Joint Office of Gas Transporters

UNC Demand Estimation Sub-Committee (DESC) Minutes
Tuesday 13 December 2022
via Microsoft Teams

Attendees

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office
Vera Li (Secretary)	(VLi)	Joint Office

Shipper Members (Voting)

Sarah Palmer	(SP)	E.ON
Cosmin Popovici	(CP)	Total Energies
Katherine Uzzell	(KU)	SSE

Transporter Members (Voting)

David Mitchell	(DM)	Scotia Gas Networks
Paul O'Toole	(PO'T)	Northern Gas Networks
Murugan Babumohanan	(MB)	National Grid
Sanjeev Loi	(SL)	Cadent

Observers (Non-Voting)

Bryan Hennessy	(BH)	Flogas
Jonathan Freeman	(JF)	Representative of Xoserve
Joseph Lloyd	(JL)	Representative of Xoserve
Mark Perry	(MP)	Representative of Xoserve
Michael Maguire	(MM)	Representative of Xoserve
Penny Griffiths	(PG)	Representative of Xoserve
Simon Geddes	(SG)	National Grid

DESC meetings will be quorate where there are at least four Voting Members or their alternates, of which at least two shall be Users and two Transporters are in attendance.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: https://www.gasgovernance.co.uk/Desc/131222

1. Introduction and Status Review

Yvonne Reid-Healy (YRH) welcomed everyone to the meeting.

1.1. Apologies for Absence

Anupa Purewal – Shipper Member
Emma Buckton – Transporter Member

1.2. Note of Alternates

Sarah Palmer, on behalf of Anupa Purewal (E.ON)
Paul O'Toole, on behalf of Emma Buckton (Northern Gas Networks)

1.3. Quoracy Status

The meeting was noted as being quorate.

1.4. Approval of Minutes (05 October 2022)

The minutes of the previous meeting were approved.

1.5. Approval of Late Papers

There were two sets late papers to consider published on 09 December 2022.

1.6. Review of Outstanding Actions

0704: CDSP (MP) to consider providing DESC Members with a list of data sets which would assist reviewing EUC definitions.
Update: See item 2.0. **Carried Forward**

1001: All Shippers and Transporters to confirm Member and/or Alternate to Joint Office.
Update: All received and updated. **Closed**

1002: CDSP (PG/MP) to provide further information on 2022/23 NDM Algorithms Update for review In December Meeting.
Update: See Item 2.0. **Closed**

1003: CDSP (SB) to share ideas on the Review of Existing Cleansing and Validation processes in December meeting.
Update: To be covered under Item 3 & 5. **Carried Forward**

2. NDM Algorithms Update – Gas Year 2022/23

Mark Perry (MP) first introduced to the Committee the new designed improved presentation pack, explaining the new format and structure will aim to give the audience a better understanding of data presented.

MP provided an update of the NDM Algorithms Update for Gas Year 2022/23. Presentation pack(s) can be found here: https://www.gasgovernance.co.uk/DESC/131222.

The update covered two topics:

NDM Overallocation:

MP provided a brief background of the NDM Overallocation which had been caused predominantly by AQ not reflecting the "base level demand". The topic was discussed in October DESC Meeting and DESC confirmed again in this meeting that the best approach to mitigate this overallocation is to focus on the root cause – AQ.

MP concluded that since the October meeting, Modification 0816S - Update to AQ Correction Processes (https://www.gasgovernance.co.uk/0816) has been raised adding eligible causes for AQ correction which may help to deal with the AQ issue.

It has been agreed this topic will be reviewed in DESC meetings on regular basis.

New Action 1201: Xoserve/Joint Office to add NDM Algorithms Update for Gas Year 2022/23 as Standard Agenda Item to all forthcoming DESC Meeting whilst significant NDM allocation continues to be an issue.

Additional May Bank Holiday:

MP explained how the Demand Modelling profile calculates the Holiday demand. If the profile is not changed, the extra Bank Holiday will reflect as a normal Monday. MP presented analysis showing the reduction of circa 20% over the typical Bank Holiday.

MP stated that amendments had been made in the modelling process in the additional VE day in 2020 as time allowed. During this year the Queen's Funeral as it was short notice thus the profile has not been amended.

MP asked the Committee's view if the Profile should be amended on this occasion.

Some Committee members expressed their view they are happy either way. It has been decided Committee members to consider the options and decide in March Meeting.

3. **NDM Sample Update**

Jonathan Freeman (JF) provided an overview on the NDM Sample Update.

JF explained that the maintaining of sample data collection and validation relates to the Input phase of the Demand Model Cycle.

