

## Demand Estimation Sub-Committee Minutes

**Tuesday 24 July 2018**

**at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA**

### Attendees

Chris Shanley (Chair)	(CS)	Joint Office	
Helen Bennett (Secretary)	(HB)	Joint Office	
Carl Whitehouse*	(CW)	First Utility	Non-Voting
David Carroll*	(DR)	Gazprom	Non-Voting
Dean Pearson*	(DP)	NGN	Voting Member (Alternate)
Fiona Cottam	(FC)	Xoserve	Voting Member (Alternate for Smitha Coughlan)
Jason Blackmore	(JB)	British Gas	Voting Member
Hilary Chapman	(HC)	SGN	Voting Member
Louise Hellyer	(LH)	Total Gas & Power	Voting Member (Alternate for Alexander Holbourne)
Matt Jenks	(MJ)	Orsted	Non-Voting
Mandeep Pangli	(MPa)	Xoserve	Non-Voting
Mark Jones	(MJ)	SSE	Voting Member
Mark Palmer*	(MPAI)	Shell	Non-Voting
Mark Perry	(MPe)	Xoserve	Non-Voting
Mark Rixon*	(MR)	Engie	Non-Voting
Sallyann Blackett	(SB)	E.ON	Voting Member
Simon Geddes	(SG)	National Grid NTS	Voting Member
Zac Polvey*	(ZP)	Gazprom	Non-Voting

### Apologies

Smitha Coughlan	(SC)	WWU	Voting Member
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*\*via teleconference*

Copies of papers are available at: <https://www.gasgovernance.co.uk/DESC/240718>

## 1. Introduction and Status Review

### 1.1. Apologies for Absence

Please refer to the above table.

### 1.2. Note of Alternates

Dean Pearson for Joanna Ferguson;  
Xoserve (Fiona Cottam) for Smitha Coughlan.  
Louise Hellyer for Alexander Holbourne

### 1.3. Approval of Minutes (09 July 2018)

Chris Shanley (CS) advised that Joint Office have received some comments from Xoserve for the minutes from 09 July 2018, they have now been amended and re-published.

The amendments were shown to the Committee. The minutes were then approved.

#### 1.4. Review of Outstanding Actions

**Action DESC0201:** Xoserve (MA) to provide reconciliation analysis for the SSPs and LSP's (any additional months) for the next meeting.

**Update:** Mark Perry (MP) advised an update will be provided at the next DESC meeting in October. **Carried Forward**

**Action DESC0204:** British Gas (JB) to investigate relationships between additional weather data items and gas demand and how these could be incorporated into the CWV formula.

**Update:** Jason Blackmore (JB) provided 2 papers to satisfy this action:

##### **Paper 1**

##### **Including additional weather terms in CWV**

(<https://www.gasgovernance.co.uk/DESC/240718>)

JB explained that this approach has been devised from observations being made and looking at accuracy levels of solar over a period of a month to see what trends are identified.

JB advised that looking at how to incorporate solar in to CWV, leads to adding in the definition to the solar measurement. He went on to explain the definition (the formula) shown in the paper provided. The calculation of CWV and the parameters have not changed, there is just the addition of the solar radiance.

He went on to highlight the footnote referring to the calculation stating that one area of difference was the additional decimal point precision used in the Excel calculation improved the results slightly, approx. 0.03% each month improvement.

The design of the Solar CWV (SCWV) means that when it is a bright day, SCWV would be higher than CWV. When it is a seasonal normal solar day then SCWV would be = to CWV which is shown on Table 1.

Table 2 shows Solar Weights by LDZ which shows that WN is the only LDZ that didn't give a weight, it was clarified that the period of time these results are for is from January 2016 to February 2018 and that the solar weights are to maximise the error with the residuals.

JB then asked the Committee for feedback and if they had any questions.

It was mentioned that it would be useful to share this information at the Modification 0659 Workgroup that has a meeting next week.

SAB wondered if there would be an effect if the same was done with rain and said that rain and solar should fit nicely together, she mentioned she likes the idea as an add-on to the standard CWV formula and adjusting the weightings.

MP thanked JB for providing the analysis.

##### **Paper 2**

##### **How does solar impact gas demands? Observations from hourly gas demand data**

JB explained the Comparison Tool and the two charts, the bottom chart is the monthly average, the top chart is the yearly average.

JB then went on to explain the observations from the charts shown on page 2 advising the data was taken across two days in September, a Wednesday and a Thursday, the CWV is fairly similar but there is a greater difference in the demand.

The final day is the most interesting, the difference in temperature profiles and difference in overnight demands comparing 14 January with 21 January. Very different temperatures feeding in to the CWV. The solar level is lower on 21<sup>st</sup> January.

CS summarised that the action can be closed and that the next steps will be more discussion at the 0659 Workgroup that is included in the UIG meeting on 31 July. Whatever conclusions 0659 Workgroup comes up with they will be fed back in to DESC.

### **Closed**

**New Action 0701: Joint Office to add a new standard agenda item: DESC related modification/change updates (which are currently 0644, 0652, 0654, 0659 and XRN4665 Creation of New End User Categories)**

## **2. 2018/19 NDM Algorithms – Response to Industry Representations**

MP talked through the timetable for this years proposal and went over the EUCs and Demand Model Lifecycle to show that the current stage of the process is Model Application.

The Timetable on slide 8 of the presentation confirms the various check points to date showing that at the last meeting on 09 July the Committee members voted and approved the proposal. This has now been made available to the wider industry.

MP advised that the objective for today's meeting was:

- For DESC to review industry representations on proposals for Gas Year 2018/19
- To gain DESC support to formally approve and finalise this year's proposals
- Confirm remaining activities relating to proposals for Gas Year 2018/19

MP summarised by advising that the new EUCs i) Non-Domestic Band 1; ii) Prepayment Band 1 and iii) Domestic Band 2 will not be used at the start of Gas Year 2018/19. The CDSP will notify the industry, once the various system changes are scheduled and approved, when the new EUCs will be used and where to find the relevant data files.

MP asked the Committee if they were ready to provide final approval of this years models:

The Vote was unanimous - Final Approval received from the members for the 2018/19 NDM Algorithms.

In terms of next steps, MP advised that CDSP will publish the final proposals to the industry and submit interface files to key systems no later than 15th August. There will need to be clear signposting of which ALPs and DAFs to use for which processes, especially if and when the factors proposed in MOD0644 are approved and/or the new EUCs are able to be used.

The committee suggested to make clear the files are ALP AQ/ALP Allocation/New EUCs (ref only) in the general email sent.

MP confirmed that this concludes the process for this year.

## **3. Proposed changes to the NDM Demand Estimations Methodology – UNCC deferred approval to August**

CS showed and confirmed to the Committee members the post-panel note from 18 and 19 July where the changes to the NDM Demand Estimations Methodology were discussed.

It was confirmed that UNCC gives power to DESC to decide on matters that require a vote.

Fiona Cottam (FC) mentioned that this is the first time the methodology is being changed since it went live last year and it was an easy mistake to make when most other UNC related documents are going to UNCC for approval.

It has been agreed that whenever there is a split vote, Joint Office are to capture where there are differing views and capture why the reasons are FOR and AGAINST.

