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Demand Estimation Sub Committee

NDM Algorithms Update - Gas Year 2022/23

04 October 2023

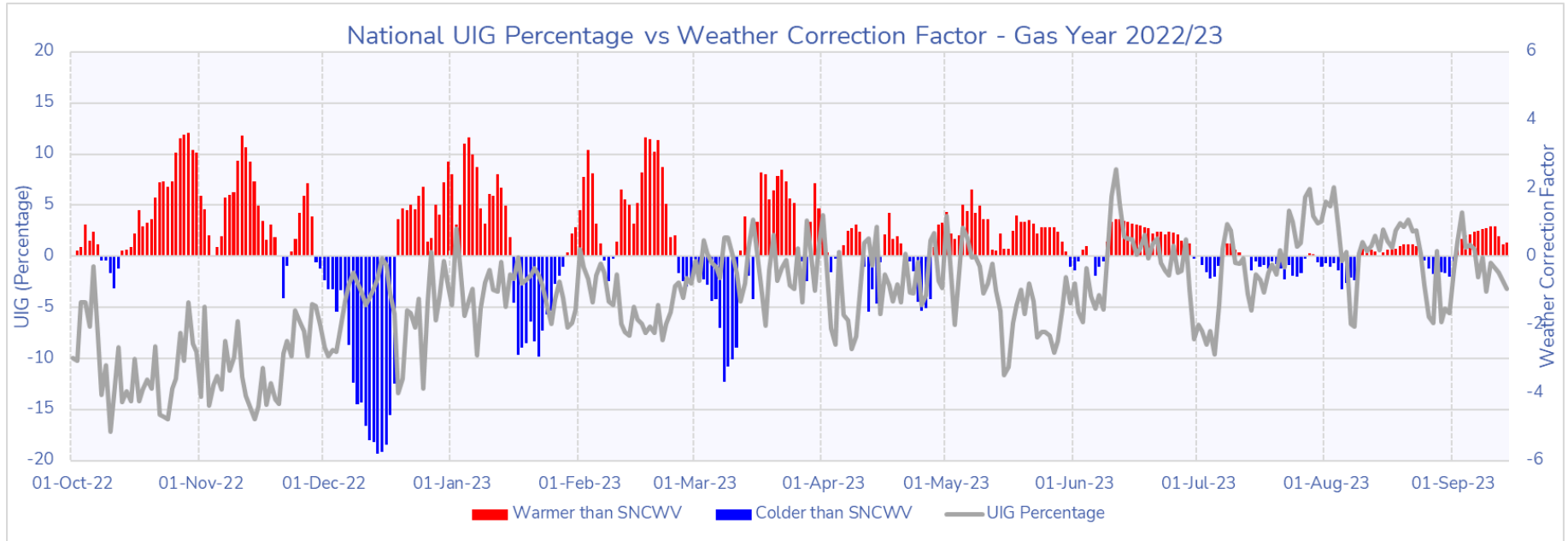
Background

- During the second half of Gas Year 2021/22 a trend was evident of significant overallocation of NDM demand by the Demand Estimation process
- This had been caused predominantly by AQs not reflecting the latest 'base level demand', due to the step change in behaviour caused by increase in wholesale gas prices
- At the start of Gas Year 2022/23 and ahead of the upcoming winter, DESC discussed potential options to mitigate the NDM over allocation, including applying factors to the Annual Load Profile (ALP)
- At the 5th October 2022 meeting DESC concluded that this was not the correct approach and focus should be on the root cause i.e. AQ and not the demand profiles
- DESC agreed the topic should be kept as a standard agenda item during the current Gas Year so the levels could be monitored and discussed

Objective

- Review latest Unidentified Gas (UIG) levels and trends for Gas Year 2022/23 and any other related data items e.g. Annual Quantities (AQs)

Analysis – Gas Year 2022/23: UIG Review



- Negative Unidentified Gas (UIG) observed during the first nine months of Gas Year 2022/23 has not continued at the same levels during the summer months
- However, there remains evidence of an overallocation of Non-Daily Metered (NDM) demand, given there are still regular instances of negative UIG at D+5 and decreasing average AQs month on month (see next slide)

