

UNC Demand Estimation Sub-committee Minutes

13 November 2013

ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Christian Ivaha	(CI)	British Gas
Fiona Cottam	(FC)	Xoserve
James Hanks	(JH)	EDF Energy
Louise Hellyer	(LH)	Total Gas & Power
Mark Perry	(MP)	Xoserve
Martin Attwood	(MA)	Xoserve
Matt Jenks*	(MJ)	RWE npower
Mo Rezvani*	(MR)	SSE
Sallyann Blackett	(SB)	E.ON UK

*via teleconference

Copies of papers are available at: www.gasgovernance.co.uk/DESC/131113

1. Introduction

The meeting was declared quorate.

1.1. Apologies for absence

C Thomson (Scotia Gas Networks), C Warner (National Grid Distribution), R Pomroy (Wales & West Utilities), and D Sluce (National Grid NTS).

1.2. Note of Alternates

FC (Xoserve) for C Thomson (Scotia Gas Networks), C Warner (National Grid Distribution), and R Pomroy (Wales & West Utilities).

2. Status Review

2.1. Minutes

The minutes from the previous meeting (08 October 2013) were approved.

2.2. Actions

DE0703: NDM Allocation - Negative Scaling Factors - Xoserve to look at the processes in operation that address negative scaling factors and provide an update, and ascertain the appropriate forum for reviewing the process/concerns.

Update: Presentation provided. **Closed.**

DE1002: Rostherne 2 data cutover – Xoserve to confirm when the data cuts over to using Rostherne 2.

Update: Presentation provided. **Closed.**

DE1003: CCM Steering Group – Request member nominations; members to respond by 14 October 2103 together with an indication of availability to attend an initial meeting.

Update: A focus group has now been set up. **Closed.**

3. Evaluation of Algorithm Performance: Strand 1 - SF and WCF

MA gave a presentation, outlining the background and providing examples of the WCF and SF for various LDZs. The outcomes of the analyses were reviewed.

Scaling Factors – Conclusions: In general, the average SFs tended to be a little lower than one. Considered overall SFs during 2012/13 generally were less variable than over the previous gas year. Due to the large number of factors that affect SF, it was difficult to draw conclusions from the analysis.

Weather Correction Factors – Conclusions: The differences between the years are the result of differences in factors such as weather or EUC AQ excess.

Observed Weekend SF Behaviour (Slide 10) – This had been investigated following a query raised by E.ON earlier in the year. A consistent trend could not be determined across the whole year but the much colder than normal weather appeared to be an influencing factor.

Aggregate NDM AQ Changes (start of gas year 2013/14) – MR commented on the figure for the SC LDZ, which showed a larger reduction compared to the other LDZs. MA explained that changes to the AQ Amendment tolerances would have had an impact as would consumer behaviours and Shipper activities and movements between DM and NDM. The AQ Forum was suggested as the route through which Shippers could explore further detail.

CI read out an email query from M Jackson regarding the AQ calculation being distorted by the setting of SN. FC responded that consumer behaviour in very cold weather in March/April might have not been completely reflected in the NDM Algorithms, due to the lack of recent similar weather experience. The AQ amendment window was also expanded in 2012 so there may have been an extra one-off drop in 2012 that was not repeated in 2013.

Next Steps

Strands 2 and 3 (Reconciliation Variance data for each EUC, and daily consumption data collected from the NDM sample) will be presented at the next DESC meeting on 12 February 2014.

4. Re-Evaluation of Model Smoothing Methodology

MP gave a presentation, outlining the background and principles, and explaining the CWV intercepts.

Volatility Analysis - This was reviewed. MR asked if consideration should be given to differential weighting rather than equal weighting, eg 50:30:20?

Predictive Ability Analysis - This was reviewed. It was noted for 2011/12 that there was an influx of sites when interruptibles became firm, and for 2012/13 this could have contributed to a difference in large NDM modelling (became flatter). SB suggested that another reason could be the general downward trend in AQs, which will mean the sites in the Large NDM models will vary year on year.

CWV Intercept Trends Analysis - This was reviewed and the results over 3 and 4 years were briefly discussed. It was noted that in the Large NDM bands it is getting hard to recruit a consistent sample as sites were dropping in/out of different EUCs.

FC noted that a party had suggested dropping model smoothing from next year's Spring analysis – this would create more volatility in various areas. This was

discussed. It was suggested that extra years could be added. FC believed some sort of smoothing was required (a single year was not sufficient). Different weighting can be accommodated within the modelling system. This could be finalised when considering the Spring Approach in February. One differential weighting could be tried out for model smoothing, and be assessed for volatility versus predictability. The idea is to make predictability no worse. JH expressed concerns regarding changes to the weighting, and counselled making changes only for the right reasons. FC noted that population does shift, so if this was thought to be a contributing factor an extra year could be run, and model smoothing could be repeated this time next year rather than wait for two years.

CI suggested a hybrid - model smoothing for low bands, and do a single year for upper bands. SB suggested testing volatility and predictive analysis for Band 2 and use suggested weighting of 20:30:50.

It was concluded that 3 years' smoothing should still be used but exploring a change in the weightings given to each of the 3 years. Analysis was requested of Xoserve to share with the Technical Workgroup (TWG), with the two options being 'As-Is' and also moving to a 50:30:20 weighting (with 50 to the latest year and 20 to the oldest year). Analysis was requested for Band 2 with the results presented in the same way as the overall model smoothing review. The outcome will be presented at TWG who will be asked to make a recommendation to the February DESC (comparison of 'As-Is' and the upgraded option, ie flat smoothing versus weighted smoothing'). It was decided that there should be another review of the appropriateness of model smoothing next Autumn (2014) regardless of whether the decision on the weightings is to continue 'As-Is' or apply the new approach of 50:30:20.

