

UNC Demand Estimation Sub-committee Minutes
Tuesday 16 February 2016
31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Colin Thomson*	(CT)	Scotia Gas Networks (Member)
Fiona Cottam	(FC)	Xoserve (Alternate)
Jason Blackmore	(JB)	British Gas (Member)
Joe Lloyd	(JL)	Xoserve
Mandeep Pangli	(MPa)	Xoserve
Mark Perry	(MP)	Xoserve
Martin Attwood	(MA)	Xoserve
Sallyann Blackett	(SB)	E.ON UK (Member)
Tony Davey	(TD)	SSE (Member)

* via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/DESC/160216>

1. Introduction**1.1. Apologies for absence**

Chris Warner, National Grid Distribution and Fiona Speak, RWE npower.

Note of Alternates

Fiona Cottam (Xoserve) for Transporter National Grid Distribution.

2. Review of Minutes and Actions from previous meeting (17 November 2015)**2.1. Approval of Minutes**

The Minutes of the previous meeting were approved.

2.2. Actions

DE0501: FC to investigate with National Grid NTS adding the Unidentified Gas values on to the National Grid Data Website.

Update: FC explained that work is on-going, however any change to central systems would need to take place after Project Nexus implementation. FC explained that the UK Link systems would need to be changed to push this information to the National Grid website. Due to current change congestion, this cannot be added to the Day 1 Project Nexus scope.

Closed.

3. TWG recommendation for Spring 2016 Approach

MP provided a presentation and Spring Approach document, which described the modelling process and timetable for the coming year.

MP explained the industry changes scheduled for this year as well as the demand estimation specific changes which are limited to the provision and use of third party sample data; changes to the large NDM Load Factor calculation; and changes to the NDM reporting format.

MP confirmed there was general support from the DESC Technical Workgroup meeting in November for the Spring 2016 approach, following publication of the approach document, a set of comments was received and the document was updated and subsequently recommended for DESC's approval.

MP confirmed the planned use of demand data, weather data and modelling principles.

MP explained that the Daily Adjustment Factor (DAF) for gas year 2016/17 would no longer require the computations from an aggregate NDM demand model. He also clarified that the formula for the Load Factor (LF) remained unchanged for Small NDM EUCs with the same formula now also being proposed for the Large NDM EUCs. The definition of the Annual Load Profile (ALP) remained unchanged.

MP summarised the fall-back positions. In the event that the NDM proposals derived from the Spring 2016 analysis are rejected, the models from Spring 2015 will be used (UNC Section H). In this scenario the derived factors created for 2016/17 would be available using both existing rules and the rules applicable post implementation of UNC Modification 0432. The fallback Load Factors from Gas Year 2015/16 will effectively roll forward to Gas Year 2016/17 meaning the large NDM LFs would not be based on the new methodology.

SB highlighted that if roll back is undertaken prior to or during Nexus implementation, then the industry would be using the Project Nexus roll back set that has not been used in practice, where normally rolling back would be to a set that has been used previously. FC explained that a feature of rolling back with the new Project Nexus Regime would result in using DAFs in a way they have never been used for in the past due to changes in the regime. SB highlighted that the difference in calculation meant that the Large NDM load factors could move more than normal.

MP summarised the NDM reporting and publication process. The NDM report and accompanying files will be amended to make it easier to update and for the user to utilise the data. The parameters for all smoothed models will be published in an Appendix to the 2016 NDM Report. All other model parameters would be provided in electronic format.

MP concluded that the Spring 2016 analysis would be the 5th modeling cycle with the DESC and DESC TWG collaborative approach, highlighting that Appendix 2 of the Spring Approach Document provided a summary of the anticipated involvement. He emphasised the importance of keeping the DESC membership and TWG Representative contacts up to date to ensure that the correspondence during the Spring Analysis period (April to July) remains productive.

JB asked about the provision of Shipper sample data by 04 April 2016 and if this allowed sufficient time and if there was any flexibility. MP explained that there is not much flexibility and that the provision of data is tight to allow for the modelling and validation. The aspiration would be for data to be provided on a frequent basis, recognising nearer to the window closing the provision may become difficult. SB confirmed E.ON's data is submitted on a monthly basis. MA explained that Tim Wong at British Gas was intending to provide data from Band 1 Domestic customers. SB confirmed E.ON provided information on LSP customers to bolster samples. MA explained that currently Xoserve have a healthy sample group for Band 1 Domestic and provision is not a necessity at this stage.

JB asked about the privacy and confidentiality of data and whether Xoserve actually required the provision of MPRNs. FC explained Xoserve would need to be provided with the MPRNs to identify the site and its parameters, she also explained that as Xoserve are the custodian of the data and already have access to all MPRNs so there would be no issues with the privacy of information. FC also clarified that any reporting information would be anonymised. JB enquired how parties would be providing the data. It was suggested that password protected files could be utilised to provide data to Xoserve.

JB enquired about the model smoothing within the Spring Approach. MP explained that the modelling and smoothing approach is reviewed regularly along with consideration of the weightings. FC explained that DESC have considered the volatility and predictability

of the models. JL directed JB to the November 2015 DESC meeting and the relevant documents JB may wish to review (<http://www.gasgovernance.co.uk/desc/171115>)

In conclusion the DESC Members approved the Spring Approach documents.

4. Evaluation of Algorithm Performance: NDM Sample Update

MA provided a presentation on the Algorithm Performance for Strand 3 for 2014/15 and provided an evaluation document, which included all the data and charts.

DESC members considered the Sample Analysis charts provided within the presentation by Xoserve.

