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## UNC Demand Estimation Sub-committee Minutes

Wednesday 07 November 2012

ENA, 52 Horseferry Road, London SW1P 2AF

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Changbin Li	(CB)	EDF Energy
Chris Warner* (Transporter Member)	(CW)	National Grid Distribution
Christian Ivaha	(CI)	British Gas
Dave Parker	(DP)	EDF Energy
Fiona Cottam	(FC)	Xoserve
Joseph Lloyd	(JL)	Xoserve
Louise Gates (User Member)	(LG)	EDF Energy
Louise Hellyer	(LH)	Total Gas & Power
Mark Perry*	(MP)	Xoserve
Martin Attwood	(MA)	Xoserve
Matthew Jackson (User Member)	(MJa)	Centrica
Matt Jenks (User Member)	(MJe)	RWE
Paul Tuxworth (Transporter Member)	(PT)	National Grid NTS
Roy Malin*	(RM)	National Grid Distribution
Sallyann Blackett (User Member)	(SB)	E.ON UK
Tim Davis (Secretary)	(TiD)	Joint Office
Tony Davey (User Alternate Member)	(TD)	SSE

*\*via teleconference*

Meeting papers are available at [www.gasgovernance.co.uk/desc/071112](http://www.gasgovernance.co.uk/desc/071112)

### 1. Introduction

BF welcomed attendees to the meeting.

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

The meeting was declared quorate .

#### 2.1 Alternates

Tony Davey for Mo Rezvani.

### 3. Review of Minutes and Actions from the previous meeting(s)

#### 3.1. Minutes

The minutes from the previous DESC meetings (11 July and 18 October 2012) were approved.

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### 3.2. Actions

**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:** MJa explained that he had followed this up within his organisation and a number of practical issues and options needed to be addressed in order to support Smart Meter reads being provided. FC agreed that using Shipper equipment was the logical way forward and Xoserve would work with Shippers to trial this and see what could be achieved. **Closed**

**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).

**Update:** FC indicated that a report would be provided on a trial approach with British gas (and any other Shippers that offer to test options). **Closed**

**DE1001:** JF to seek formal confirmation from the Transporters that they were happy for the tender process to proceed without delay.

**Update:** In JFs absence, FC advised that Xoserve was still proceeding with the procurement of the service and had not been requested to put the procurement on hold. **Closed**

#### 4. **Evaluation of demand model performance for gas year 2011/12: Strand 1 - Scaling Factor (SF) and Weather Correction Factor (WCF) Analysis**

Xoserve gave a presentation outlining the analysis carried out. Example graphs were displayed to illustrate the results.

Further comparison analysis had been carried out and the results were presented in a series of tables and conclusions drawn. Scaling Factors during 2011/12 generally were slightly more variable than over the previous gas year.

Considering the Weather Correction Factor Values, the differences between years was illustrated.

NDM AQs were seen to have reduced by about 6% following 1% in the previous year. MJa questioned whether this was correctly capturing customer's declining consumption. SAB believes the industry Seasonal Normal is slightly too cold, and there was an overhang from the previous year when AQs were, in her view, under-corrected. She was therefore expecting about a 6% reduction this year, but would expect a lower reduction in the following year although a continuing decline could be expected. It was noted that this is consistent with an underlying 3-4% annual reduction – reflecting insulation, improved boilers and behavioural responses to higher prices.

The analyses relating to Strand 2 (Reconciliation Variance data for each EUC) and Strand 3 (Daily consumption data collected from the NDM sample) will be presented at the DESC meeting in February 2013.

#### 5. **Algorithm Performance Recommendation from the Technical Workgroup (TWG)**

Xoserve reported that the TWG had considered the current work priorities and recommends that the three strands of Algorithm Performance Analysis be done only once a year in the autumn following completion of the gas year. The results were to

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be presented as currently at the appropriate DESC meetings, but also to be repeated in Appendix 13 of the NDM booklet. This was unanimously approved by members.

