

## **Demand Estimation Sub-committee Minutes**

**Tuesday 14 September 2010**

**Holiday Inn, 61 Homer Road, Solihull, B91 3QD**

### **Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Cecilia Wynn-Chander	(CWC)	Corona Energy
Chris Warner	(CW)	National Grid Distribution
Claudio Ziviani	(CZ)	Corona Energy
Dave Parker	(DP)	EDF Energy
Joanna Ferguson	(JF)	Northern Gas Networks
Jonathan Aitken (Member)	(JA)	RWE npower
Joseph Lloyd	(JL)	xoserve
Linda Whitcroft (Transporter Agent)	(LW)	xoserve
Louise Gates (Member)	(LG)	EDF Energy
Louise Hellyer (Member)	(LH)	Total Gas & Power
Matthew Jackson (Member)	(MJ)	British Gas
Mark Perry	(MP)	xoserve
Mo Rezvani (Member)	(MR)	SSE
Paul Tuxworth	(PT)	National Grid NTS
Richard Pomroy	(RP)	Wales & West Utilities
Sally Lewis (Member)	(SL)	RWE Npower
Sallyann Blackett (Member)	(SB)	E.ON
Sarah Palmer (Member)	(SP)	E.ON
Simon Geen	(SG)	National Grid NTS

All associated meeting papers may be accessed at: <http://www.gasgovernance.co.uk/desc/140910>

### **1. Introduction**

BF welcomed all attendees.

### **2. Confirmation of Membership and Apologies for Absence**

#### **2.1 Membership and alternates**

The membership was confirmed and the meeting was declared quorate.

#### **2.2 Apologies**

No Apologies were received.

### **3. Review of Minutes and Actions from the Previous Meetings**

#### **3.1 Minutes**

The minutes from the previous DESC meeting were accepted.

#### **3.2 Actions**

**Action DE1075:** All to consider what type of performance analysis should be done and what changes should be made to achieve a fairer comparison and submit suggestions to xoserve.

**Update:** SB confirmed that E.ON would summarise what they do for the annual review. MP confirmed that the analysis refers to the information provided at the November 2009 meeting. It was decided to leave this item open for the November 2010 DESC Meeting. **Action carried forward.**

**Action DE0201:** Consider producing a table presenting the 3 year AQ by LDZ by EUC.

**Update:** A post meeting update will be provided. **Action carried forward.**

**Action DE0606A:** AMR Installation Programme - Transporters to contact DESC members individually with what is required and an update of their particular company is responding to this issue.

**Update:** CW confirmed that communications have been taking place with some DESC members, communications continue. CW asked for all members to provide Transporters with key contacts to enable further discussions with all members. It was agreed that a formal update would be provided at the next meeting. **Action carried forward.**

**Action DE0701:** xoserve to ascertain and advise Shippers who at Ofgem Shippers need to write to in respect of the Transporters' proposals.

**Update:** LW confirmed that Shippers have sent in the information as requested. **Action Complete.**

**Action DE0703:** Provide a summary of how daily data was derived, (including weighting that enables the derivation of the daily values could be confirmed, ie across which dates in which years, and what was previously applied; and also information as to how/when data was collected and backfilled).

**Update:** SG provided an update published on the Joint Office website and provided a brief explanation. **Action Complete.**

#### 4. **Approach to Autumn Holiday Codes Analysis**

MP provided a presentation on the Holiday Codes Review providing a summary, background and examples of the holiday days. He confirmed that feedback provided today will help xoserve to scope the autumn analysis.

He provided an example of the Easter Holiday period and how the Code Factors are calculated, using an average of three single years for modelling purposes.

The Autumn Holiday codes review will use existing systems to examine holidays and utilise existing model results, there are currently 14 holiday codes in use, which should be sufficient for all scenarios. The review needs to look at current periods, which may need to be reclassified. xoserve anticipated that DESC would want to look at the Christmas period, including the start and end dates of the period and the use of Bank Holiday Codes.

