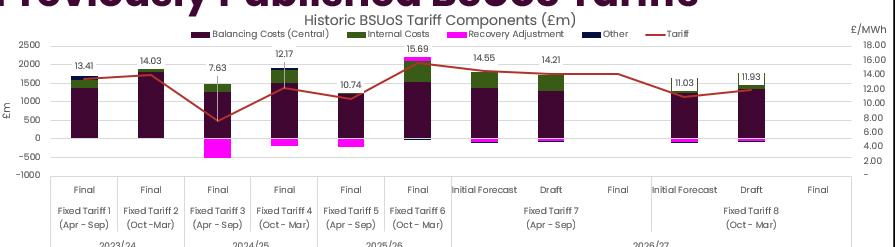
Topic:

3	How does the balancing cost in the Initial View Tariff compare to NESO's latest BSUoS monthly forecast (published mid-September 25?)	<p>Our Initial Forecast of Tariffs 7 and 8 were based on our July -25 forecast (published in June), and Draft Tariffs were based on our October -25 forecast (published in September).</p> <p>Since June 2025, the balancing cost forecast for Tariff 7 has decreased by £87.1m, driven mainly by an 8% reduction in forecast constraint costs and a 2% decrease in the average wholesale price forecast.</p> <p>For Draft Tariff 8, the balancing cost forecast has increased by £109.4m to £1.35b, primarily driven by an increase in constraint costs. Since the Initial Forecast, we have updated our long-term constraint cost assumptions to align to the latest NOA studies, which has slightly increased constraint costs in Draft Tariff 8. Details of the thermal cost projections that are used in our long-term modelling can be found in the Annual Balancing Cost Report and Data Workbook as linked in the question above.</p>
4	Tariffs 7 & 8 have the higher costs of the two	As mentioned in Question 2, one of the assumptions influencing the lower balancing costs in Tariff 8 is the reduction in projected thermal constraints in 2027 from the latest NOA studies. Looking forward, the

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	<p>tariffs during the Apr-Sep Period, is this a trend set to continue in future tariffs?</p> <p>long term BSUoS forecast as per the Annual Balancing Cost Report shows that we are expecting balancing costs to rise out to 2030, and therefore we may not see a similar change in constraint cost forecasts year on year.</p> <p>Balancing costs are also influenced by several seasonal and non-seasonal drivers, including wholesale market prices, levels of renewable generation, demand and network outages. Therefore, without considering each of these drivers it is difficult to assume that the spread of costs across a year would be the same in future years.</p> <p>Due to the unpredictability of balancing costs, we use a probabilistic approach in our forecast modelling to factor in the full range of plausible scenarios.</p>
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Topic: FEEDBACK

