

Charging Circular – BSUoS Revised Forecast Post PCFM

5th December 2018

Dear BSUoS customer,

The RIIO-ET1 Price Control Financial Model ('PCFM') is used to calculate values for the Base Revenue (the term MOD) that appears in the formula for each licensee's Base Transmission Network Revenue and SO Opening Base Revenue. The calculations are carried out as part of the Annual Iteration Process for the PCFM.

The 2018 process has just been completed and Ofgem have published the results of the process at the link below.

<https://www.ofgem.gov.uk/network-regulation-riio-model/current-network-price-controls-riio-1/price-controls-financial-model-pcfm/riio-t1-financial-model-electric>

What does this mean to BSUoS?

The MOD term for the ESO is one of the costs that makes up the overall amount that is recovered via the BSUoS charge. The values making up the 2019/20 scheme year are significantly different to those from previous years and from what we previously been forecasting for 2019/20 scheme year.

An updated monthly forecast for BSUoS will be published by the 14th December 2018 which will include revised figures considering the MOD values recently agreed with Ofgem.

Additional to the above, the next BSUoS forecast will also make allowances for the suspension of the capacity market that was announced last month following a ruling in the General Court of the Court of Justice of the European Union. Further information on this ruling at the link below.

<https://www.emrsettlement.co.uk/documents/2018/11/emrc169-suspension-capacity-market.pdf>

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Further Questions

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