## **6. Weather Station Closure – Birmingham Edgbaston**

Having undertaken a preliminary assessment in respect of the potential closure of this weather station, Xoserve will review and assess the system and process impacts taking into account timing of the change and the effects of using a replacement weather station.

SB indicated that Meteo would provide forecasts such that zeros will not be received, and so algorithms will continue to work. However, these will degrade over time. FC confirmed that updates would be provided to DESC regarding proposals for how the loss could be accommodated. This could include looking at the proposed weather station replacement methodology and resulting recommendations.

DP indicated that a provider had offered to come to DESC and present information on weather station closures and the problems involved, and to keep DESC aware of known developments. SB said the Met Office had resurrected their list of sites and were highlighting proposed closures, such that something is available and any notification is welcome – providing an opportunity to investigate alternative weather stations. While wanting to ensure nobody is seen as gaining an advantage in the tender process, DESC welcomed the offer that should be taken up once all tender documents have been issued and there can be no suggestion that this provides a comparative advantage. FC agreed to follow this up with DP once the present tender process was completed.

## **7. Modification 0330**

### **7.1 Phase 1 - Update**

#### *Reassessment of Requirements*

The scope of the weather data requirements were reviewed at the October meeting, where it was decided to retain the full list of weather stations, but reduce the number of weather data items to 6 by removing 'cloud cover'.

The UNCC has requested an explanation as to why costs are significantly higher than those originally set out in the modification report, and Xoserve has drafted a paper to meet this request. However, the increase in costs for Phase 1 does not mean there will be a similar increase for Phase 2.

#### *Tender Progress*

Contractual discussions with the chosen service provider continue while Transporter and Xoserve internal approvals are being sought. The identity of the service provider and the delivery timetable will be provided to DESC once the process is complete.

### **7.2 Phase 2 – Define requirements**

The interdependencies between the Phases were illustrated with the likely timescales for each methodology/contract, and the potential timeline for the new Seasonal Normal basis.

SB asked whether a time estimate for developing the Weather Station Methodology is available, which FC expected to be about 3 months. It was noted that the proposed timeline meant it would be challenging for the work to be completed in time to feed the Seasonal Normal review.

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FC confirmed that DESC meetings would be held as necessary to define the climate change methodology tender requirements in order to ensure all tender documents are prepared and ready to issue at the earliest possible opportunity.

DP felt some of the Phase 2 timelines may be capable of being shortened, with the time needed depending, for example, on the availability of staff once the tender is let. Shippers agreed to provide information from their EP2 experience to help with the development of the requirements.

**New Action DE1101: Members to consider the Phase 2 requirements and provide their views to Xoserve.**

## **8. Work Plan and Meeting Dates for 2013**

Xoserve presented a proposed work plan for NDM Proposals 2013/14, with specific tasks detailed for the period April – August 2013.

The programme for 2013 was discussed and it was agreed to hold meetings on or around the following dates:

February 2013 – DESC face-to-face meeting

24 April 2013 – DESC TWG teleconference

22 May 2013 – DESC TWG face-to-face meeting

26 June 2013 – DESC TWG face-to-face or teleconference meeting

10 July 2013 – DESC face-to-face or teleconference meeting

31 July 2013 – DESC face-to-face meeting

November 2013 – DESC face-to-face meeting

BF reported that concerns had been raised in Project Nexus meetings regarding delay in the development of Project Nexus algorithms. It had been suggested that this is now on the critical path for delivering legal text. SB responded that the discussion had been held before and emphasis made that the nature of the algorithm and its potential to change meant it might not be able to be captured within the UNC and it may be better for it to be outside the UNC itself. CW noted this was very different to the present approach – it could be published but not in the UNC. FC suggested the UNC might describe the principles if, for example, a regression based approach were to be adopted. In any event, a UNC change would be necessary. CW said that a proposed approach is needed and if this is that no algorithm should be embedded, this DESC recommendation needed to be put forward as soon as possible. It was agreed that the Technical Workgroup should seek to reach a recommendation for DESC to approve in December, which CW confirmed would fit with his aspirations for capturing the output in Modification 0432 and the associated legal text.