MP highlighted the need to be mindful of system/resource constraints, which means focussing the review on the main issues identified by DESC.

MP was keen to understand which days DESC want to consider, what analysis and try to establish a process which can be applied to any given year.

JA asked about the overriding of normal Friday, Saturday, Sunday periods particularly at Christmas. DP asked about Christmas day falling on a Saturday/Sunday and if the code takes into account it's a weekend. It was confirmed that the holiday code would be used instead of the normal day to provide a holiday reduction. DP asked about the rationale behind the methodology and the behaviour on Christmas day, he believed the behaviour would not change for Christmas day no matter what day it fell on. Questions were asked if a wider range of years could be considered ie. 6 to 7 years. SG explained that NTS demand looks back further than three years because it is not restricted. MR believed it did not matter which day actual day Christmas day and New Years day fell on, what matters is the days prior too and what days these fall on.

SB did not want xoserve to assume that previous models used before could be rolled over, LW explained that xoserve do want to look at the options available.

MP explained within the presentation what xoserve propose and the presentation of the options. DP asked if part of the November presentation could include diagnostic comparisons of models and the effect of these to allow consideration of how they compare and what happened in previous years. SB wished to ascertain if different holiday codes options fit better and wished for xoserve to provide the varying options compared to last years performance to see how they would perform.

LW/MP confirmed that xoserve would take this as a request. SAB asked if this is not possible if the data could be provided to Shippers to undertake additional analysis.

**Action DE0901:** xoserve to consider the Shippers request for additional analysis of days leading up to Christmas and New Year.

The committee considered the Christmas holiday period and at what point the holiday period could start and finish, it was anticipated that the holiday period for Christmas would start on the Monday no more than a week before Christmas Day and the earliest date would be 19 December.

SG asked it was possible to extend the Holiday Period for Scotland for the additional Bank Holiday after New Year. LW asked if there were any known issues with the additional Scottish Bank Holiday. LW asked if analysis ought to be undertaken on the removal of the Scottish Bank Holiday. JA asked if it would be possible to have a separate holiday factor for Scotland?

**Action DE0902:** xoserve to establish if it is possible to have a different holiday factor for Scotland LDZ.

MR asked about the period after Christmas as in reality there is a difference to normal days due to holidays and school holidays, it was believed that the run

up to Christmas was different to normal behaviours and that the days after Christmas would have a less of a difference from a normal day.

SB asked if there is a constraint to three codes and whether it would be possible to have a fourth code.

**Action DE0903:** xoserve to establish the possibility of having a fourth holiday code (or more) and undertake some analysis on the use of a fourth day.

SP also asked about the exclusion or addition of holidays dependant on an LDZ explaining that this would be a useful consideration for other holiday periods where Scotland, England and Wales have different Bank holidays.

MR asked if the analysis could include a cost verses benefit analysis for the different options. SB supported this and wished for the varying options to be considered as the benefit of re-modelling current system capability may outweigh the costs.

SG advised National Grid NTS could assist with some pre-analysis on the LDZ aggregate data but this would not be as involved as using EUCs.

SB was concerned with restricting the analysis and hoped the analysis would look at all the options that could be used and not be constrained. The holiday codes need to be compared to a normal day to see how demand will change.

JA asked why holidays would reduce demand, he questioned if an increase could incur. It was questioned if Boxing Day would have such a turn down due to store openings, it was suggested that this could be one of the busiest days and could be similar to a normal day. The committee asked xoserve to examine the possibility of an increase on expected holiday demand.

**Action DE0904:** xoserve to examine the possibility of a demand increase as well as a decrease (large negative or positive residuals).

SB was keen for xoserve to provide the analysis to drive what days should be coded as a 1,2 or 3.

DP suggested that Christmas day is a very unique day and other Bank Holidays are very similar. He suggested xoserve may wish to consider a fourth code for Christmas Day as this is a day when most companies will be shut for the day unlike other Bank Holidays when some stay open such as large shopping centres. SP suggested Christmas Eve should be considered as a different day in the holiday period as some companies open for a part day or close, others don't, similar to a Bank Holiday.

The Spring Bank Holiday was considered. Currently it takes into account the Sunday before the Bank Holiday up to and including the following Sunday before it steps down for the Summer. SP was keen to look at the Summer period and find a better fit for the Summer reduction Period.

## 5. Any Other Business

### 5.1 UNC 0330 – Delivery of additional analysis and derivation of Seasonal normal weather

MR provided a brief explanation of the modification proposal, he confirmed additional analysis is needed and consideration needs to be given how this is going to be funded.

LW suggested that this could be a funding modification and that the contractual arrangements could be covered outside the UNC.

DP expressed concern about how to future proof the historical data and insurance that the data proves useful for UNC purposes.

It was anticipated that the modification may need to be discussed further at the Distribution Workstream. However, BF pointed out that the modification suggests that the proposal should proceed to consultation.

MR asked for parties to confirm which issues they believe need to be addressed to allow the modification to proceed. SG asked for the provision of data to be included within the proposal and clarity on the update route for this data. SB expressed concern that there should not be an obligation to use a certain set of data especially when this data has not been seen. It was recognised that Stage 1 could be achieved through another service provider.

MR advised he would seek a deferral of the Proposal at the 16 September UNC Panel.

**Action DE0905:** MR to provide a presentation to the Distribution Workstream.

**6. Date of Next Meeting/Diary Planning**

Dates for remaining 2010 scheduled meetings are set out below, together with the topics expected to be covered.

<b><i>Date</i></b>	<b><i>Work Items</i></b>	<b><i>Venue</i></b>
<b>10 November 2010</b>	1) Evaluation of NDM Sample sizes 2) Evaluation of Algorithm Performance: Strand 1 - Scaling Factor and WCF analysis 3) Results of Holiday Factors analysis	10:00am Energy Networks Association, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

### Action Log: UNC Demand Estimation Sub Committee

Action Ref*	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
<b>DE1075</b>	10/11/09	5.	All to consider what type of performance analysis should be done and what changes should be made to achieve a fairer comparison and submit suggestions to xoserve.	All	<b>Carried forward</b>
<b>DE0201</b>	05/02/10	3.1	Consider producing a table presenting the 3 year AQ by LDZ by EUC.	xoserve (LW/MP)	<b>Carried forward</b>
<b>DE0606A</b>	23/07/10	3.0	AMR Installation Programme - Transporters to contact DESC members individually with what is required and an update of their particular company is responding to this issue.	Transporters	<b>Carried forward</b>
<b>DE0701</b>	23/07/10	4.1	xoserve to ascertain and advise Shippers who at Ofgem Shippers need to write to in respect of the Transporters' proposals.	xoserve (LW)	<b>Complete</b>
<b>DE0703</b>	23/07/10	4.1	Transporters' response to representations - Provide a summary of how daily data was derived, (including weighting that enables the derivation of the daily values could be confirmed, ie across which dates in which years, and what was previously applied; and also information as to how/when data was collected and backfilled).	National Grid NTS (SG)	<b>Complete</b>
<b>DE0901</b>	14/09/10	4.0	Consider the Shippers request for additional analysis of days leading up to Christmas and New Year.	xoserve (LW/MP)	<b>Pending</b>
<b>DE0902</b>	14/09/10	4.0	Establish if it is possible to have a different holiday factor for Scotland LDZ.	xoserve (LW/MP)	<b>Pending</b>
<b>DE0903</b>	14/09/10	4.0	Establish the possibility of having a fourth holiday code (or more) and undertake some analysis on	xoserve (LW/MP)	<b>Pending</b>

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Action Ref*	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			the use of a fourth day.		
<b>DE0904</b>	14/09/10	4.0	Examine the possibility of a demand increase as well as a decrease (large negative or positive residuals).	xoserve (LW/MP)	<b>Pending</b>
<b>DE0904</b>	14/09/10	5.1	Provide a presentation to the Distribution Workstream.	SSE (MR)	<b>Pending</b>