Data are collected from Shippers, Transporters and Class 3 (01BPD Only), cleansed, consolidated, and formatted and ready for validation. There are 15 Validation Checks (details on Slide 8 of presentation pack published).

JF stated that All eligible Shippers (portfolio >25K) are required to send data as per requirement of MOD0654S - Mandating the provision of NDM sample data (https://www.gasgovernance.co.uk/0654). JF concluded that the data quality provided is improving and Class 3 Data has been used in the sample for the current year's Algorithm Performance and with that, they could test the Pre-Payment models.

The next steps will be all Sample Providers will be provided with feedback on the quality of data they supplied and the sample data will be used in Strand 3 NDM Algorithm Performance and for sense check for 2023 Demand Modelling process in April.

4. **NDM Algorithm Performance Review – Gas Year 2021/22**

Mark Perry (MP) provided an overview of the Performance of Gas Year 2021/22. There are 3 Strands of analysis used to review the performance, namely

Strand 1: Weather Analysis

Strand 2: Unidentified Gas Analysis

Strand 3: NDM Daily Demand Analysis

Details of Analysis are covered separately.

The objective of the NDM Algorithm Performance is to review the performance of the previous gas year and identity possible areas of improvement for future demand modelling.

4.1. Strand 1 Weather Analysis

Mike Maguire (MM) provided the Strand 1 Weather Analysis of the Algorithm Performance Gas Year 2021/22.

Strand 1 Weather Analysis summarise the weather experience of the Gas Year to provide context for Stand 2 & 3 Analysis and identify issues DESC may wish to consider for the next CWV formula review.

Full details of the Weather Analysis could be found in the presentation pack published.

Overall, the finding of Gas Year has been generally warmer than Seasonal Normal; it is the second warmest Gas Year since Gas Industry record began. The difference in weather between Gas Year 20/21 and 21/22 contributed to circa 8.5% reduction in gas allocated to the NDM sector.

4.2. Strand 2 UIG Analysis

MM presented the Strand 2 UIG Analysis covering the Background, Objectives and Executive Summary, followed by some National and Seasonal Analysis and AQ Reconciliation Trends. For detail please refer to presentation pack published.

The Analysis showed the trend of negative UIG from March 2022 onwards due to an overestimated NDM demand, driven by increasing gas price and reduction in consumption, this was also due to a warm Spring and Summer.

MM introduced the Histograms and Box Plots used in the presentation of the Analysis. Findings of the Analysis for the four seasons and whole Gas Year are shown from slides 10-19.

MM then briefed on the AQ Trend Consumption and Reconciliation (Slide 20-21)

Katherine Uzzell (KU) asked for a clarification on how the UIG post reconciliation chart is derived. MP confirmed that this is an estimate based on when the reconciliation energy flowed using the monthly variances on the Amendment Invoice. MP referred KU to the Rec by Month report which is published on the UIG webpage each month which she may find a useful reference.

MM confirmed that all Supporting documents for all 3 Strands will be published in next year's NDM Algorithms Booklet.

4.3. Strand 3 NDM Sample Analysis

PG presented to the Committee Member Strand 3 NDM Sample Analysis. For detail please refer to published presentation pack.

PG explained that Strand 3: NDM Sample Analysis is the key strand for assessing the performance of DESC EUC and Demand Model and the results deliver the main conclusions for DESC to be used in future approaches to Demand Modelling.

The presentation pack included the Objective, Executive Summary, Approaches for analysis and tests carried out.

PG provided a brief on the Analysis carried out.

Analysis on 02BNI showed abnormalities for WS (Wales South) with Weekdays largely under allocated and weekends over allocated (slide 17, 18). PG confirmed that investigations have been carried out, but no error or issue has been identified. PG confirmed they will carry on monitoring WS.

YRH suggested to provide update on WS (Wales South) Analysis in March 2023 Meeting.

New Action 1202: Xoserve to provide update on unexpected results for WS 02BNI, in Strand 3 NDM Algorithm Performance investigation.

It is concluded that the consumption behaviour for this gas year has been significantly impacted by the abnormal weather and the rising energy cost. It is difficult to draw any meaningful assumption from the analysis however, it has been suggested the following items for DESC to consider for future ad hoc workplan.

- Separate Monday from the work week for domestic modelling
- Treating 02BND as I&C for Weekend Factor modelling

5. DESC Ad hoc Workplan Update

PG advised due to other commitments, there are no further updates on the below ad hoc Workplans.