**New Action 1102: CW to provide a deadline date for including the new algorithm within legal text for Modification 0432.**

**New Action 1103: CW to seek legal advice as to whether it is possible to publish the new algorithm in a document referenced by UNC.**

**New Action 1104: On behalf of DESC, request that the DESC TWG provide a recommendation for the new algorithm as soon as possible.**

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## 9. Any Other Business

None raised.

## 10. Diary Planning

### 10.1 DESC Meetings 2013

The programme for 2013 was discussed and meetings will be arranged as agreed.

The next DESC meeting has been arranged for 14:30 on 5 December 2012, although a prior teleconference may be arranged.

### 10.2 DESC Technical Workgroup Meetings

DESC Technical Workgroup meetings are held on a monthly basis, and arrangements have been made accordingly (see Table below).

The next DESC Technical Workgroup meeting has been arranged for Monday 20 November 2012, 10:30 – 15:00 at 31 Homer Road, Solihull B91 3LT; teleconference arrangements can be made on request.

#### DESC and DESC Technical Workgroup Meetings 2012

Date	Time	Venue	Meeting	Programme
20 November 2012	10:30	31 Homer Road, Solihull B91 3LT	DESC TWG	Options A, C and E – analysis to be presented
Provisional Date 05 December 2012	10:30	Teleconference	DESC	TBC
05 December 2012	Following DESC or 10:30	31 Homer Road, Solihull B91 3LT	DESC TWG	TBC

#### DESC and DESC Technical Workgroup Meetings 2013

Date	Time	Venue	Meeting	Programme
To be confirmed	10:30	TBC	DESC TWG	TBC
Provisional Date 06 February 2013	10:30	ENA, 52 Horseferry Road, London SW1P 2AF	DESC	TBC

## Action Log: Demand Estimation Sub-committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
<b>DE0404</b>	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	Closed
<b>DE0404A</b>	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	Closed
<b>DE1001</b>	18/10/12	2.0	JF to seek formal confirmation from the Transporters that they were happy for the tender process to proceed without delay.	Northern Gas Networks (JF)	Closed
<b>DE1101</b>	07/11/12	7.2	Members to consider the Phase 2 requirements and provide their views to Xoserve.	All	Pending
<b>DE1102</b>	07/11/12	8.0	Provide a deadline date for including the new algorithm within legal text for Modification 0432.	National Grid Distribution (CW)	Pending
<b>DE1103</b>	07/11/12	8.0	Seek legal advice as to whether it is possible to publish the new algorithm in a document referenced by UNC.	National Grid Distribution (CW)	Pending
<b>DE1104</b>	07/11/12	8.0	DESC to request that the DESC TWG provide a recommendation for the new algorithm as soon as possible.	DESC (BF)	Pending

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### Action Log: Demand Estimation Sub-committee – Technical Work Group

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
<b>DTW0801</b>	15/08/12	3.0	Complete analysis for options A, C and E by <del>the end of September</del> . 09 November 2012.	CI, MR, SB and Xoserve	Carried forward - Presentations to be made on 20/11/12
<b>DTW0802</b>	15/08/12	4.2	<i>TWG Work Planning</i> – Algorithm Performance Analysis: TWG to consider the various strands of Algorithm Performance and the frequency of analysis and provide comments on what should be done going forward.	ALL	Closed
<b>DTW0803</b>	15/08/12	4.2	<i>Ref No 2: Review of appropriateness of current EUC definitions for Small and Large NDMs</i> – Consider different approaches and submit suggestions/ preferences to Xoserve by 31 August 2012.	ALL	Carried forward to 20/11/12