

DEMAND ESTIMATION SUB COMMITTEE

Minutes

Tuesday 22 December 2009

31 Homer Road, Solihull, West Midlands B91 3LT

Attendees

Bob Fletcher (Chair)	(BF) Joint Office
Lorna Dupont (Secretary)	(LD) Joint Office
Chris Warner	(CW) National Grid Distribution
Dean Johnson (Transporter Agent)	(DJ) xoserve
Gavin Stather (Member)	(GS) ScottishPower
Joanna Ferguson*	(JF) Northern Gas Networks
Joel Martin*	(JM) Scotia Gas Networks
Jonathan Aitken (Member)	(JA) RWE npower
Linda Whitcroft	(LW) xoserve
Mark Perry	(MP) xoserve
Matt Jackson (Member)	(MJ) British Gas
Mo Rezvani* (Member)	(MR) SSE
Sally Lewis (Member)	(SL) RWE Npower
Sallyann Blackett (Member)	(SB) E.ON
Sarah Maddams (Member)	(SM) E.ON
Simon Geen	(SG) National Grid NTS
Steve Thompson	(ST) National Grid NTS

**by teleconference*

1. Introduction

BF welcomed all attendees.

2. Confirmation of Membership

2.1 Membership and alternates

The membership was confirmed and the meeting was declared quorate.

3. Review of Minutes and Actions from the Previous Meeting(s)

3.1 Minutes of the previous meeting – 10 November 2009

The minutes were approved.

3.2 Minutes of the meeting held on 02 December 2009

Minor amendments were agreed and the minutes were approved.

SB then pointed out that to date only one Transporter (National Grid Distribution) had formally responded to the formal letter recently submitted by Shippers. JF indicated that Northern Gas Networks intend to formally respond by the end of the year. The other Transporters present gave no indication of time frames for a formal response. It was agreed that at the next DESC meeting it should be checked/confirmed that responses from the remaining Transporters had been issued/received.

Action DE1076: Check/confirm that formal responses from the remaining Transporters to the formal letter submitted by Shippers had been issued/received.

3.3 Actions

Outstanding actions were reviewed (see Action Log below).

Action DE1073: Shippers to consider how they envisage future Seasonal Normal review consultation processes to be undertaken.

Update: SB reported that a Review Proposal (0280) had been raised today as a means of formally addressing points for consideration, and that a Modification Proposal may also be raised. CW and JA indicated their support for this course of action. **Action closed**

Action DE1074: E.ON to provide copies of LDZ/SF charts/analysis to xoserve for further investigation; xoserve to report back to the next meeting.

Update: Under discussion. **Action carried forward**

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

Update: Under consideration. **Action carried forward**

4. Seasonal Normal Review Update

All supporting documentation for the following sections will be found on the Joint Office website at: www.gasgovernance.co.uk/DESC/221209.

4.1 Results of Composite Weather Variable Review

MP gave a presentation outlining the background to the CWV Review and summarising the analysis. A number of LDZ specific graphs (for SC, NO, WM, NT, SO and SW) were displayed to illustrate the findings. Results relating to the remaining LDZs had been provided as appendices at the end of the presentation.

MP explained that various measures were used as appropriate to assess fit, bias and change, and pointed out that xoserve had also looked at the 5 gas years since the CWVs were introduced.

A more detailed review of the results of the specified LDZs then followed, including comparison of CWV parameters, pseudo SNET profiles, average fit to demand, seasonal fit and bias.

Referring to the comparison of seasonal fit and bias (slide 20) SB stated that she would prefer to see this shown separated out into individual months, particularly June. DJ agreed that this should be possible and will provide this in a post meeting note.

Action DE1077: Comparison of seasonal fit and bias – xoserve to provide information separated out into individual months

Example graphs for the latest gas year (2008/09) were then presented, which MP proceeded to explain in greater detail. Shippers indicated that they would be looking at the results in greater depth after today's meeting as, due to the late publication (notified in advance at the previous meeting), there had not been sufficient opportunity to able to review them beforehand.

MP then summarised the results and it was concluded that the revised CWVs produced a better fit to aggregate NDM demand 'on average' than did the current CWV over the thirteen gas years modelled, and most particularly for the five most recent gas years. It was noted that the revised CWVs did not significantly change the estimated 1 in 20 peak aggregate NDM demand. Models based on the revised CWVs showed little seasonal bias 'on average' and displayed a better seasonal fit to aggregate NDM demand 'on average' than the current CWV, and most particularly for the five most recent gas years.

MR questioned what was meant by 'on average'. MP responded that the differences between actual demand and fitted demand were smaller on average for the revised CWVs. MR asked by how much were they smaller? MP responded that the results discussed show the differences. However in terms of energy, results were provided in MWh (shown in the results for each LDZ); these reflect the average daily differences and should be added together for an annual level.

MP stated that, in conclusion, the revised CWV definitions produced an improved average fit to aggregate NDM demand, and that demand models displayed little seasonal bias in all but a few instances in the most exceptional seasons. The revised CWVs were scheduled for implementation as planned on 01 October 2010 and would be used in the Spring 2010 NDM analysis.

JA then commented that he had noted that 'percentage errors' were used in the statement of results. He would prefer to see 'mean absolute error' in terms of volume being used instead of 'percentage error', and also 'mean residual error' used instead of 'mean percentage error', as he felt that this would give a clearer picture. If it was not too much work he would like to see these terms applied to these results, and certainly for any future work.

MP agreed to add/issue a post meeting note regarding this request if possible and to utilise this in future reviews of the CWV methodology

4.2 Results of New Seasonal Normal Basis

MP gave a presentation covering the degree day analysis and the Seasonal Normal profiles for selected LDZs. He pointed out that the results were fairly similar so the majority had been placed in the appendices. He outlined the background, explained the key aspects of the new Seasonal Normal basis,

and illustrated the application of linearly varying increments. SB asked if the increments that have been used would be made available. DJ believed that may be possible but would need to check first with the Met Office.

Action DE1078: Application of linearly varying increments – xoserve to provide information on the increments used (if agreed with the Met Office).

MP then proceeded to explain the results, as illustrated on LDZ specific graphs. SB asked if these were based on the new CWVs or the old ones. MP agreed to check and confirm.

Action DE1079: Basis of results – xoserve to confirm if based on new or old CWVs.

Post Meeting Note: The degree days results for each LDZ ('Actual DDs', 'New SN basis' and '17 yr') are all based on the new CWV definitions and thresholds.

MP explained that the new profiles had been smoothed using the "loess" method, and clearly showed meteorological phenomena such as the Buchan spell in February (mainly). The profiles all appeared to be generally warmer than the 17-year basis outside of the February Buchan spell, and the coldest days of the profiles now appeared to be in early January in all LDZs. It was noted that the shape of the EUC ALP profiles would be different, especially over the February Buchan spell. This would be more evident in the June analysis next year.

MP then outlined the work to be done in the first two quarters of 2010, in relation to the application of the new SNCWVs and CWVs. SB asked if xoserve was intending to review the work plan to see what other work might be done, as discussed at the previous meeting (02 December 2009). DJ understood that the Shippers would communicate what type of work/analysis they believed might need to be considered and the work plan would be adjusted to accommodate the requirements. He reiterated that the Transporters were keen to develop a better understanding of what was required from the Shippers' point of view. SB reiterated that what she believed was essentially required was whatever was needed to fully implement EP2. It was suggested that this should be added to the agenda and discussed at the DESC February meeting, and might also feed into the proposed Review Group 0280.

BF confirmed that the new Review Proposal 0280 would be discussed at the next UNC Modification Panel meeting (21 January 2010), and that any other Modification Proposals would need to be raised and submitted to the Joint Office by 13 January 2010.

5. Any Other Business

None raised.

6. Date of the next meeting

The next meeting is scheduled to take place at 10:00 on Friday 05 February 2010, at 31 Homer Road, Solihull, West Midlands B91 3LT.

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

Date	Work Items	Venue
05 February 2010	1) Evaluation of Algorithm performance: Strands 2 and 3 (RV and NDM Sample Data) 2) Spring 2010 Approach	10:00am 31 Homer Road, Solihull B91 3LT
04 June 2010	1) Demand Estimation Technical Forum - Consultation on proposed revision of EUC definitions and demand models 2) Demand Estimation Sub Committee	10:00am Energy Networks Association, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
23 July 2010 (if required)	1) Response to representations	10:00am 31 Homer Road, Solihull B91 3LT
10 November 2010	1) Evaluation of NDM Sampling Sizes 2) Evaluation of Algorithm Performance: Strand 1 – Scaling Factor and Weather Correction Factor	10:00am Energy Networks Association, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Action Log: UNC Demand Estimation Sub Committee 22 December 2009

Action Ref*	Meeting Date(s)	Minute Ref	Action	Owner**	Status Update
DE1073	10/11/09	3.3	Shippers to consider how they envisage future Seasonal Normal review consultation processes to be undertaken.	Shippers	Closed
DE1074	10/11/09	5.	E.ON to provide copies of LDZ/SF charts/analysis to xoserve for further investigation.	E.ON (SB/SM) and xoserve	Carried forward

Action Ref*	Meeting Date(s)	Minute Ref	Action	Owner**	Status Update
			xoserve to investigate and report back to next meeting.	(DJ/MP)	
DE1075	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	Carried forward
DE1076	22/12/09	2.2	Check/confirm that formal responses from the remaining Transporters to the formal letter submitted by Shippers had been issued/received.	All	Check at Feb meeting
DE1077	22/12/09	4.1	Comparison of seasonal fit and bias – xoserve to provide information separated out into individual months	xoserve (LW/MP)	Pending
DE1078	22/12/09	4.2	Application of linearly varying increments – xoserve to provide information on the increments used (if agreed with the Met Office).	xoserve (LW/MP)	Pending
DE1079	22/12/09	4.2	Basis of results – xoserve to confirm if based on new or old CWVs.	xoserve (LW/MP)	Closed Post Meeting Note Provided

* TF – Technical Forum

** Key to initials of action owner:

ALL: all present, MP: Mark Perry; DJ: Dean Johnson; BF: Bob Fletcher; LW: Linda Whitcroft