

# UNC Demand Estimation Sub-committee Technical Workgroup Minutes

Wednesday 24 June 2015

31 Homer Road, Solihull B91 3LT

## Attendees

Helen Cuin (Chair)	(HC)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Changbin Li*	(CL)	EDF Energy
Colin Thomson*	(CT)	Scotia Gas Networks
Fiona Cottam	(FC)	Xoserve
Mark Perry	(MP)	Xoserve
Naomi Nathanael	(NN)	Plus Shipping
Penny Rowland	(PR)	E.ON
Rob Nickerson	(RN)	National Grid NTS
Tony Davey	(TD)	SSE

\* via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/DESC/240615>

## 1. Introduction

### 1.1. Apologies for absence

None received.

### 1.2. Note of Alternates

None to record.

## 2. Review of Minutes of the previous meeting (19 May 2015)

The minutes were approved.

## 3. Review TWG responses to draft proposals and agree key messages for DESC

Xoserve provided a revised Technical Work Group Presentation of the 2015 Models (dated 24 June 2015), capturing the recent comments/queries received from E.ON on 23<sup>rd</sup> June 2015.

FC explained the key objectives of this meeting were to review comments received and agree any further actions if required, and to agree a set of proposals for the Demand Estimation Sub-committee (DESC) to consider.

The Modelling Workplan timetable was illustrated and progress to date was summarised. FC highlighted that all modelling/output parameters had been produced using the new Composite Weather Variable (CWV) definitions and the new Seasonal Normal (SN) basis effective 01 October 2015 and are therefore not directly comparable to last year's proposals.

Attention was drawn to Modification 0432 - Project Nexus: Gas Demand Estimation, Allocation, Settlement and Reconciliation Reform, which was likely to be implemented during 2016. It was noted this would require the Daily Adjustment Factor (DAF) to be expressed differently.

Summaries of the Models for small and large NDMs were illustrated and explanations provided. It was noted that for this year's proposals there were no EUCs with zero slope. Responding to a question from TD, FC explained the principles behind those models that have been included in the 'Cut-off only' and 'Summer Reductions' category. These categories can interact with each other. It is based on a smoothed model - over 3 years.

### **3.1 Responses to draft proposals**

FC then gave an overview of the comments/queries received from E.ON on 23 June 2015 and the responses, which were supported by graphs.

*Query 1: DAF Flatness for EM: E06W01*

FC highlighted the scales that had been used for the E.ON graphs and the extent to which they have been expanded to demonstrate the differences. FC explained that there are no flat models for 2015 but if the scale for the charts was 0 – 1 the Models would appear much flatter than using, for example, a scale ranging from 0 – 0.02. Everything with a DAF above 1 is more sensitive than the LDZ average. The key point was the green line on the graph, which illustrated a flat model for 2014 only, and a very small slope (-2 MWh) for the 2 years either side. PR indicated she was happy with the response.

*Query 2: Inverse summer shape for several EUCs*

FC suggested the chart provided was actually referring to SC:E03W03; assuming this to be correct FC explained the principle of the DAF calculation and how the formula for weather sensitivity stays the same through the year but the Seasonal Demand demonstrates a cut-off should the model exhibit one. FC explained that a cut-off was evident in the previous year's models (DAF2013, 2014) but this no longer applied in the latest model (DAF2015). The smoothed model did not demonstrate a cut-off as all 3 contributing years did not exhibit one so this has now switched to a normal DAF. MP clarified that the single year of 2011/12 demonstrated a best fit cut-off and this had been included in the previous 2 smoothed models (DAF2013, 2014), however this year has now dropped out of the 3 single years used for DAF2015. PR asked if these anomalies should be watched for, i.e. one year forcing/affecting a great shape change. MP gave a brief explanation of the smoothing and the testing/assessment of the volatility, and what cut-offs are applied to the process.

A second graph was displayed for NW:E06W04; FC explained this was the same scenario as SC:E03W03. Both models have cut-offs - some of these will have fallen away when the model was re-run with the new weather data (some shifting occurred). FC drew attention to the scale; the DAF was much bigger than in the first graph which re-iterated the point made in response to Query 1. PR indicated she was happy with the response.

*Query 3: Christmas Flatness, and Query 4: General Christmas query*

Referring first to Slide 16 (Query 4) FC set out the general context in relation to Christmas. There was an agreed set of rules applied to the treatment of Christmas, which FC explained in more detail. The result this year was very different to last year - because of how the cycle worked out it was necessary to apply an extra 6 days (because of how 02 January falls) of Holiday Codes. It also depended on how Holiday Factors interplay with Holiday Codes, i.e. how much demand reduction the models indicate for each different Holiday Code. PR indicated she was happy with the response.

Returning to Slides 14 and 15 (Query 3), FC gave a brief explanation, drawing attention to the red line, which illustrated the application of the extra 6 days of Holiday Codes for 2015. Holiday Codes and Factors for EUC 9 were explained in more detail, particularly referencing the results for Holiday Codes 2 and 3 for model EA:E1509B where the factors were practically the same, this results in the shape of the 9 day period over Christmas (highlighted by E.ON) to appear flat. The Codes and Factors applied had been re-checked and were correct. It was noted that EUC 9 did not contain a large number of sites; these should be transitional and the NDM sample population was topped up with DM site data, and will therefore always be of poorer quality.

Slide 15 showed what the model should look like when there is a clearer distinction between Holiday Factors. Attention was drawn to the red line, which showed how the Holiday Codes were working for EA:E1508B. