



Action DE1051

Suggestions for potential changes to DAFs

DESC 11th November 2008

Action DE1051: Potential change to DAFs - Background

- DESC ACTION: Potential changes to DAFs – All to consider and send suggestions by email to xoserve
- DAF provides view of EUC weather sensitivity compared with LDZ's
- Formula:
$$\frac{\text{WSENS} / \text{SND (for EUC)}}{\text{WSENS} / \text{SND (for agg. NDM in LDZ)}}$$
- Numerator values (EUC) derived from NDM sample
- Denominator values (LDZ) supplied by Networks forecasting processes
- UNC Section H 2.4.2 defines DAF formula

Action DE1051: Potential change to DAFs - Issue

- During discussions of NDM proposals for Gas Year 08/09 representations received regarding DAFs for a variety of gas days and LDZs
- Aggregate NDM SND and WSENS data used to calculate DAFs were supplied by Networks from their own Demand Forecasting processes
- Networks satisfied with values and therefore DAFs for Gas Year 08/09 remained unchanged from original proposals
- DESC seeks a more 'neutral' source of aggregate LDZ data to be used in denominator of DAF calculations for future NDM proposals.
- Initial view suggests UNC modification not required - no stipulation that a forecast model must be used

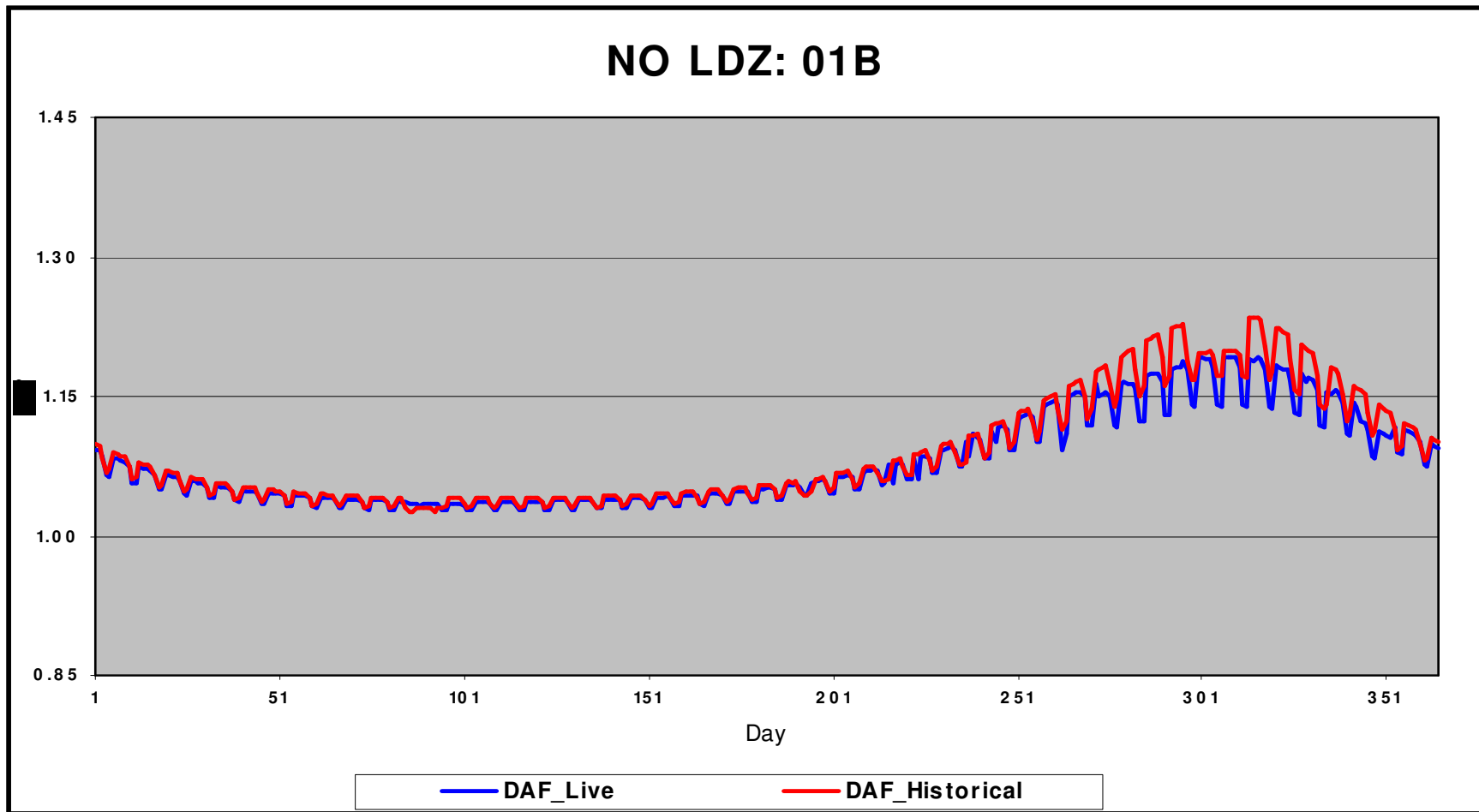
Action DE1051: xoserve proposed option

- xoserve propose using an NDM demand model for each LDZ
- Based on an smoothed model, sourced by three gas years of historical NDM consumption data and applicable weather data.
- Historical NDM consumption data sourced from Gemini
 - i.e. LDZ demand – Total DM demand – Shrinkage)
- Demand model would then be applied to the day of week / holiday patterns applicable to gas year 2009/10.

Action DE1051: xoserve initial analysis

- To confirm approach is feasible a trial of method for gas year 08/09 was undertaken
- Historical demand model created from actual aggregate NDM demand (05/06, 06/07 & 07/08) and weather data
- Model applied to 2008/09 day of the week and holiday pattern
- DAFs were computed for Bands 01B and 02B using the historical model based WSENS and SND values

Action DE1051: xoserve initial analysis – Example DAF



Action DE1051: Points to consider

- Historical demand data will be 1 year out of date
- Reconciliation not included
- Source data independent of Networks view of SND
- Networks to review if UNC Modification required
- If consensus at DESC, method could be adopted into Spring approach 2009 in readiness for Gas Year 2009/10.