

UNC Demand Estimation Sub-Committee (DESC) Minutes

Wednesday 06 March 2024

Radcliffe House, Blenheim Court, Warwick Road Solihull B91 2AA and
via Microsoft Teams

Attendees

Helen Cuin (Chair)*	(HC)	Joint Office
Nikita Bagga (Secretary)*	(NB)	Joint Office

Shipper Members (Voting)

Cosmin Popovici	(CP)	Total Energies Gas & Power Ltd
Katherine Uzzell	(KU)	SSE
Mark Linke	(ML)	Centrica
Sarah Palmer*	(SP)	E.ON Alternate
Tom Parker	(TP)	Brook Green Energy

Transporter Members (Voting)

Barrie Gillam	(BG)	Scotia Gas Networks (SGN) Alternate
Murugan Babumohan	(MB)	National Gas Transmission (NGT)
Neil Stovold	(NS)	Wales & West Utilities (WWU)
Paul O'Toole	(PT)	Northern Gas Networks (NGN)
Sanjeev Loi	(SL)	Cadent Gas

Observers (Non-Voting)

Catarina Casteleiro	(CC)	Shell Energy
Charles Sabbagh	(CS)	Engie Energy Management UK
Craig Taylor	(CT)	OVO Energy
David Eagon	(DE)	OVO Energy
Joseph Lloyd	(JL)	Representative of Xoserve
Jonathan Freeman	(JF)	Representative of Xoserve
Mark Perry	(MP)	Representative of Xoserve
Michael Maguire*	(MM)	Representative of Xoserve
Penny Griffiths*	(PG)	Representative of Xoserve
Simon Bissett*	(SB)	Representative of Xoserve

*at Radcliffe House, Solihull

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/060324>

1. Introduction and Status Review

Helen Cuin (HC) welcomed everyone to the meeting.

1.1. Apologies for Absence

David Mitchell, Transporter Representative
Bhavesh Tailor, Shipper Representative

1.2. Note of Alternates

Barrie Gillam for David Mitchell
Sarah Palmer for Bhavesh Tailor

1.3. Quoracy Status

The meeting was confirmed as being quorate.

1.4. Approval of Minutes (31 January 2024)

The Minutes of the previous meeting were approved.

1.5. Approval of Late Papers

The Committee reviewed and approved the late papers concerning agenda item 2.0 NDM Algorithms Update . The Committee was aware of this late paper to allow sufficient time to obtain the information required.

1.6. Review of Outstanding Actions

0101: DESC Members to provide Xoserve with any feedback regarding the Approach to Review of CWV by 09 February. If no feedback is received, the Approach is to be considered approved.

Update: As no feedback was submitted to Xoserve, the approach to consider CWV was approved and therefore it was agreed this action was closed. **Closed.**

2. NDM Algorithms Update – Gas year 2023/24

Mark Perry (MP) provided the Committee with an update on the NDM Algorithms, advising that this has been a standing item for around 12-18 months and would be considered a regular agenda item going forward. This is so that the wider industry can see the wider metrics around allocation on a regular basis.

Since November 2023, the data has returned to what would normally be seen, which is positive UIG, suggesting that over-allocation is no longer occurring because of the changes seen in the AQ levels. This is backed up by the slides in the presentation.

MP advised that these slides had been submitted late due to CDSP wanting to include the data up to March to be able to present to the Committee. The average AQ at the national level appears to have started to increase.

Because this is still a hot topic, the CDSP still produce average AQ data after each rolling AQ calculation, the link on the slide details where this information can be found and was updated as of 5 March 2024.

In relation to the post-reconciliation data presented, what can be seen from the previous year, apart from October, is that the allocation appears to be reducing which therefore means that UIG appears to be dropping, this is what would be expected. The gap between the red and blue line on the slide appears to be getting narrower, demonstrating that the Algorithm appears to be doing a good job.

MP concluded by stating that unless there is a period of stability, the AQ is likely to always be running behind. The industry does not appear to be seeing the same level of volatility as was seen in the previous gas year which is good. CDSP will continue to monitor and report back to DESC.

Katherine Uzzell (KU) highlighted that there appears to be a lot of moving parts and stated in relation to the graph, that if there is an increase, this means that the NDM meter point reconciliation is negative and that would mean that the NDM meters have been under-allocated in the Algorithm. As these increase, the reconciliation decreases. MP confirmed this interpretation was correct, further adding that when the Algorithm is under-allocated and the meter read is obtained, debit reconciliations are generated and a credit to the UIG is allocated.

Please see the [published slides](#), for more information.

3. DESC Adhoc Workplan Update

The CDSP provided the Committee with an update on the items, agreed with DESC last July, that formed the workplan for the Autumn '23/Winter'24 period.

MP advised that this presentation pack was the final one to be submitted to the Committee regarding the Ad Hoc Workplan to give a final report. A few areas had been captured during previous DESC meetings which had caused some further discussions and debate but had not been captured as formal actions.

The Demand Estimation Cycle presented confirmed we are currently in the “Model Review” aspect of the cycle. MP also confirmed the modelling cycle diagram relates to the cycle of a DESC member. When a DESC member is appointed, this is for the period between the start of October and the end of September.