Analysis – Gas Year 2022/23: AQ Trends

Fig.1 Domestic AQ Trend:

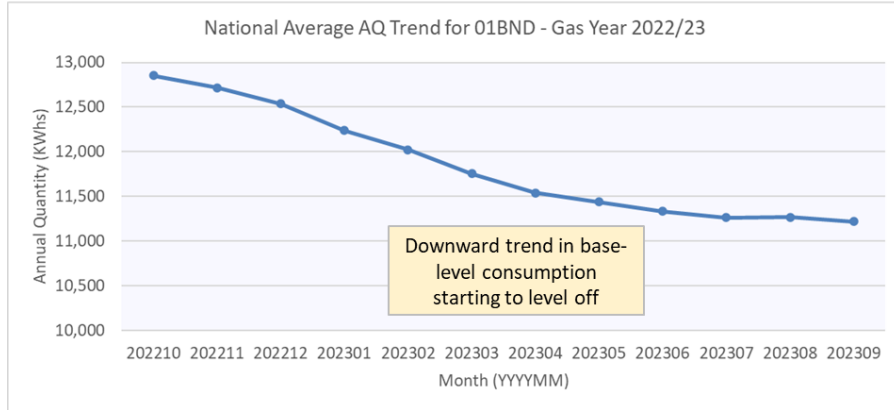
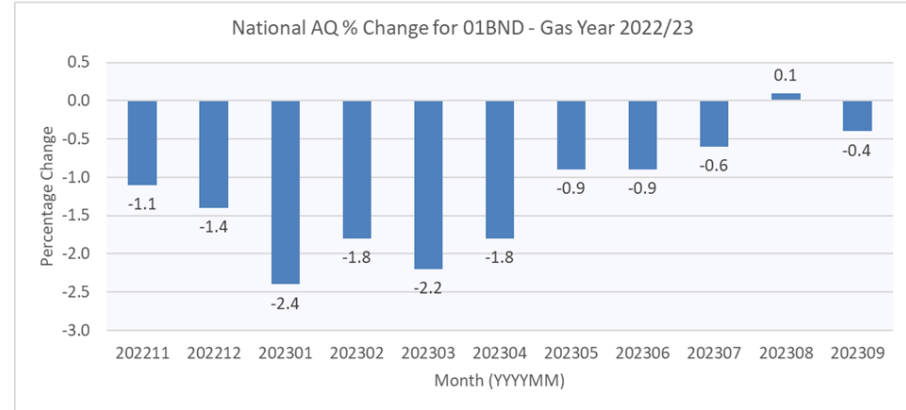