For reference, the post-panel UNCC notes are as follows:

- On 18<sup>th</sup> July 2018 Members had determined by majority vote to defer approval of the amendments to the NDM Demand Estimation Methodology to the August meeting. DESC were also to be asked provide a view of the proposals in terms of approval or disapproval and the update to be set out in the DESC minutes.
- On 19<sup>th</sup> July members reopened this section of the agenda for further discussion as an error in the approval process for the NDM Demand Estimation Methodology had been identified and this could impact the discussions and outcomes of the previous days meeting.
- P Garner advised that UNC Section H 1.13 Demand Estimation Methodology identifies DESC as the approving body for the methodology and not UNCC. P Garner apologised on behalf of the Joint Office for not identifying this issue sooner.
- Members felt that the DESC vote could not be disregarded in this instance and therefore their recommendation to implement the amendments to the methodology was in fact an implementation decision.
- Joint Office agreed to review of the governance process to understand if this issue could be avoided in the future and assess whether the appeal process should be amended if UNCC/DESC members had subsequent concerns over decisions made by DESC.
- Therefore, the proposed Changes were noted as Approved by DESC.

#### 4. Current Weather Station Review

Talking through the material provided, MP advised there are some concerns with a WWU Weather Station, where the latest view is that the Filton Weather Station is closing in October.

MP said that as this could cause an issue fairly soon, he asked for views on how to proceed. There have been no reports since January. There is a new report expected in August.

SB suggested looking at where their secondary station is. CS suggested CDSP could also wait to see what the August report shows before concluding next steps.

It was agreed that Xoserve could contact the Met Office to see what their back-up site is.

It was discussed that the new Weather Station for WWU could be Almondsbury but this may not provide wind data. It was also discussed whether it could be Yovelton.

SB said that if there is no wind data at Almondsbury, the data cannot be used or they need to be asked if they are prepared to start collecting wind data.

MP said that their last quarterly report indicated that the Almondsbury site is funded by internal investment and therefore there may be a cost to using this site/including wind speed equipment.

**New Action 0702: Xoserve to a) contact the Met Office to see what their back-up Weather Station is with the Filton Weather Station closing and b) if the secondary station to Filton is Almondsbury, check if weather data is available.**

MP agreed to arrange an adhoc DESC meeting to discuss next steps, once the above action was complete.

SB said that she wonders what Elexon might use as they will have the same issue, she added that she might be able to find out.

#### 5. CDSP Demand Estimation Systems

From the material provided for the meeting, MP advised that Xoserve have been looking at the improvements that could be made to the modelling systems sometime and are looking to get a more flexible system in place. With UK Link replacement and UIG challenges time has been spent on UIG analysis and therefore this work has been delayed.

He went on to confirm that Xoserve have a clear set of goals and drivers and the reasons why they want to make the changes. Their target is to get in the new system in place for the next set of modelling work in 2019.

With this in mind, MP has taken the opportunity to review the information Xoserve currently provide to the industry, and would like to get feedback on how much of this information is used, and also, is there something the industry require that is currently not provided.

**New Action 0703: All to provide feedback on whether any of the current information is no longer required and what Users would like to see considered in the system going forward. Please send suggestions to the box account: [Xoserve.demand.estimation@xoserve.com](mailto:Xoserve.demand.estimation@xoserve.com).**

## 6. Agreement of Ad-hoc Work Plan

MP talked through the material provided for the meeting and began by confirming the objective for this meeting is to agree DESC's workplan for Autumn 2018 / Winter 2019.

CS asked if there was much room for adhoc work as the system changes could be a big piece of work. SB asked how this work would interact with the UIG task force/project group, FC clarified that she would like to think the UIG project could come up with suggestions which would then come to DESC to evaluate.

MP then showed the Standard Autumn/Winter Work Plan and highlighted there is a review of Model Smoothing methodology, this is normally performed every year but it was put off last year due to Nexus.

Additional work for Autumn/Winter will be:

- CDSP continuing to work towards implementing a set of processes on upgraded software in time for Spring 2019 modelling analysis – this is a significant piece of work which Xoserve must focus on
- Potential for more ongoing support to industry around UIG, in particular any associated Modifications such as 659 (improving CWV and WCF).

MP then went through the outstanding adhoc work plan items drawing attention to the date of some of the items.

It was agreed to remove TWG 35/06/14 as some work has been done on this already, and it will be 3 years before the committee know whether it has worked or not.

