

DEMAND ESTIMATION SUB COMMITTEE

Minutes

Tuesday 16 January 2007

Solihull

Attendees

Dennis Rachwal	(Chair)	(DR)	Joint Office of Gas Transporters
Lorna Dupont	(Secretary)	(LD)	Joint Office of Gas Transporters
Sallyann Blackett	(Transporter Agent)	(SAB)	xoserve
Dean Johnson		(DJ)	xoserve
Gordon Bell		(GB)	Scottish Power
Euan Chisholm		(EC)	Scottish Power
Steve Taylor (member)		(ST)	Centrica
Mo Rezvani (member)		(MR)	Scottish & Southern Energy
Peter Osbaldstone		(PO)	National Grid Transmission
Fiona Cottam		(FC)	xoserve
Jonathan Aitken (member)		(JA)	RWE Npower
Craig Shaw		(CS)	Centrica
Zoe Ireland		(ZI)	Centrica

Apologies

Derek Abernethy	Scottish Power
Ed Carter	Ofgem
Ed Rains	Elf Business Energy
Tim Davis	Joint Office of Gas Transporters

1. Confirmation of Membership and Apologies for Absence

1.1 Membership and alternates

The membership was confirmed and the meeting declared quorate.

1.2 Apologies

Apologies were received from Ed Carter, Ed Rains, Derek Abernethy, and Tim Davis.

2. Review of Minutes and Actions from the Previous Meeting

2.1 Minutes

The minutes from the meeting held on 06 November 2006 were accepted.

2.2 Actions

Outstanding actions were reviewed (see Action Log below).

Action DE1021: Closed. - see item 4.1 below.

Action DE1025: Closed. Data recorders – Examination of SSE’s policy in respect of replacement meters

MR believed that SSE currently installed replacement meters that were not enabled for logging as this was the less expensive option.

In discussion it was noted there does not appear to be a specific incentive or obligation to counter this “lowest cost” policy. There was a future risk if the trend continued, especially for larger Supply Points. SAB observed that if Suppliers chose to move to AMR in significant volumes the problem would be exacerbated.

Since new installations were usually carried out as part of a normal replacement programme CS asked if the age profile of meters could be made available to help assess when the scale of the problem might become more acute. FC advised that xoserve had details of the date a replacement meter was installed, but this was not necessarily the ‘age’ of the meter. Also, on request, xoserve can supply a list of which of an individual Supplier’s sites have loggers/recorders.

New Action DE1027: xoserve to report on the age profile of current meter installations in the NDM sample (DJ).

DR observed that adequacy of UNC provisions to facilitate NDM Sampling was a matter for the Distribution Workstream. SAB said she would consider raising it in this forum.

New Action DE1028: xoserve to consider raising the issue of maintaining the NDM sample at the next Distribution Workstream (25 January 2007) (SAB).

Action DE1026 Closed: – see item 4.3 below.

3. Relevant UNC Modifications (potential DESC implications)²

Modification Proposal 0088: Extension of DM service to enable Consumer Demand Side Management

The Final Modification Report (FMR) was due for consideration at the UNC Modification Panel for recommendation before being sent to Ofgem for the Authority’s decision. The FMR contained a request to Ofgem that an Impact Assessment be conducted prior to any decision being made. The earliest time suggested for implementation was April 2008. NDM Modelling would not therefore be impacted this year or next by this Proposal.

² www.gasgovernance.com/NetworkCode/UNCModificationProposals/LiveModificationProposals

Modification Proposal 0115: Correct Apportionment of NDM Error

This Proposal was scheduled for discussion at the next Distribution Workstream meeting on 25 January 2007. The Workstream is scheduled to produce a report for the Modification Panel on 19 April 2007.

Review Proposal 0126: Restriction of Invoice Billing Period

There was a short discussion on the Farningham issue and this Review Proposal. The latter did not seem to encompass NDM modelling matters however DR suggested interested parties could consider published materials and contact the Joint Office or a Review Group member if they identified any.

4. Progress of Work Plan**4.1 Modelling of Summer Base Load (Slides 2-13)**

In fulfilment of Action DE1021 xoserve (SAB) gave a presentation¹, reporting on the modelling of summer base load.

Nationally lower demand had been observed over the summer months of 2006 than had been expected. BGT and SSE expressed some concern about the accuracy of the demand models. Materiality may be small, even though the percentages seem high, because of the time of the year when low demand is expected anyway. Nevertheless it was acknowledged that the maximum CWV values appeared to be too low in periods of exceptionally warm weather.

Options discussed for addressing model accuracy in warm weather included:-

1. BGT's observation that extending the CWV to higher temperatures seemed to produce a good fit
2. Early review of SNT (and hence CWVs) – potentially bringing forward the scheduled system implementation date from October 2010
3. Adjustment of Holiday Factors – potentially applying these in June as well as July and August.

It was accepted that item 1 was not feasible for an on-line solution for Summer 2007 and SAB affirmed that summer cut offs were an integral part of CWVs and these could not be changed in time for Summer 2008 (other than those arising from the weather centre move from London to Heathrow).

Regarding item 2. SAB and PO believed that more summers of this type would be required to merit the adjustment of the CWVs, and more evidence would be required to justify an early review. SAB pointed out that even if a review was started soon, the earliest it could be implemented would be 01 October 2009 (bearing in mind interactions with the annual AQ review process).

¹ www.gasgovernance.com/Network Code/UNCCSubCommittees/DESC/2007Meetings/16January2007

Regarding item 3 SAB confirmed that Holiday Factors are looked at as part of Spring analysis and potential application to June could be considered.

SAB stated that demand were being looked at by the DNs as part of their annual forecasting programme, and their views arising from the last 12 months may lead to change.

CS observed that unusual temperatures seemed to be the problem. SAB thought it might be possible to look at previous periods of high temperatures to see if there were similar modelling issues.

Acknowledging the discomfort and concerns with the present situation, SAB suggested that the Transporters would need to be made aware of benefits and costs in order to properly consider a request to bring forward the SNT review.

Action DE1029: Shippers to provide information to xoserve (dean.Johnson@xoserve.com) by 31 January 2007 in support of any case to bring forward SNT review and/or other substantial analysis.

Action DE1031: xoserve to formally convey shipper request for early SNT review to Transporters, indicating the work/timescale implications and summary of supporting justification from shippers. (SAB/FC).

MR made a further suggestion that an 'offline' alternative formula or correction factor could be made available as an option for shippers. A uniform solution was preferred to calculations by individual shippers on data available (by request) from xoserve.

To do this work xoserve would need to establish costs and seek funding, either from the Transporters or from the Shippers.

Action DE1032: xoserve to estimate the costs of providing an optional offline warm weather correction factor, seek Transporter funding, but if not forthcoming seek Shipper interest for commissioning the work - by mid February 2007.

4.2 Re-evaluation of EUC definitions and Demand Model performance – RV and NDM Sample strands

4.2.1 Reconciliation Variance (RV) Analysis (Slides 14-26)

xoserve gave a presentation summarising Section 2 of its report "Evaluation of Algorithm Performance, 2005/06 Gas Year."

This analysis showed some winter over allocation and some summer under allocation. There were no questions.

4.2.2 NDM Sample Consumption Analysis (Slides 26 - 33)

xoserve gave a presentation summarising Section 3 of the report.

This analysis showed some winter under allocation and some summer over allocation i.e. the converse of the RV analysis.

In conclusion it was noted that there were conflicting outcomes when assessing algorithm performance. However inaccuracies were small, comparable to, if not better than, previous years, and were at the limits of what could be demonstrated by such analysis.

4.3 Removal of X09 File Requirement (Slides 34 – 35)

xoserve explained that during the course of RV analysis it was recognised that Transporters no longer need the X09 file and removal from the schedule would help reduce UK Link performance risk. If Shippers were in agreement to discontinue use of this file then xoserve would formally request and progress the removal of this requirement through the UK Link Committee.

Action DE1032: Removal of X09 File Requirement – shipper DESC representatives to advise xoserve by 31 January 2007 whether they believe this file is still required.

4.4 Formal Agreement of CWV Proposals for London (Slides 36 – 37)

(Action DE1026) xoserve had received no queries on the revised CWV definitions that were presented in November for NT, EA and SE LDZs (arising from the weather station change from London Weather Centre to Heathrow). These would be used in the Spring 2007 NDM analysis and implemented on 01 October 2007.

DESC formally agreed to the implementation of the revised CWV definitions.