5. Draft Spring Approach 2014

MP gave a brief presentation detailing topics for discussion and resolution with the TWG before any recommendations were made to the DESC. It was agreed to hold a DESC TWG meeting at 10:30 on Wednesday 27 November 2013 (Solihull) to progress these discussions. A meeting invitation will be issued shortly.

6. NDM Allocation - Negative Scaling Factors

FC gave a presentation, explaining that this was intended as a reference document for future use. It had been produced in response to a previous query raised by E.ON, and covered the drivers for NDM allocation, influencing factors on calculation, the safeguards in place and the new communication process that should be triggered as soon as Negative NDM Energy is identified. The treatment of unidentified energy under Nexus was described together with impacts.

7. NDM Sample Update

MA gave a presentation, noting that the last update was in 2009. The current position was presented showing movement between 2009 and October 2013.

For Band 1 the numbers were now comfortably above the target sample.

For Band 2 and above (managed by the Networks) it was noted that in the higher bands the samples were quite low. Inactive sites do not contribute to the modelling process, and any that are subsequently 'reactivated' will not flow into the data until 2015 analysis or later. The active sites total has reduced since 2009; for a variety of reasons and it is very difficult to find replacement sites that are happy to share data.

Dataloggers - A substantial number of LDZs are below target. SGN were actively trying to boost their sample numbers. WWU was exploring the possibility of Xoserve managing WWU's portfolio on its behalf. NGD was finding it hard to recruit new meter points. It had been suggested that Shipper data could be used, but Shippers had concerns about providing that to Xoserve, as sites would not be 'anonymous'. In the past Xoserve had

asked for ‘volunteers’ at this and other forums to try and boost numbers. Commercial arrangements had also been suggested where Xoserve might pay for the data provided. The data needs to be accurate, consistent, and provided either weekly or monthly, for assessment.

Target Numbers – These also needed to be reconsidered – in some LDZs/Bands the target samples are unachievable (especially the higher Bands). These may need to be revised, with consideration given to different breakpoints and possible mergings.

Shippers believed that sharing of data might depend on the contracts that were in place with each end consumer. MA explained that all sample data was anonymised apart from indicating the LDZ in which the site was located.

8. Climate Change Methodology/Seasonal Normal Review Update

FC gave a brief presentation. A stakeholder group had now been created and will be contributing to the development of the Climate Change Methodology/datasets. The Seasonal Normal basis is on target to go live in 2015.

The launch meeting was held on 11 November 2013 and it highlighted the need for DESC to reach agreement on how to use the outputs from the methodology in the next SN CWV calculation. DESC agreed to delegate this discussion to the Climate Change Methodology Stakeholder Group, which will meet in the next few weeks and report back to DESC.

9. Hulme Library Update

FC gave a presentation on the details of the substitution of Rostherne2 for Hulme Library, which had recently closed.

10. NDM Proposals 2014/15 – Workplan

MP presented the Workplan for the coming year, giving an outline of the programme to be followed and proposed meeting dates for DESC and DESC TWG (see 12, below).

11. Any Other Business

None raised.

12. Diary Planning

Meetings will take place as follows:

DESC and DESC Technical Workgroup Meetings 2013/2014

Time / Date	Venue	Meeting	Programme
10:30 Wednesday 27 November 2013	Consort House, 6 Homer Road, Solihull B91 3QQ	DESC TWG	<ul style="list-style-type: none"> • Weather history • Model smoothing approach • LDZ aggregations • Holiday codes • EUC boundary definitions
10:30 Wednesday 12 February 2014	Energy Networks Association (ENA), 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	DESC	<ul style="list-style-type: none"> • Evaluation of Algorithm Performance: Strands 2 and 3 – RV and NDM Sample data • TWG recommendation for Spring 2014 Approach
10:30 Monday 28	Teleconference	DESC TWG	Confirm modelling runs

April 2014			
10:30 Wednesday 21 May 2014	Solihull – venue tbc	DESC TWG	Review modelling results and approve commencement of model smoothing stage
10:30 Wednesday 25 June 2014	Teleconference	DESC TWG	Review responses to draft NDM proposals and agree key messages for DESC
10:30 Wednesday 09 July 2014	Solihull – venue tbc	DESC	Review and approval of 2014/15 NDM Algorithms
10:30 Wednesday 30 July 2014	Teleconference	DESC	Review representations (if any) and consider response
10:30 Wednesday 12 November 2014	Energy Networks Association (ENA), 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	DESC	Evaluation of Algorithm Performance: Strand 1 – SF and WCF

Action Table: Demand Estimation Sub-committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE0703	10/07/13	5.2	<i>NDM Allocation - Negative Scaling Factors</i> - Xoserve to look at the processes in operation that address negative scaling factors and provide an update, and ascertain the appropriate forum for reviewing the process/concerns.	Xoserve (FC)	Closed
DE1002	08/10/13	3.0	<i>Rostherne 2 data cutover</i> - Xoserve to confirm when the data cuts over to using Rostherne 2.	Xoserve (FC)	Closed
DE1003	08/10/13	4.3	<i>CCM Focus Group</i> - Xoserve to request member nominations; members to respond by 14 October 2103 together with an indication of availability to attend an initial meeting.	Xoserve (FC) and DESC Members	Closed

Action Table: Demand Estimation Sub-committee – Technical Workgroup

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DTW0403	24/04/13	4	<i>'Improvements Log'</i> - Xoserve to update for review at the DESC meeting on 10 July 2013.	Xoserve (FC/MP)	Closed