The Committee agreed to the CDSP recommendations which are as follows:

- Review of Model Smoothing methodology
- Algorithm Performance for Gas Year 2017/18
- Spring Approach 2019 preparations (for Gas Year 2019/20)
- Seasonal Normal Review 2020
- Support UIG related analysis e.g. MOD 0659 (improving CWV and WCF)
- Work on upgrades to CDSP's modelling processes / systems which develop Demand Estimation deliverables

## 7. 2019 Diary Planning

MP advised it will be a busy year for DESC next year and provided a presentation which outlined the work that is necessary to carry out the Seasonal Normal Review (SNR). He explained that the appropriate frequency of this is taken as every 5 years. The last review took place in 2014, any new arrangements would take effect from Gas Year 2020/21.

Moving on to the Review and Revise – Composite Weather Variable slide, MP outlined the tasks to plan in for the next year and clarified there is a lot of analysis that sits behind the activities listed.

- DESC to agree approach for reviewing existing CWV formula
- Review performance of existing CWV formula
- Define CWV formula for next period
- Optimise parameters within CWV formula for next period
- Review & approve parameters to be used within CWV formula
- Re-state CWV history using CWV formula and approved parameters

MP talked the Committee through the Governance and System consideration information provided and highlighted that any change to existing CWV formula would require system impact assessment (SAP-ISU) and review of DN's contracts with Weather Services Provider(s) and the aspiration is to 'go-live' from October 2020/21 then DESC's requirements need to be captured promptly so the relevant changes can be scheduled.

In terms of diary planning, the proposed dates were agreed by the Committee:

- 11 February 2019
- 24 April 2019
- 15 May 2019
- 08 July 2019
- 22 July 2019
- 07 October 2019
- 09 December 2019

## 8. Communication of Key Messages

- Now final approved NDM Algorithms.
- Anyone that has an interest in Modification 0659 and the Seasonal Normal Review are most welcome to attend these meetings.
- DESC is an open forum and all attendees are most welcome.

## 9. Any Other Business

None.

## 10. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

\*\*MP highlighted there is a potential teleconference to be planned in prior to the October meeting to further discuss the Weather Station Review as highlighted under agenda item 4.

Time / Date	Venue	Workgroup Programme
10:00 Monday 08 October 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.

10:00 Monday 10 December 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.
10:00 Monday 11 February 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.
10:00 Tuesday 24 April 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.
10:00 Wednesday 15 May 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.
10:00 Monday 08 July 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.
10:00 Monday 22 July 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.
10:00 Monday 07 October 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.
10:00 Monday 09 December 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard agenda items.

#### Action Table (as at 24 July 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DESC 0201	13/02/18	2.0	Xoserve (MA) to provide reconciliation analysis for the SSPs and LSP's (any additional months) for the next meeting.	Xoserve (MA)	<b>Carried Forward</b>

DESC 0204	13/02/18	3.0	British Gas (JB) to investigate relationships between additional weather data items and gas demand and how these could be incorporated into the CWV formula.	British Gas (JB)	<b>Closed</b>
DESC 0701	24/07/18	1.4	Joint Office to add a new standard agenda item: DESC related modification/change updates (which are currently 0644, 0652, 0654, 0659 and XRN4665 Creation of New End User Categories)	Joint Office (HB)	<b>Pending</b>
DESC 0702	24/07/18	4.0	Xoserve to a) contact the Met Office to see what their back-up Weather Station is with the Filton Weather Station closing and b) if the secondary station to Filton is Almondsbury, check if weather data is available.	Xoserve (FC/MP)	<b>Pending</b>
DESC 0703	24/07/18	4.0	New Action 0703: All to provide feedback on whether any of the current information is no longer required and what Users would like to see considered in the system going forward. Please send suggestions to the box account: <a href="mailto:Xoserve.demand.estimate@xoserve.com">Xoserve.demand.estimate@xoserve.com</a> .	Xoserve (MP)	<b>Pending</b>