

## UNC Demand Estimation Sub-committee Minutes

Wednesday 11 July 2012

31 Homer Road, Solihull B91 3LT

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(HC)	Joint Office
Ceirán Sheehan	(CS)	Total Gas & Power
Chris Warner (Transporter Member)	(CW)	National Grid Distribution
Christian Ivaha	(CI)	British Gas
Joseph Lloyd	(JL)	Xoserve
Leyon Joseph (Transporter Alternate)	(LJ)	Scotia Gas Networks
Linda Whitcroft	(LW)	Xoserve
Louise Gates (User Member)	(LG)	EDF Energy
Mark Perry	(MP)	Xoserve
Matt Jackson (User Member)	(MJ)	British Gas
Paul Tuxworth (Transporter Member)	(PT)	National Grid NTS
Sallyann Blackett (User Member)	(SB)	E.ON UK
Steve Baker (User Member)	(SB1)	RWE Npower

Meeting papers are available at [www.gasgovernance.co.uk/desc/110712](http://www.gasgovernance.co.uk/desc/110712)

### 1. Confirmation of membership and apologies for absence

The meeting was declared quorate.

#### 1.1 Apologies for absence

C Thomson (Scotia Gas Networks); R Pomroy (Wales & West Utilities); J Ferguson (Northern Gas Networks); Fiona Cottam (Xoserve).

#### 1.2 Alternates

L Joseph (Scotia Gas Networks) for C Thomson; C Warner (National Grid Distribution) for R Pomroy and J Ferguson.

### 2. Review of Minutes and Actions from the previous meeting

#### 2.1. Minutes

The minutes from the previous meeting (23 May 2012) were approved.

#### 2.2. Actions

**DE0401:** Shippers to trial Options A and C and produce and present analysis and results.

**Update:** Ongoing; some analysis presented. **Carried Forward.**

**DE0404:** *Minimising Losses of Xoserve AMR Equipment* - DESC members to establish appropriate contacts and provide a view on the procurement of non-Transporter data for samples as permitted under Modification 0258A.

**Update:** Shippers were pursuing internally and a regular update would be provided. **Carried Forward.**

**NEW Action DE0404A:** *Minimising Losses of Xoserve AMR Equipment* - Transporters to confirm how any data gathered by Shippers should be provided and any minimum requirements (samples, details, formats, etc).

### 3. Review and Approval of 2012/13 NDM Algorithms

#### 3.1 Discussion of results and confirm way forward

MP outlined the key objectives of this meeting, ie to recap on DESC obligations following the recent amendments to UNC TPD Section H; to inform the DESC of the process that has been followed in the derivation of the NDM proposals; to provide a summary of where the Technical Workgroup (TWG) has reviewed the output and had the opportunity to challenge the decisions made; and to provide a summary of the TWG responses to the draft NDM proposals and their overall recommendation to the DESC.

Having summarised the progress made to date, MP reiterated the TWG recommendations that were being made to DESC, and indicated that, should DESC give its approval, Xoserve will then publish a communication (via the Joint Office of Gas Transporters) commencing the wider industry consultation on the proposed NDM Profiling and Capacity Estimation Algorithms for 2012/13.

This was discussed and following a suggestion from SB it was agreed it would also be a good opportunity to include at the same time an indication of the areas that DESC were planning on reviewing and ask the industry if there was any other area(s) they might want to put forward for future consideration.

**PT then proposed that DESC accept the recommendations made; DESC members voted and were unanimously in favour of acceptance.**

MP then detailed the next steps that must take place through July/August. Xoserve will publish DESC's proposals for the industry to review by 20 July 2012 (Users and Transporters have 5 business days in which to review and submit their representations to the DESC.) The DESC will then meet (provisionally via teleconference on Wednesday 01 August 2012) to review any representations and consider its response(s). A formal response will then be finalised and presented/published by Xoserve.

Finally Xoserve, on behalf of the Transporters, will publish the final proposals to the industry (no later than 15 August 2012) and submit interface files to key systems.

This would then conclude this year's cycle, and DESC will need to start thinking about and planning next year's work areas.

### 4. Project Nexus – New Allocation Algorithm

Shippers' work on the analysis for Options A and C continued.

CW reported that he was in the process of preparing some Code Modifications for Nexus and explained what might be included and his concern that there might be gaps in respect of the formula work that could be expected to be contributed from DESC. He recapped on the progress of Nexus and the anticipated timeline for modifications. The modifications were likely to be in a mature state and quite detailed. MP believed it might be a struggle to come up with an acceptable formula to include in a modification in the timescales indicated.

SB suggested a more radical approach of *not* including the formula in the UNC, but providing it in a referenced document. BF pointed out that it would need to be ready for when legal text is drafted (which may take some time). MJ observed that it might not be possible to construct a formula that would remain static year on year.

CW commented that it would be good to reach a view on what might be an appropriate approach, and suggested that the focus of the next meeting might be to establish some principles.