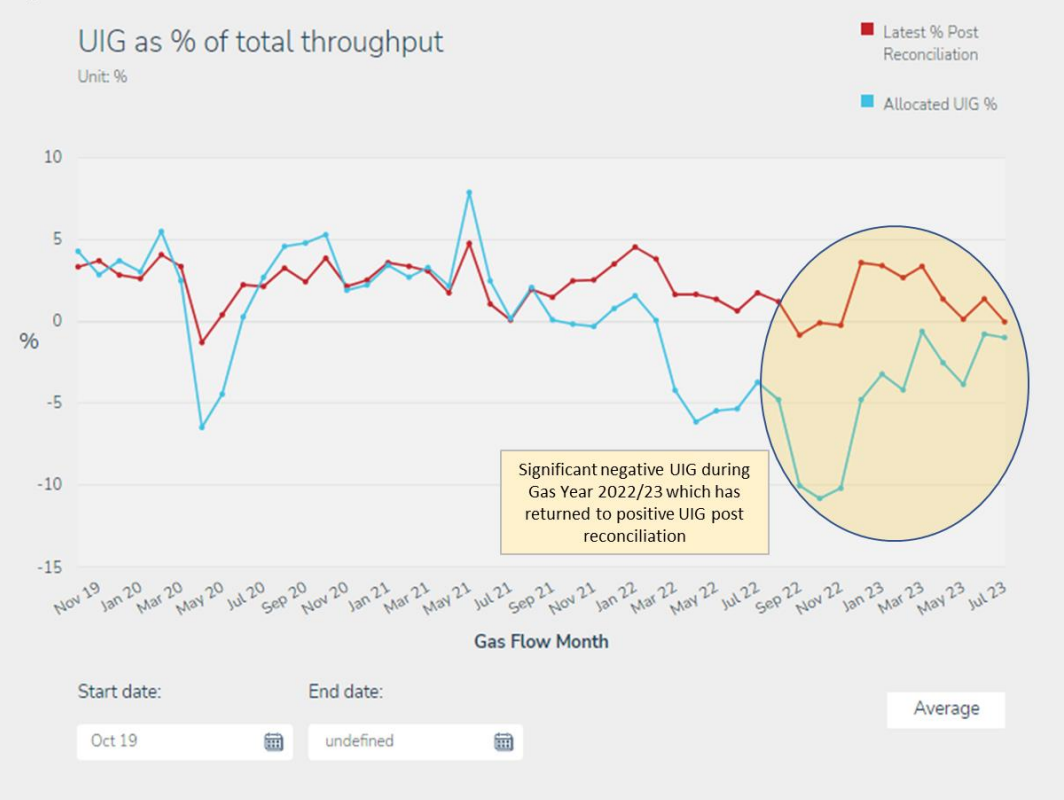
Fig.2 Domestic AQ Movement:



- During Gas Year 2022/23 the average AQ for Band 1 Domestic Non-Prepayment (“01BND”) EUC has **declined by over 13%**. The real figure is likely to be more given there are still c.1.7m Supply Meter Points with an AQ Effective Date pre October 2022 (of which majority will be Domestic).
- Large decreases also still notable for Domestic Prepayment (“01BPD”) EUC which has **declined by 18%** in the same period
- I&C Non-Prepayment (“01BNI”) EUC also continues to showed a decrease in average AQ (c. 4.4% for GY 22/23)
- During this period of NDM overallocation / Negative UIG, the Demand Estimation team continue to provide the industry a view of the latest Average AQ data/trends following each monthly calculations of Rolling AQs – Location: Folder 18. NDM Profiling and Capacity Estimation Algorithms / UIG / Average AQ on secure area of [UK Link Docs](#)

Analysis – Gas Year 2022/23: Post Reconciliation

Fig.3 National UIG:



- Meter Point Reconciliations processed on the Amendment Invoice (AMS) continue to generate credit reconciliations and therefore debits to UIG (see [Reconciliation by Month Report](#) for more detail)
- Shaded area on chart highlights this for the past 12 months: UIG at Allocation (D+5) (blue line) and Estimated view of UIG% post reconciliation (red line) – link to online chart [here](#) (upto and incl. July Amendment Invoice)

Conclusions

- Average UIG (%) for current Gas Year reduced from its initial high in October and November and continued to run at negative values overall until around May.
- AQt reducing in NDM market will have contributed towards this, i.e. becoming more reflective of current demand levels
- During the summer months average UIG has levelled off around 0%, however during the 'non-heating period' there may have been less opportunity to exhibit conservational changes in demand use
- NDM Algorithm Performance for Gas Year 2022/23 will be reported at DESC in December and will include a strand of analysis dedicated to UIG levels and trends
- Would DESC like to continue including a review of latest UIG levels and other key metrics as a standard agenda item to discuss for the next Gas Year (2023/24) ?

Month	Avg. UIG (%)
Oct'22	-10.70
Nov'22	-10.50
Dec'22	-5.20
Jan'23	-3.37
Feb'23	-4.30
Mar'23	-0.84
Apr'23	-2.68
May'23	-4.13
Jun'23	-0.56
Jul'23	-0.88
Aug'23	0.09
Sep'23*	-0.54

* upto Gas Day 14 September