MP provided an overview of the timetable and the milestones and when these are likely to be reported on, as a way of CDSP providing transparency of the progress they make.

MP provided an overview of the standard workplace items, providing an update on what has been covered during the DESC meetings up to this point. Michael Maguire (MM) provided an overview advising that the contract with the Weather Service Provider ended last year with a new contract being reviewed.

Simon Bissett (SB) provided an overview of the NDM sample data, highlighting that it is required from Shippers by 8 April 2024. SB advised that any Shippers that didn't provide data in October 23 will have been contacted by the Performance Assurance Committee. SB had been in contact with most of those Shippers to ensure they could meet the April 24 deadline.

SB provided an overview on the new sample target numbers that were previously mentioned in the December 23 DESC meeting. SB reminded DESC that the need for this work was due to them not being reviewed since around 2006 and meant that some of targets exceeded the numbers in the population. From the second table on slide 13, SB advised that Band 2 has been reduced by 80% as this data is also received from Shippers. This appears to be the same stance taken back in 2006 with the original target numbers. SB mentioned that historically, once validation has been completed and the sites have passed, circa.1600-2000 sites are removed. SB added that although the data being received is good, it exceeds the target numbers and is therefore removed.

SB will engage with Xoserve to inform them of the final numbers so that work can begin with the Distribution Networks and the relevant sample providers to begin working towards the new target.

As part of this update Simon Bissett (SB) asked for views around the updated target numbers for the Demand Estimation sampling arrangements. SB asked if DESC were happy with the approach proposed by CDSP in which a unanimous approval was obtained.

3.1. Day of the Week Review

PG Presented the results of the Day of Week review, beginning with the Monday to Thursday non holiday core. The review showed this remains appropriate and no change was proposed.

In relation to the Weekend Rules, the specific wording from the Modelling Approach Documents has been included at the top of slides 17 and 18.

Following a presentation of the alternatives against the live results for the weekend rules, it appeared that none of the alternatives produced better results than the live results. There are therefore no changes proposed to the Weekend Rules.

Joseph Lloyd (JL) provided an update over of the impact of the Flexible Power Generation on UIG work item. Following the previous meeting and the insufficient data for class 3 and 4 sites, at the suggestion of this group, data for Class 1 and 2 has now been obtained. The review and analysis of this additional data has yet to be undertaken which the CDSP will look to focus on in the future when the modelling activities have completed. JL advised that as such this would be kept as an open agenda item to continue to review and to provide updates to DESC.

Barrie Gillam (BG) asked where the sample data derived from. SB advised that this was provided by service providers and some Shippers. DNs and Shippers submit daily consumption for 1000's of sites. This is reviewed to see if any have been flagged as a Flexible Generation site. These sites can be analysed to see how different they look when compared against an LDZ/EUC site. BG responded, explaining that Scotia Gas Networks had been looking into this and had conducted some validations of the assumptions, he would therefore be interested in the output of the review of this data.

Jonathan Freeman (JF) provided an overview of the North Thames (NT) analysis conducted by the CDSP. The National UIG appears to be starting to trend positively since the start of the gas year. JF noted that due to the nature of UIG, it is difficult to pinpoint the exact cause. The NDM proportion, AQ recalculation and weather was considered as having a potential impact. NT had the highest NDM: LDZ input ratio and lowest AQ recalculation from a snapshot taken in September 2023. JF explained that North Thames (NT) had the best R² when the aggregated demand is plotted against CWV. There does not appear to be anything conclusive to confirm why the UIG performed differently during the winter and spring months of 2023.

CDSP reviewed the MPRNs used in the modelling and Algorithm performance. 56% of MPRNs were unique to the Algorithm Performance. CDSP will continue to report on MPRN overlap with modelling and algorithm performance.

Mark Linke (ML) raised that when considering the output of how the Algorithm performs, there is a lot of variability for the same day of the week across the month and if only considering the month, where the AQ value is reset at the start and everything else remains constant, the Committee may be missing something in terms of the behaviour of CWV. ML stated it would be good to consider and smooth out the underlying variability during the month. MP identified this as a fair comment further adding that when CWV is considered, there is domestic and I&C within the NDM sector which could be where the unique nature of the data is being identified. It is difficult to try and get all of the different intricacies working correctly.

ML drew reference to the data collected for March, highlighting the double digits in terms of the data that had been obtained for UIG but then disappeared. The positive figures are due to the consumptions but now this appears to be due to nominal UIG with indicative UIG and the concern is that CDSP may be overshooting. Even with the data collected for March, the industry appears to be seeing different Algorithm performance.

MP explained that with optimisation on the days when there is a change in the weather, this will be considered. Even if CDSP are able to identify what is not working as it should be, it is difficult to formulate this to accommodate. CDSP will consider this point further, advising that the UIG daily dashboard is considered and it is not always obvious why the data for one day suddenly looks different to others.

Please see the [published slides](#), for more information.

4. Modelling Approach – Gas Year 2024/25

PG provided the Committee with an update following the publication of the draft approach to Demand Modelling for Gas Year 2024/25 in December.