<p>5 When initial, draft and final tariffs are published could you add row to show the variance from the previous view? This will help visualise and changes from your previous view compared to the current view.</p>	<p>Thank for your feedback.</p> <p>We've included a graph and table within the slide pack appendix that shows how the Final Fixed Tariffs and tariff forecasts have changed.</p> <p>We'll look to incorporate this in our future webinars going forward as well.</p> <div data-bbox="463 1327 1426 1859"> <p>Public</p> <p>Previously Published BSUoS Tariffs</p> <p>Historic BSUoS Tariff Components (£m)</p>  <table border="1"> <thead> <tr> <th>Period</th> <th>Final Fixed Tariff 1 (Apr - Sep)</th> <th>Final Fixed Tariff 2 (Oct - Mar)</th> <th>Final Fixed Tariff 3 (Apr - Sep)</th> <th>Final Fixed Tariff 4 (Oct - Mar)</th> <th>Final Fixed Tariff 5 (Apr - Sep)</th> <th>Final Fixed Tariff 6 (Oct - Mar)</th> <th>Initial Forecast</th> <th>Draft Tariff 7 (Apr - Sep)</th> <th>Final Tariff 8 (Oct - Mar)</th> <th>Initial Forecast</th> <th>Draft Tariff 8 (Oct - Mar)</th> <th>Final Tariff 8 (Oct - Mar)</th> </tr> </thead> <tbody> <tr> <td>2023/24</td> <td>13.41</td> <td>14.03</td> <td>7.63</td> <td>12.17</td> <td>10.74</td> <td>15.69</td> <td>14.55</td> <td>14.21</td> <td>11.03</td> <td>11.93</td> <td>11.93</td> </tr> <tr> <td>2024/25</td> <td></td> </tr> <tr> <td>2025/26</td> <td></td> </tr> <tr> <td>2026/27</td> <td></td> </tr> </tbody> </table> <p>BSUoS Tariff Input</p> <table border="1"> <thead> <tr> <th>Input</th> <th>Final Tariff 1</th> <th>Final Tariff 2</th> <th>Final Tariff 3</th> <th>Final Tariff 4</th> <th>Final Tariff 5</th> <th>Final Tariff 6</th> <th>Initial Forecast 7</th> <th>Draft Tariff 7</th> <th>Final Tariff 8</th> <th>Initial Forecast 8</th> <th>Draft Tariff 8</th> <th>Final Tariff 8</th> </tr> </thead> <tbody> <tr> <td>Balancing Costs</td> <td>1,387.00</td> <td>1,803.00</td> <td>1,259.3</td> <td>1,502.5</td> <td>1,225.5</td> <td>1,528.0</td> <td>1,379.1</td> <td>1,292.0</td> <td>1,238.5</td> <td>1,347.9</td> <td>419.6</td> <td>432.2</td> </tr> <tr> <td>Internal Costs</td> <td>215.9</td> <td>215.9</td> <td>236.4</td> <td>359.2</td> <td>271.85</td> <td>569.7</td> <td>421.9</td> <td>434.6</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Recovery Adjustment</td> <td>-</td> <td>-</td> <td>-504.2</td> <td>-182.0</td> <td>-215.0</td> <td>164.3</td> <td>-78.8</td> <td>-58.8</td> <td>-78.366</td> <td>-58.5</td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td>87.5</td> <td>87.5</td> <td>-</td> <td>46.7</td> <td>4.3</td> <td>-13.8</td> <td>-0.4</td> <td>-3.1</td> <td>-0.3</td> <td>-3.1</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>1,690.5</td> <td>2,106.5</td> <td>991.50</td> <td>1,726.4</td> <td>1,286.6</td> <td>2,248.2</td> <td>1,721.8</td> <td>1,664.7</td> <td>1,579.4</td> <td>1,718.4</td> <td></td> <td></td> </tr> <tr> <td>Tariff (£/MWh)</td> <td>£13.41</td> <td>£14.03</td> <td>£7.63</td> <td>£12.17</td> <td>£10.74</td> <td>£15.69</td> <td>£14.55</td> <td>£14.21</td> <td>£11.03</td> <td>£11.93</td> <td></td> <td></td> </tr> </tbody> </table> <p>NESO National Energy System Operator</p> </div>	Period	Final Fixed Tariff 1 (Apr - Sep)	Final Fixed Tariff 2 (Oct - Mar)	Final Fixed Tariff 3 (Apr - Sep)	Final Fixed Tariff 4 (Oct - Mar)	Final Fixed Tariff 5 (Apr - Sep)	Final Fixed Tariff 6 (Oct - Mar)	Initial Forecast	Draft Tariff 7 (Apr - Sep)	Final Tariff 8 (Oct - Mar)	Initial Forecast	Draft Tariff 8 (Oct - Mar)	Final Tariff 8 (Oct - Mar)	2023/24	13.41	14.03	7.63	12.17	10.74	15.69	14.55	14.21	11.03	11.93	11.93	2024/25												2025/26												2026/27												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 8	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	1,347.9	419.6	432.2	Internal Costs	215.9	215.9	236.4	359.2	271.85	569.7	421.9	434.6					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	1,718.4			Tariff (£/MWh)	£13.41	£14.03	£7.63	£12.17	£10.74	£15.69	£14.55	£14.21	£11.03	£11.93		
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Document Revision History

Version Number	Date of Issue	Notes
1.0	20/10/2025	Publication of Draft Tariffs 7 and 8 Webinar Q&A