

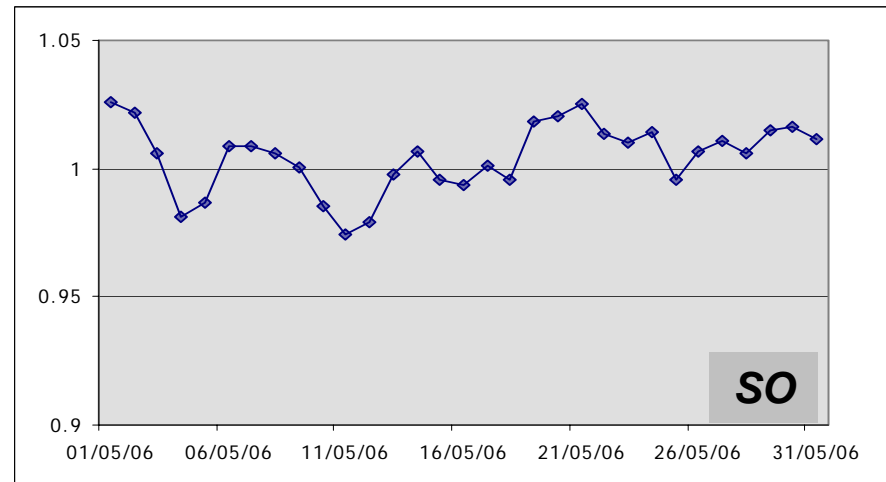
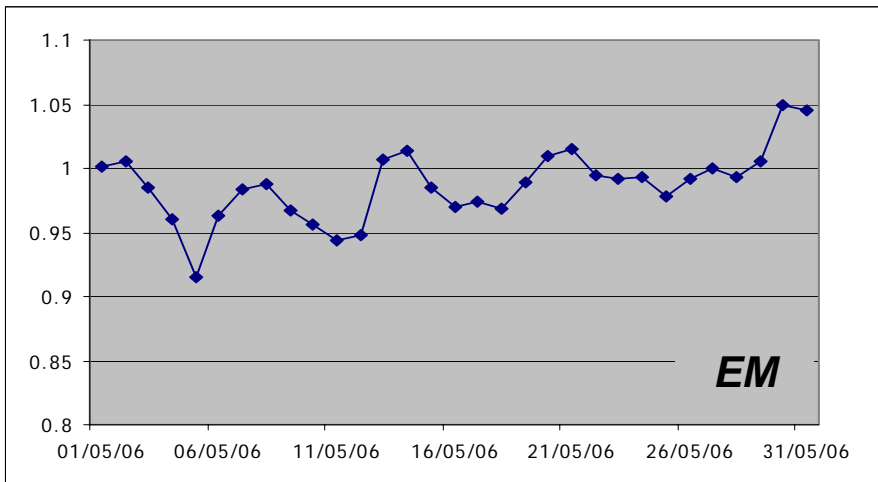
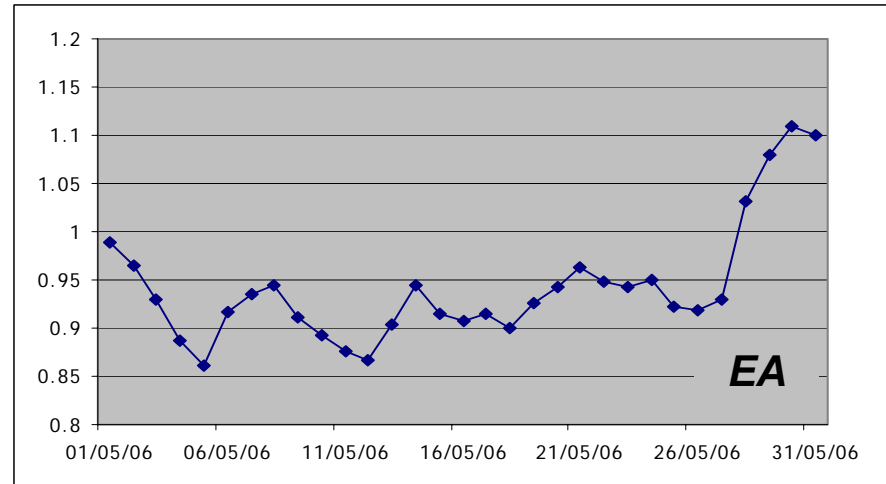
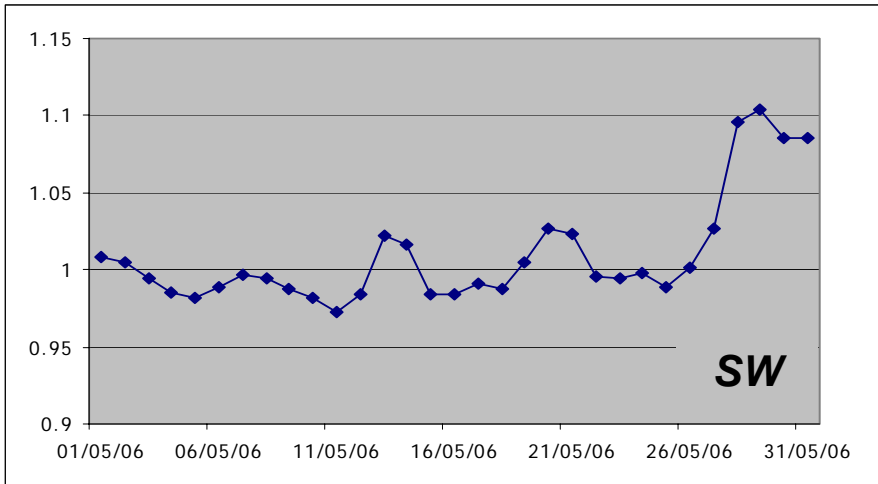
May 2006 Scaling Factors

Issue Background

- Issue raised at June 5th DESC Meeting in relation to day ahead forecasting & nominations
- Concern: High Scaling Factors for May 2006
- Re: Forecasting issue – not remit of DESC
- xoserve: Provide analysis on Scaling Factors for May 2006

May 2006: Analysis of Scaling Factors

- High Scaling Factors experienced 28th to 31st May



May 2006: Analysis Scaling Factors

- Impacted the majority of LDZs
- The trend was identified in this years analysis – Appendix 13:
During the last few days of May 2006, in almost all LDZs (except SC) there are signs of a sharp falling away of WCF-EWCF. This increased negative WCF bias, may again be indicative of depressed aggregate NDM demand levels (i.e. aggregate NDM SND estimates too high). However, a clearer picture will only unfold as the summer period progresses. A similar fall in WCF-EWCF occurred at around the same time of year during gas year 2004/05 in many of these LDZs. In some of the affected LDZs (most notably, NO, NE, EM, WM, EA, NT, SE and SW) the observed WCF bias in turn affects the SF values in late May (WCF is too low and therefore SF increases).
- A corresponding pattern of declining WCF-EWCF was also experienced
- A similar pattern was experienced in May 2005
- Appears to be a feature of the modelling (which is reliant on forecasts of SND)

May 2006: Analysis Scaling Factors

- Demand during 28th to 31st May was lower than expected
- Resulting in high Scaling Factors
- Explanation - unclear:
 - A repeat of May 2005
 - Depressed NDM demand leading to WCF bias and higher Scaling Factors
 - Summer reductions in EUC models
 - Summer cut-offs and reductions can lead to effects such as high scaling factors.....
 - If weather is different to the underlying models then parameters (ALPs and DAFs) are not appropriate for the day
 - Possible contributor to Scaling Factor observations