There was a brief discussion on the programme for the next meeting (see 6, below, for details of arrangements). It was agreed that as the Technical Workgroup was likely to begin to focus on new areas such as Nexus, then the meeting invitation should make this clear and be sent to a wider audience than was usual for DESC communications, to allow other interested parties the opportunity for involvement and contribution.

The three options (A, C and E) under consideration were then summarised by SB for the benefit of those not present at earlier meetings. The differences and the draft formulas were briefly examined, and it was confirmed that analysis for each option was continuing.

#### *Option C – No ALP*

CI had been investigating this Option and presented some interim analysis for consideration and discussion. He had looked at all LDZs for EUC1 and created a Benchmark model for the normalised daily consumption using the intercept and the CWV. He explained the approach taken, the periods covered, and pointed out findings of note. In EA LDZ a drop was noted and this was repeated across other LDZs. SB wondered if some parameters were missing that impacted the winter more; SB suggested that the CWV is missing something. The analysis was discussed and the Model Summary figures were displayed; CI explained the use of these and how certain items had been calculated.

SB suggested it would be interesting to see allocation against sample, the differences would provide the comparison. CI noted this.

JL commented that sample sizes seemed rather high, at 350; CI responded that this was the daily count, ie just under a year's worth.

CI had also run some regression models and results were provided in the third spreadsheet; the samples had not been completed yet. 'In Sample' tables were displayed and examples of lags and slots were explained. The relative humidity seems to be a common factor across the LDZs so far.

Responding to a question from SB, CI said that he had tried running without CWV and results were much worse, so the CWV has been retained. SB then asked if CI had tried reconstituting CWV without the pseudo SNET. CI indicated he would try this.

Responding to a question from PT, CI confirmed that all estimates were statistically significant at less than 5% level. SB also suggested trying the Seasonal Normal.

CI had discussed relative humidity with the British Gas weather contact, who had suggested it could be a derived measure of cloud cover as well, which could influence gas consumption (dull days).

CI had not yet looked at weekend/holiday effects – that was the next step, and some more analysis might be ready for the August meeting. MJ then asked for views on whether this Option was worth pursuing and if British Gas should continue with the analysis. This was felt to be beneficial. JL suggested that it would have to be extended to cover the other EUCs. SB suggested that it might be more manageable to cover all the EUCs for one LDZ to give a view, and see what effect this has on the Scaling Factor.

#### *Option A – Dynamic Daily Sampling*

SB gave a brief presentation (first delivered at the meeting on 23 May 2012) and explained the difficulties that she was encountering with the data, and the problems in making wide assumptions about AQ, as this does make a difference. She pointed out that she needed to verify the data values before drawing any firm conclusions.

A graph was displayed demonstrating the differing results from different assumptions. SB explained her approach, and indicated that the first year fitted better than the second. She intended to establish a consistent set of data and will also cover MAPE and R<sup>2</sup> to mimic CI's analysis.

#### *Next Steps*

BF sought assurance that further analysis would be ready in time for the August meeting, and this was given by both parties.

## **5. Any Other Business**

### **5.1 Modification 0330 – Tender**

SB asked what progress had been made in respect of the tender.

MP reported that FC had instructed Procurement to commence the tender process (it was not publicly issued yet) and intended to provide an idea of timescales at the August meeting.

## **6. Diary Planning**

### **6.1 Next DESC Meeting**

The next DESC meeting will be held via teleconference on Wednesday 01 August 2012, starting at 10:00. This arrangement is provisional. If no responses to the consultation are received then this meeting will be cancelled.

### **6.2 Next Technical Workgroup Meeting**

The next Technical Workgroup meeting will be held on Wednesday 01 August 2012, at 31 Homer Road, Solihull B91 3LT, starting at 10:30. Teleconference facilities can be made available on request to the Joint Office of Gas Transporters.

Date	Time	Venue	Programme
Wednesday 01 August 2012 (provisional)	10:00	Teleconference	<b>DESC Meeting</b> <ul style="list-style-type: none"> <li>Review of representations received (if any) and consideration of response(s)</li> </ul>
	10:30	31 Homer Road, Solihull B91 3LT	<b>Technical Workgroup</b> <ul style="list-style-type: none"> <li>Nexus analysis</li> <li>Modification 0330 - tender update</li> </ul>
Wednesday 07 November 2012	10:30	ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	<ul style="list-style-type: none"> <li>Evaluation of Algorithm Performance: Strand 1 - SF and WCF</li> </ul>

**Action Log: Demand Estimation Sub-committee**

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE0401	04/04/12	4.0	Shippers to trial Options A and C and produce and present analysis and results.	All Shippers	Ongoing. Carried Forward
DE0404	04/04/12	7.0	<i>Minimising Losses of Xoserve AMR Equipment</i> - DESC members to establish appropriate contacts and provide a view on the procurement of non-Transporter data for samples as permitted under Modification 0258A.	DESC	Carried Forward
DE0404A	11/07/12	2.2	<i>Minimising Losses of Xoserve AMR Equipment</i> - Transporters to confirm how any data gathered by Shippers should be provided and any minimum requirements (samples, details, formats, etc).	Transporters	Pending