

## DEMAND ESTIMATION SUB COMMITTEE

### Minutes

Monday 23 July 2007

xoserve, 31 Homer Road, Solihull B91 3LT

#### Attendees

Tim Davis (Chair)	(TD) Joint Office
Lorna Dupont (Secretary)	(LD) Joint Office
Dean Johnson	(DJ) xoserve
Fiona Cottam	(FC) xoserve
Hannah McKinney	(HM) EDF Energy
Jonathan Aitken	(JA) RWE Npower
Julie Dutton	(JD) RWE Npower
Mark Linke	(ML) Centrica
Paul Roberts	(PR) Gaz de France
Peter Osbaldstone	(PO) National Grid Transmission
Sallyann Blackett	(SAB) E.ON
Steve Coles	(SC) E.ON
Steve Taylor	(ST) Centrica
Zoe Ireland	(ZI) Centrica

#### Apologies

Ed Rains	Elf Business Energy
Mo Rezvani	Scottish & Southern Energy

#### 1. Introduction

TD welcomed all attendees and explained the purpose of the meeting.

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

##### 2.1 Membership and alternates

TD said it had been agreed membership was open to all.

##### 2.2 Apologies

Apologies were received from Mo Rezvani and Ed Rains.

#### 3. Review of Minutes and Actions from the Previous Meeting

##### 3.1 Minutes

The minutes from the Demand Estimation Technical Forum and the Demand Estimation Sub Committee meetings held on 04 June 2007 were accepted.

### 3.2 Actions

Outstanding actions were reviewed (see Action Log below).

**DE1033(TF):** xoserve to perform analysis to identify the modelling impacts of splitting the 0 to 73.2MWh band using different sub bands (potentially using only two bands in the analysis).

**Update:** To be presented at November's meeting. **Action carried forward.**

**DE1034(TF):** xoserve to perform analysis to identify the impacts of reducing the 0 to 73.2MWh band threshold from 73.2MWh.

**Update:** To be presented at November's meeting. **Action carried forward.**

**DE1038:** xoserve to provide the numbers of installed new (commissions) and terminated Small and Large NDM sites to the November meeting.

**Update:** To be presented at November's meeting. **Action carried forward.**

**DE1039:** DESC to consider the issue of falling sample counts within Band 8.

**Update:** For discussion at November's meeting. **Action carried forward.**

## 4. Progress of Work Plan

### 4.1 Final consultation and response to representation on EUC definitions and demand models

xoserve had received one representation in response to the initial proposals and this had been published on the Joint Office website together with the Transporters' response.

SC summarised the issues raised in EON's representation. The points were discussed in turn and addressed within the presentation given by DJ.

### Datalogger Sample Sizes/Reductions

There had been a reduction in the number of dataloggers across the samples but this was a very small percentage of the samples as a whole and not seen by the Transporters as cause for concern. A reduction in the target sample for Bands 6, 7 and 8 had been agreed with DESC in 2005, as the levels had been deemed sufficient. Sample details were scheduled for discussion at November's meeting.

Bands 1, 2, and 3 were deemed sufficient for the purposes of demand estimation but would continue to be monitored. There were no objections to this.

Bands 4 – 8 displayed a shortfall to target, with the highest deficits of loggers evident within Bands 4, 5 and 6. It was acknowledged that the shortfall needed to be addressed and this was being done through an ongoing installation programme. xoserve highlighted any areas that needed boosting to the Networks. Recently 120 new installations had been carried out across the Bands/LDZs.

DJ pointed out that the numbers shown in the table (slide 3) were active dataloggers. Dataloggers 'in the field' that showed no active/current consumption were not included, and these were under investigation to establish the reason(s) for failure to measure consumption, eg fault within the datalogger equipment, or site closure, etc.

Where possible any discovered fault was rectified and the datalogger brought back on line and into the sample. If the site was confirmed as closed the datalogger was removed and installed on a new site. New commissions were continuously taking place.

In the table shown (slide 4) Bands 1 and 2 had been excluded because of an agreed surplus. Bands 4 - 8 exhibited a shortfall. In Bands 7 and 8 it could be argued that the target samples were too high. SAB observed that every year the sample analysis had always gone down and never up and that this needed to be kept under review. DJ responded that currently there were twice as many commissions as terminations taking place. In response to ST's query as to whether samples were in the right Bands/LDZs, DJ advised that these were monitored across Bands, LDZs and Networks. From the list of Supply Points provided by xoserve for specific LDZs, the Networks were asked to target the majority of new commissions to Bands 4, 5 and 6 first, and then Bands 7 and 8.

There was no evidence of degradation in the models as yet.

SAB commented that there was a lack of evidence that numbers were increasing, and there was concern that although there might just be a sufficient sample this year, it may not be sufficient for next year's analysis. She pointed out that the target number was 750 short. It was agreed that numbers would be monitored and reported to subsequent meetings.

### **Large NDM EUC Bands (Bands 5, 6, 7 and 8)**

These were to be looked at over the next 12 months. It was recognised that there was a potential impact from a declining population in Bands 7 and 8 which may affect analysis in future years (Spring 2008). Modelling on a different basis could be considered.

The Transporters put forward two possible alternatives for DESC's consideration (slide 8 – Options 1 and 2). In either case no changes to the UNC would be required.