SB asked about the conservation changes and EUC conversion rates. She had anticipated that the seasonal normal change would have netted off some of the AQ drops, explaining that with the colder months and with an overstating of demand that the AQ would have increased, and as a result she expected bigger negatives.

MA confirmed Xoserve would continue with their assessments post Nexus with a view to considering new assessment strands in the future.

5. Updated Unidentified Gas (UG) Analysis

MPa provided a presentation on the simulation of Unidentified Gas (UG) levels and explained that there is a new concept of daily UG in the Project Nexus regime. Xoserve last presented the analysis at the May DESC meeting.

MPa explained that after investigating the individual variables through simple linear regression, it was clear that there is large proportion of variation in unidentified gas that is still unexplained. Further analysis was carried out which allowed for several independent variables to be investigated simultaneously. It also allowed for other variables to be explored (e.g. day of the week and month). The first model to be explored using multiple regression contained all of the variables tested in simple linear regression earlier, to see how well they performed together.

MPa confirmed that the negative values have been investigated and Xoserve have considered the data in line with the NDM sample data. MPa concluded there is still a large proportion of variation in the UG that is unexplained, that there appears to be an inverse relationship between CWV and UG and that UG is most likely to be negative in the summer months.

SB clarified that the DESC aspiration is to measure, understand and monitor unidentified gas performance for the algorithms.

JB enquired about the interaction terms and expanding these by seasons and then by CWV.

TD asked if the unidentified gas would be updated in Gemini at D+5. FC confirmed that the allocation calculation closes at D+5 and UG is then included in reconciliation.

6. Any Other Business

6.1. Options for contingency Mod 0451 (PPM) Profiles

FC explained the need for a contingency and the need for a further year of separate PPM/Smart profiles for an offline reconciliation for 2016/17, just in case of any delay to Project Nexus. Options included to roll over the previous profiles and update them for the next gas year or to request updated data from Shippers and update the analysis. On the basis this was a contingency the DESC agreed to roll forward the previous models and update them for the new Gas Year. DESC TWG needed to consider and discuss the contingency profiles alongside the main publication of algorithms in the summer.

6.2. Guidance Document on Third Party Supplied NDM Sample Data

MA highlighted that the industry have been issued with an email and a document has been published on the main DESC web page (at: <http://www.gasgovernance.co.uk/DESC>) for guidance on the provision of data.

BF clarified that DESC communications soliciting information for DESC meetings (supported by UNC Section H) would be classified as a UNC related communication and that the Joint Office would support communications in this area.

6.3. Communication of Key Messages to other Industry Forums

FC explained that following discussions at the Transmission Charging methodology Forum, in response to some recent changes, it highlighted an opportunity for the DESC to better communicate with other forums.

SB explained there was some recent confusion as there was an expectation that volumes would go down but had season normal pushing volumes up, and parties had difficulty understanding what had happened.

JB made a comparison between the Electricity and Gas market communications and didn't observe any disparities between the two approaches. He believed parties encourage the level of engagement.

The DESC considered how best to communicate key messages, i.e. what has changed and the best way to communicate this, recognising that the UNCC will be receiving quarterly updates from all sub-committees.

BF suggested the Distribution and Transmission Charging Forums are regularly communicated with. He also suggested any communications from DESC clearly identifies/differentiates which communications are being provided for awareness and when a response is solicited.

It was agreed that each DESC meeting should have a standard agenda item to ensure key messages are considered and communications are issued on what changes are taking place and what the impacts will be.

6.4. Communication route for notifications of negative allocations

FC explained that some negative allocations are observed from time to time prior to D+5, and that National Grid have a process to spot these and address what causes the negatives. This process currently uses emails to advise parties of the identification, however this involves a number of hand-offs. It has been suggested that a space is made available on the Xoserve website to notify the industry of an undergoing investigations by the use of a scrolling banner.

JB asked about parties potentially overlooking the banner. FC suggested a soft-landing approach could be adopted where by Xoserve continue issuing emails for a short duration along with a link to the banner to raise awareness of the new approach and phase out the emails.

FC explained that using the central communication team can cause delays and the banner would speed up the key communications being issued.

Members supported the concept with a trial and suitable soft-landing.

7. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

DESC and DESC Technical Workgroup Meetings 2015

Time/Date	Venue	Meeting	Programme
10:00 26 April 2016	Teleconference	DESC TWG	Discuss and confirm modelling runs to take forward based on data

			aggregations and WAR band definitions
10:00 17 May 2016	Solihull	DESC TWG	Review single year modelling results and provide approval to commence model smoothing stage
10.00 22 June 2016	Solihull	DESC TWG	Review Technical Workgroup responses to draft proposals and agree key messages for DESC
10.00 06 July 2016	Solihull	DESC	Review and Approval of 2016/2017 NDM Algorithms as recommended by the Technical Workgroup Communication of Key Messages
10.00 26 July 2016	Solihull	DESC	Response to industry representations on 2016/2017 NDM Algorithms Review of Autumn/Winter ad hoc Work Plan 2016/2017 Communication of Key Messages
10.00 15 November 2016	Solihull	DESC	Evaluation of Algorithm Performance NDM Sample Update Communication of Key Messages

DESC Action Table (16 February 2016)

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE0501	19/05/15	DESC 3.0	FC to investigate with National Grid NTS adding the Unidentified Gas values on to the National Grid Operational Data Website.	Xoserve (FC)	Closed

DESC TWG Action Table (17 November 2015)

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DTW1201 <i>(transferred to DESC TWG)</i>	03/12/14	DESC 2.2	FC to prepare an email for circulation to the industry inviting parties to support DESC Technical Workgroup analysis and data sets.	Xoserve (FC)	Carried forward