4.5 Approach to Spring 2007 Modelling (Slides 38 – 41)

xoserve gave a presentation that summarised its report 'Spring 2007 NDM Analysis – Proposed Approach'¹. Very little change was proposed from the 2005/06 modelling approach. As discussed in 4.1, some additional focus would be placed on e.g. application of Holiday Factors. Last year National Grid Transmission's view was used across the board. SAB reported that Distribution Networks have agreed to provide their own views of SND for use in the Spring analysis and thus will be consistent with their Transportation Statements. There would be some additional reporting to facilitate model replication by shippers. SAB also set out xoserve's interpretation of UNC H1.9.2, the fall back position that would be used if Transporter NDM Final Proposals were disapproved by Ofgem. A clarifying UNC Modification Proposal was under consideration.

MR suggested weighting of parameters for model smoothing such that summer 2006 data had more influence. There was little if any support since model smoothing had been agreed at November DESC and it was scheduled for review this coming September. SAB agreed to provide two pre-selected illustrations of the impact of smoothing in the June presentation. DESC agreed these should be EUC1, NW LDZ and EUC2 EM LDZ.

¹ www.gasgovernance.com/Network Code/UNCCSubCommittees/DESC/2007Meetings

DESC formally agreed to the proposed approach for Spring Analysis.

5. Review of Workplan

Dates for 2007/08 meetings are set out below, together with the topics expected to be covered.

Date	Work Items	Venue
04 June 2007	1) Technical Forum - Consultation on EUC definitions and demand models 2) NDM algorithm performance for April 2006 to March 2007	10:30am Elexon, 350 Euston Road, London NW1 3AW (Orange Room)
23 July 2007 (if required)	1) Response to representations on EUC definitions and demand models 2) Finalisation of proposed revisions	11:00am xoserve, 51 Homer Road, Solihull B91 3QJ
08 November 2007	1) Re-evaluation of model smoothing 2) Re-evaluation of NDM Sampling and sizes 3) Re-evaluation of EUC definitions and demand model performance Strand 1 – Scaling Factor and WCF analysis	1:00pm Elexon, 350 Euston Road, London NW1 3AW (Pink Room)
15 January 2008	1) Re-evaluation of EUC definitions and demand model performance Strand 2 – RV and NDM sample strands 2) Approach for Spring analysis	11:00am xoserve, 51 Homer Road, Solihull B91 3QJ

6. AOB

6.1 Change in Role

SAB informed the group that her responsibilities within xoserve were changing. There would be a phased handover of her role in relation to DESC to Fiona Cottam commencing 01 February 2007.

6.2 Weather Data Provision by Networks

MR requested an update on the possibility of Networks hosting their own weather stations. SAB reported there seemed to be no immediate prospect of this but it had not been ruled out for the long term.

7. Date of next meeting

The next meeting will be held at 10:30am on Monday 04 June 2007 at Elexon's offices, 350 Euston Road Road, London NW1 3AW.

Action Log – UNC Demand Estimation Sub Committee 16 January 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
DE 1021	25/07/06	3.0	Examine and report on data relating to modelling of summer base load	xoserve (SAB)	Analysis presented 16/01/07 Closed
DE 1025	06/11/06	4.2	Data Recorders: examine SSE's policy in respect of replacement meters, and report as appropriate.	SSE (MR)	Reported on 16 January 2007. Closed
DE 1026	06/11/06	4.4	LWC closure: SAB to seek DESC's formal agreement to the weather station change at the next meeting	xoserve (SAB)	DESC accepted the Transporters' proposal Closed
DE 1027	16/01/07	2.2.2	xoserve to report on the age profile of current meter installations in the NDM sample	xoserve (DJ)	Slides published with these minutes. Closed
DE 1028	16/01/07	2.2.2	consider raising the issue of maintaining the NDM Sample at the next Distribution Workstream	xoserve (SAB/FC)	25 January 2007
DE 1029	16/01/07	4.1	Shippers to provide information to xoserve (dean.Johnson@xoserve.com) in support of any case to bring forward SNT review and/or other substantial analysis.	Shipper Reps	By 31 January 2007
DE 1030	16/01/07	4.1	Formally convey shipper request for early SNT review to Transporters, indicating the work/timescale implications and summary of supporting justification from shippers.	Xoserve (SAB/FC)	
DE 1031	16/01/07	4.1	estimate the costs of providing an optional offline warm weather correction factor, seek Transporter funding, but if not forthcoming seek Shipper interest for commissioning the work	Xoserve (SAB/FC)	Mid February 2007
DE 1032	16/01/07	4.3	Removal of X09 File Requirement – shipper DESC representatives to advise xoserve whether they believe this file is still required by shippers	Shipper Reps	By 31 January 2007

* Key to initials of action owner

SAB – Sallyann Blackett, MR – Mo Rezvani, FC Fioan Cottam