In summary, the Transporters' views were that:

- Current large NDM population was adequate for modelling by UNC defined consumptions bandings
- WAR band EUCs in Band 8 should be addressed (if an alternative was required)
- Two suitable options had been proposed

TD then asked the meeting if any other alternatives might be possible; SAB suggested that analysis could be done as for the smaller EUC Bands. It might be appropriate to reconsider more suitable breakpoints as there were many changes in the offing where large Supply Points were likely to be moving out of the higher Bands.

DJ affirmed that the need for analysis had been recognised, but it was a question of establishing priorities, and there was nothing specific in this year's analysis that would provoke a reassessment of the current prioritisation. SAB argued that because of the movements in populations it would become more of an issue rather than less, and that it was important to commence analysis now; DESC would need to identify and decide the priorities. It was also pointed out that if Band structure changes were necessary then the industry may require at least a year's lead time.

DJ agreed that the analysis should be started this year on all three options put forward, and WAR Band 8 needed to be considered in January 2008 before next

year's proposals. The Work Plan would be reviewed in light of the meeting's discussion and the representation.

**Action DE1041:** xoserve to review and reissue the Work Plan.

### **Splitting of EUC Band 1**

The Transporters agreed with the view put forward in the representation that further investigation was required.

There were no objections to the two suggested options.

### **EUC Band 1 Non Domestic Modelling**

There was a short discussion on the percentages in relation to the samples. SAB questioned the robustness and validity of the sample used as shown in the table (slide 12) given the differences between the use flag and stratified sample. DJ and FC agreed to reconsider this and review the modelling.

**Action DE1042:** xoserve to reconsider/review EUC 1 Non-domestic modelling.

### **Faults in CWV Modelling**

DJ explained that in the Transporters' view the concerns raised were not reflective of flaws in the CWV definition; the trends identified were as a result of the agreed methodology relating to CWV cut-offs.

In the example given (slide 14) it was thought that the cluster of data points at the right hand side of the model could have a negative impact on the rest of the modelling, however this was the model for one year and not the smoothed three year model. The cluster and the deviation from the line were the result of previously agreed methodology.

SAB observed that there had been concerns last summer relating to CWV and the CWV may need to be rebased. DJ explained that this was representative of the warm weather experienced in July 2006, but there was not too much deviation from the fitted line. It was more concerned with the application of cut-offs rather than a flaw in the actual model - with the previous agreement of DESC no cut-offs were applied to EUC demand models for Bands 1 and 2. If a cut-off had been applied to the dataset a better fit may have been apparent. However, the next CWV review in 2010 will include weather data from summer 2006.

It was pointed out that one should be aware of modelling the sample, when one should be modelling the trend. For each model the methodology to determine where the intersection lies should be reviewed individually, but the benefit needs to be considered. There was a view that this should be part of the CWV review anyway, and presented at DESC. DESC agreed to the Transporters' proposal that further investigation should take place to assess the methodology employed.

### **WM LDZ Sample Size**

DJ explained the RMSE and  $R^2$  analysis and confirmed that the smaller sample size (187), identified in the Representation, had now been addressed. The 2007/08 WM modelling was considered to be sound.

### **SND Concerns and Fallback Comparison**

DJ explained the Transporters' view and the comparison information provided (slide 23) was discussed. It was noted that, in aggregate, the SND used in the fallback position was higher than the SND used in the draft proposals. It was pointed out that it was not the remit of DESC to validate SND values, and it was also questionable whether it was the remit of DESC to investigate associated impacts.

If the underlying concern was the potential impact aggregate NDM SND could have on demand attribution, then alternative approaches to mitigate or remove perceived impacts should be examined and it was agreed that this could be done by Shippers as well as xoserve, and put into the Work Plan.

### **Conclusion**

DJ confirmed that having reviewed and addressed the points raised in the representation, and having discussed the issues during the meeting, it was the intention of the Transporters to keep to the original proposals but amend the Work Plan as appropriate in light of the discussion. No objections to this were raised.

#### **5. Revision of Work Plan**

The Work Plan will be reviewed and reissued before the next meeting in November.

#### **6. AOB**

None raised.

#### **7. Date of next meeting**

The next meeting is due to be held at 13:00hrs on Thursday 08 November 2007, at Elexon, 350 Euston Road, London NW1 3AW.

**Action Log – UNC Demand Estimation Sub Committee 23 July 2007**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
DE1033 (TF)	04/06/07	TF2.3	xoserve to perform analysis to identify the modelling impacts of splitting the 0 to 73.2 MWh band using different sub bands (potentially using only two bands in the analysis).	xoserve (FC/DJ)	<b>Action carried forward.</b>
DE1034 (TF)	04/06/07	TF2.3	xoserve to perform analysis to identify the impacts of reducing the 0 to 73.2 MWh band threshold from 73.2 MWh.	xoserve (FC/DJ)	<b>Action carried forward.</b>
DE1038 (TF)	04/06/07	TF2.4	xoserve to provide the numbers of installed, new (commissions) and terminated Small and Large NDM sites to the November meeting.	xoserve (FC/DJ)	08 November 2007
DE1039 (TF)	04/06/07	TF2.4	DESC to consider the issue of falling sample counts within Band 8.	DESC	08 November 2007
DE1041	23/07/07	4.1	xoserve to review and reissue the Work Plan.	xoserve (FC/DJ)	
DE1042	23/07/07	4.1	EUC Band 1 Non Domestic Modelling: xoserve to reconsider/review the modelling.	xoserve (FC/DJ)	

TF – Technical Forum

\* Key to initials of action owner: FC - Fiona Cottam DJ – Dean Johnson