PG advised that the draft version had been considered at the DESC meeting in December however it needs to be finalised and approved today before the process can commence.

PG provided an overview of the background and objectives, advising that CDSP are currently in Phase 2 of the Demand Estimation Cycle.

PG advised that no comments had been received following the publication of the draft Modelling Approach Document and no changes were being made, as such CDSP sought approval ahead of the core demand modelling work with a unanimous agreement to approve being obtained.

PG advised that following this approval, the finalised version would be published by the end of this week with JF and SB working on the sample data.

Please see the [published slides](#), for more information.

5. Seasonal Normal Review Update

MM provided the Committee with an update on the Seasonal Normal Review Source Data. This covered the progress made with Seasonal Normal Review work, focussing on the data intended to be used for the optimisation of the Composite Weather Variable (CWV) formula.

A review of the high-level timeline was provided which is based on the whole Seasonal Normal Review work basis and what it feeds into. CDSP are now in the phase where the Met Office, who are the chosen provider, are working on producing a fresh CCM (Climate Change Methodology).

MM provided an overview of the Indicative Timeline and noted that they were not looking for approval today as this would be the final step but would appreciate any feedback from the Committee.

MM noted that the optimisation period to be considered (as per agreed approach document) would be all Monday to Thursday non-holiday Gas Days from Gas years 2015/16 to 2022/23, this period includes the Covid-19 Pandemic and increased gas prices.

MM presented a number of pieces of data from the Northwest (NW) as an example, demonstrating the linear correlation between CWV and the aggregate NDM for Monday to Thursday Non-Holiday Gas Days. There did not appear to be anything to suggest or a breakdown in the relationships or any major changes. MM advised that the graph referred to is for one LDZ however a similar trend can be seen across all LDZs which is summarised in the table on slide 11 of the presentation slides.

In 2021/2022, the bottom graph representing the data from the Northwest indicates a number of outliers and these are identified as clusters on the graph. The dates considered are an example of large deviations in weather from the Seasonal normal during a period of increased gas prices impacting consumer behaviour. An adverse reaction to the warmer days in March 2022 followed by the colder days at the end of September 2022 could be a cause of the outliers identified on the graph.

In relation to CDSP's consideration to remove this data, Sarah Palmer (SP) disagreed with this approach as CDSP would not be seeing the same level of outliers. SP further advised that the shoulder months are already considered difficult in terms of the data obtained and therefore removal of the data which sits in those periods may cause struggle.

MP responded by explaining that this is more subjective as the CWV exists to try and capture the reaction between the weather and the demand, the data points were not in relation to a pure weather reaction. MP discussed the behaviour of consumers being more conscious about their use of energy, even when we are now seeing a reduction in gas prices and how this has affected the CWV. The Algorithm is working hard currently but does not have the cold data weather to consider in addition to the warmer weather and the consumers reaction to this. MP therefore asked the Committee to consider whether this data should therefore remain.

ML re-iterated the points made by MP in that the removal of this data should not make that much of a difference however the industry is conscious that consumers are becoming more energy conscious and are displaying behaviours such as waiting longer to use the heating when the temperatures are colder and being quicker to turn the heating off when the temperature is warmer.

David Eagon (DE) advised his preference would be to include the data as it appears to be supportive of the trends that are seen.

It was therefore agreed that this data would be included and not removed as suggested in the presentation slides. MM advised that the slide presented to the Committee contained the outliers data, highlighting that there is still a high R^2 .

Should the Committee have any questions, they should contact CDSP to discuss further.

Please see the [published slides](#), for more information.

6. Any Other Business

Due to the nature of the sample data collection timescales and need to keep the annual process for modelling moving along MP advised that CDSP will not be able to comply with the request to submit the papers 5 days prior to the next DESC meeting. MP advised that it is likely CDSP will be able to submit the papers 2 days prior to the meeting and the Committee agreed there were no concerns with this.

7. Communication of Key Messages

A Key Message Communication will be published at:

<https://www.gasgovernance.co.uk/desc/summarykeymessages>

8. Diary Planning

DESC meetings are listed at: <https://www.gasgovernance.co.uk/DESC>

All other Joint Office events are available via: www.gasgovernance.co.uk/events-calendar/month

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Wednesday 24 April 2024	5 pm Tuesday 17 April 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	Collection of Daily Gas Consumption Data for EUC Modelling Seasonal Normal Review 2025 Update
10:00 Wednesday 22 May 2024	5 pm Tuesday 14 May 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC
10:00 Wednesday 03 July 2024	5 pm Tuesday 25 June 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC
10:00 Wednesday 24 July 2024	5 pm Tuesday 16 July 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC
10:00 Wednesday 09 October 2024	5 pm Tuesday 01 October 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC
10:00 Wednesday 11 December 2024	5 pm Tuesday 03 December 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC

DESC Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0101	31/01/24	2.0	DESC Members to provide Xoserve with any feedback regarding the Approach to Review of CWV by 09 February. If no feedback is received, the Approach is to be considered approved.	February 2024	All Members	Closed