Public

BSUoS Final Tariffs 7 and 8 for 2026/27 Webinar

Q&A Summary – 15/01/2026

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Purpose	To summarise the questions asked as part of the BSUoS Final Tariffs 7 and 8 for 2026/27 webinar and the answers provided by the presenters.
Date	15/01/2026

Introduction

A webinar was held on 15 January 2026 to outline the BSUoS final 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
1.	Your forecast of BSUoS cost forecast in Jan-Apr 27 is around £200m lower than Jan-Apr 26. What drives the year-on-year difference?	The two key differences in the BSUoS cost between 2026 and 2027 are our balancing cost forecast, and the internal costs. Within our balancing cost forecast, we use a blend of different models, depending on the lead time. Within our long-term model, we will incorporate a scenario sampling model, which will use inputs from Future Energy Scenarios (FES) and the Network Options Assessment (NOA) for our longer-range forecast. Within the latest NOA, there is an expected decrease in thermal constraint costs in 2027, which will have impacted our balancing cost forecast for April – March 2027. For the internal costs, these are based on the NESO Financial Model, which is published in November each year. The allocation of the internal costs across a financial year

#	Questions	Answers
		are in line with the internal costs associated with each Fixed Tariff. For 2025/26, a larger proportion of the annual Internal Costs were included within Fixed Tariff 6 (October 25 – March 26). This is because Tariff 5 (April 25 – September 25) was published in June, ahead of the 2024 NESO Financial Model was available, and therefore was based on the previous year's internal cost figures. Fixed Tariff 6 (October 25 – March 26) was published in December, after the release of the 2024 Financial Model, and therefore could reflect the updated internal cost forecast, and consequently included a higher proportion of the year's total internal costs. For 2026/27, both Fixed Tariffs 7 and 8 were published in December, after the 2025 NESO Financial Model was published. This means the internal costs were spread evenly across the year, resulting in a comparatively lower internal cost for the January – March period.
2	How did you come to your demand assumptions for 26/27 please? This appears to be ~3% reduction from the current 25/26 demand (Dec forecast+outturn.	The BSUoS demand forecast is a linear regression model, using our national demand forecast and historic chargeable BSUOS volumes. The demand forecast uses a blend of our short-term operational demand, using historical outturn data and the 5-year forecast published by FES. Historically, we've seen that the short-term model tends to dampen down the increases in the longer-term FES forecasts. We are constantly reviewing our models and will incorporate any new intelligence into the forecasts.
3	Is there any difficulty in producing the initial forecast for retaining the initial tariff publication, which helps suppliers price multi-year contracts?	The intent to discontinue publishing the Initial Forecast was primarily due to concerns around its value, considering the lead time ahead of tariffs coming into effect. Additionally, there is a wide range of material available outside of the tariff publications produced throughout the year, including the monthly BSUoS forecasts, and weekly Revenue vs Cost Report, which shows our BSUoS over/under-recovery position and latest view of costs and revenue. However, we are looking for feedback on the value of the Initial Forecast and may revisit this decision as a result of

#	Questions	Answers
		this. We will be circulating a survey week commencing 26 January and would encourage any interested parties to respond. Alternatively, please contact us at BSUoS.queries@neso.energy before 9 February 2026.
4	Can you please advise what SO-TO outage costs are included? How do you forecast this? Is this data published in NESO website?	SO-TO outage costs cover two cost types, relating to STCP11.3 and STCP11.4. As these costs arise on a case-by-case basis they are difficult to forecast, and therefore the £4m within Fixed Tariffs 7 and 8 is the best view based on previous year claims and future expectations. STCP11.3 is effectively compensation to the Transmission Owners [TOs] for any outage changes caused by a third-party or NESO. The compensation is based on the cost incurred by the TOs. This can vary significantly; however, we are striving to keep this as low as possible. Therefore, we are forecasting £1m in relation to 11.3 across the three TOs based on previous year claims. STCP11.4 relates to enhanced service provisions, a mechanism for NESO to request revised working strategies, such as installing temporary circuits or modifying system control schemes for certain network outages/projects to reduce the impact to the network. These come up on a case-by-case basis and the options tend to be technically limited. We are expecting 11.4s to be likely in the future years, following closer co-ordination with TOs and looking to reduce constraint costs. Therefore, we are forecasting £1m per onshore TO for the 2026/27 charging year.

FEEDBACK		
#	Comment	Response
5	Please include a variance to previous in your summary table of the final tariffs as well as the drivers effecting the final values compared to the draft on the same slide. It makes it easier to see what is driving the changes from draft to final	Thank you for the feedback. We have included a comparison of the tariffs in the slide deck Appendix (slide 24), but we will make sure to reference this within future webinars.
6	Whilst I appreciate the BSUoS initial tariff's accuracy might not be that great that far out due to high uncertainties in the drivers, I do believe if NESO could resume the initial tariffs publication, that would help suppliers to gauge the potential level of the future cost and do sense checks with their own views (appreciating the high uncertainties still). Thanks	Thank you for your feedback. As per Question 3, we will be issuing a survey for additional views on the value of the Initial Forecast, so encourage interested parties to participate.

Document Revision History

Version Number	Date of Issue	Notes
1.0	22/01/2026	Publication of Final Tariffs 7 and 8 Webinar Q&A