- EUC Review – Review of existing End User Category (EUC) Definitions
- Review of Validation Rules – Review of existing cleansing and validation processes/rules for managing submissions of daily gas consumption data

Further update will be provided in next DESC Meeting on 01 March 2023

- Review of DESC Material – Progress Update

PG asked the Committee to provide feedback on the published information and will continue to work on improving the data presentation.

6. Draft Modelling Approach – Gas Year 2023/24

PG presented to the Committee Members the Draft Modelling Approach for Gas Year 2023/24.

PG explained the possible changes on the 2023 Model. This will be to consider how the data from the latest analysis period (April 22 to March 23) is utilised with the current changes in consumer behaviours with high energy prices, particularly in the domestic market.

The Draft Modelling Approach document will be published in December 2022/January 2023 and any changes to the key modelling principles will be discussed in the March 2023 DESC Meeting.

7. Seasonal Normal Review 2025 – Climate Change Methodology

MM provided an overview of the Seasonal Normal Review 2025 Climate Change Methodology. Detail could be found in the published presentation.

MM stated that the next review of Composite Weather Variable (CWV) and Seasonal Normal Composite Weather Variable (SNCWV) are carried out every 5 years and the next one is scheduled to take effect from 01 October 2025.

Due to the continuous trend of increasing Temperatures, a review of the current Climate Change Methodology is required to support the new Seasonal Normal Review 2025. A change proposal has been approved by ChMC November 2022.

MM provided an Initial high-level view of requirements to the new CCM (Slide 8).

MM asked Committee members on suggestions of any additional data requirements, and if any Committee members are interested in the setting up of a Technical Workgroup to oversee the procurement of CCM.

Any interested parties please contact: mailto:xoserve.demand.estimation@xoserve.com

Potential Ad hoc meeting for Technical Workgroup to be arranged in January 2023.

New Action 1203: Joint Office to provide dates for January 2023 to set up Technical Workgroup Meeting to discuss and approve Climate Change Methodology Requirements.

8. DESC Survey

MP circulated the Demand Estimate Survey to Committee Members for feedback on how Xoserve are doing against DESC obligation. All Committee Member please complete (link attached https://www.surveymonkey.co.uk/r/SKDVTKT).

9. Any Other Business

None raised.

10. Communication of Key Messages

The DESC Summary of Key Messages document will be provided as a post meeting update and will be published at: https://www.gasgovernance.co.uk/desc/summarykeymessages

11. Diary Planning

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

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Wednesday 01 March 2023	5pm Tuesday 21 February 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 26 April 2023	5pm Tuesday 18 April 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 24 May 2023	5pm Tuesday 16 May 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 05 July 2023	5pm Tuesday 27 June 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 19 July 2023	5pm Tuesday 11 July 2023	Microsoft Teams	DESC agenda items TBC

10:00 Wednesday 04 October 2023	5pm Tuesday 26 September 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 13 December 2023	5pm Tuesday 05 December 2023	Microsoft Teams	DESC agenda items TBC

DESC Action Table (as of 13 December 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
0704	18/07/22	4.0	CDSP (MP) to consider providing DESC Members with a list of data sets which would assist reviewing EUC definitions. PG to provide test results of proposed changes.	Representative of Xoserve (MP/PG)	~~05/10/22~~ ~~13/12/22~~ 01/03/23	**Carried Forward**
1001	05/10/22	1.0	All Shippers and Transporters to confirm Member and/or Alternate to Joint Office	All members	13/12/22	**Closed**
1002	05/10/22	2.0	CDSP (PG/MP) to provide further information on 2022/23 NDM Algorithms Update for review In December Meeting	Representative of Xoserve (PG/MP)	13/12/22	**Closed**
1003	05/10/22	4.1	CDSP (SB) to share ideas on the Review of Existing Cleansing and Validation processes in December meeting	Representative of Xoserve (SB)	~~13/12/22~~ 01/03/23	**Carried Forward**
1201	13/12/22	2.0	Xoserve/Joint Office to add NDM Algorithms Update as Standard Agenda Item to all forthcoming DESC Meeting whilst significant NDM allocation continues to be an issue.	Joint Office	01/03/23	**Pending**
1202	13/12/22	4.3	Xoserve to provide update on unexpected results for WS 02BNI, in Strand 3 NDM Algorithm Performance investigation	Representative of Xoserve (PG)	01/03/23	**Pending**
1203	13/12/22	7.0	Joint Office to provide dates for January 2023 to set up Technical Workgroup Meeting to discuss and approve Climate Change Methodology Requirements.	Joint Office	end Dec 2022	**Pending**

For detail of the DESC Workplan / Ad Hoc Workplan, please refer to presentation published