Demand Estimation Sub Committee

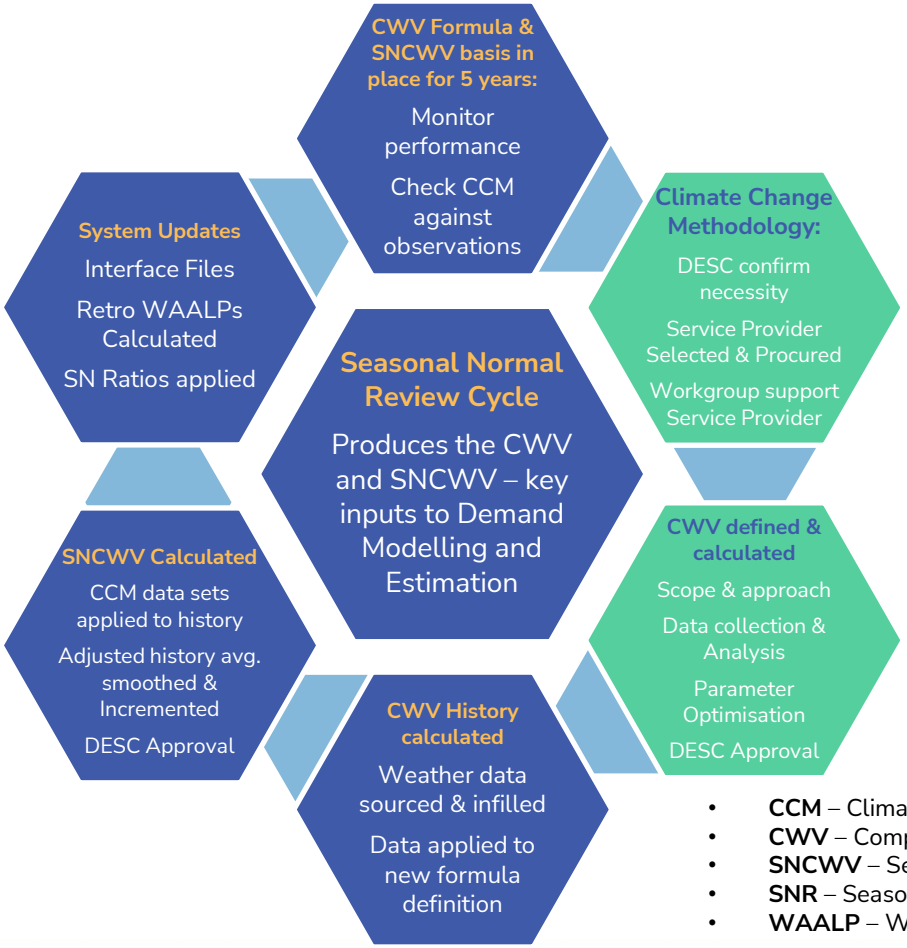
6.0 Seasonal Normal Review 2025

19 December 2023

Background

- DESC are responsible for a number of obligations in Section H of UNC, amongst them are the requirements to:
  - Review the Composite Weather Variable (CWV) (H 1.4.3) and
  - Review the Seasonal Normal equivalent referred to as the SNCWV (H 1.5.3)
- Reviews of the CWV formula and Seasonal Normal basis are normally only carried out by DESC every 5 years due to the time taken to perform the review and the need for stability
- The latest DESC review in 2019 derived a new CWV formula and new basis for the Seasonal Normal, which both came into effect from the 01 October 2020
- This means the next Seasonal Normal basis is scheduled to take effect from 01 October 2025 with the detailed analysis performed during 2024

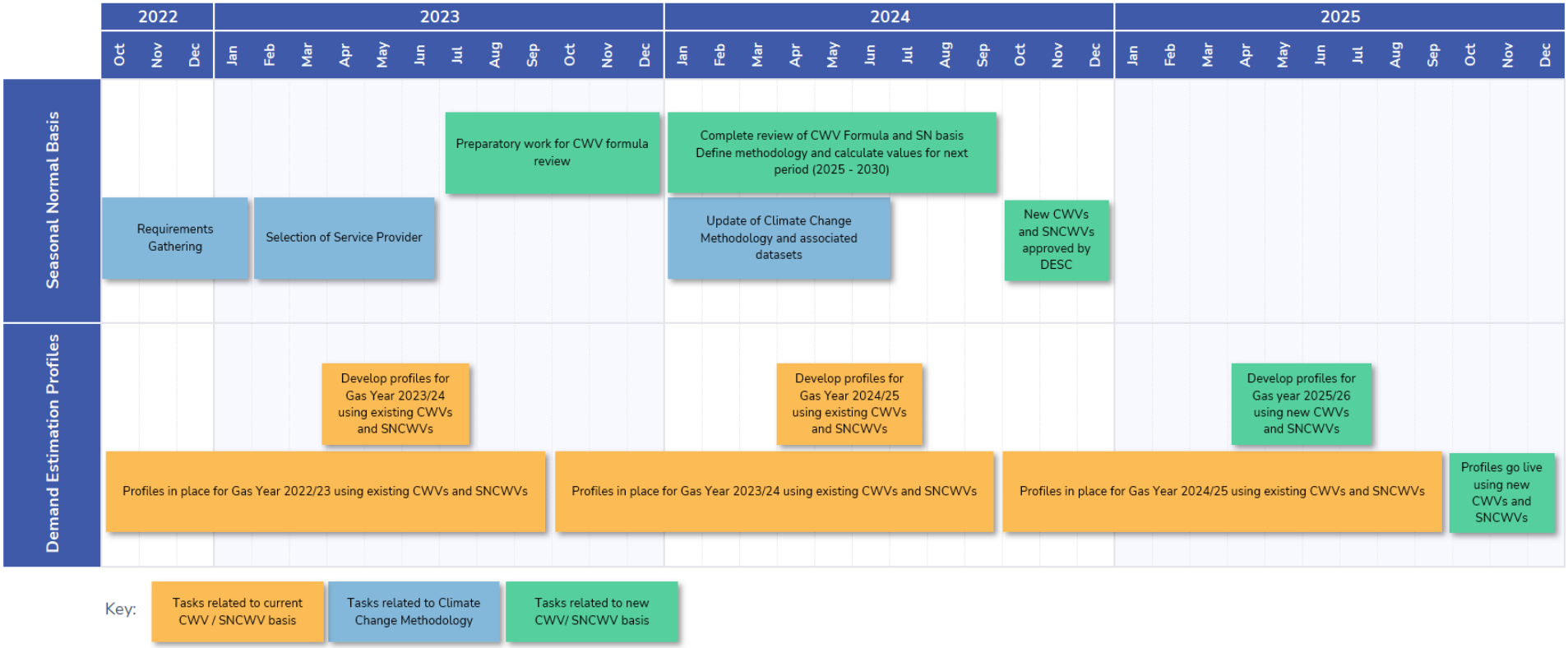
Seasonal Normal Review



- An overview of the Demand Estimation process and output can be found here
- Composite Weather Variable (CWV) and Seasonal Normal CWV (SNCWV) are key inputs to the Demand estimation process
- Seasonal Normal Review (SNR) cycle, undertaken at minimum once every 5 years, represented in diagram opposite
- This presentation relates to updates on the **Climate Change Methodology** and **CWV definition** phase of the SNR cycle

- **CCM** – Climate Change Methodology
- **CWV** – Composite Weather Variable
- **SNCWV** – Seasonal Normal **CWV**
- **SNR** – Seasonal Normal Review
- **WAALP** – Weather Adjusted Annual Load Profile

High level Timeline



Objectives

- Provide an update on progress and next steps for the Seasonal Normal Review, including:

  (i) the review of the Composite Weather Variable (CWV)

  (ii) the refresh of the Climate Change Methodology (CCM) and associated datasets

Composite Weather Variable (CWV) Review

Timeline Deliverable (Slide 4): Complete Review of CWV Formula: January to September 2024

- At October DESC we provided a high-level view to the approach we will be taking to the review of the CWV formula, including, for example, (i) how to handle data for recent Gas Years given the significant impacts of events such as COVID and the energy price crisis and (ii) confirmation that precipitation was out of scope for the review

- As we do with the annual demand modelling, we shall also be providing a summary document of all the key principles and the planned approach to how the CWV review will be performed in 2024

- We plan to run through this at a DESC meeting in late January (date TBC) in order that DESC can review and approve ahead of the detailed analysis taking place in Q1 to Q3 of 2024

Climate Change Methodology – Seasonal Normal Levels

Timeline Deliverable (Slide 4): Update of Climate Change Methodology and Datasets: Jan to June 2024

- On 5th July 2023, DESC agreed to proceed with the Met Office to procure a refreshed version of the Climate Change Methodology (CCM)
- Demand Estimation Team have recently met with the Met Office for an introductory session so that work can commence promptly in the new year
- We shall be looking to set up a session in January with the Met Office and those DESC members who have indicated they wish to be part of the DESC Technical Work Group (TWG) for the CCM.
  This session will look to provide a high-level overview and approach to the CCM refresh work
- As this is a refresh of the CCM we don't anticipate there to be a significant time commitment for the DESC TWG but does provide an opportunity for insight outside of the scheduled DESC meetings
- Regular progress updates will be provided to DESC during 2024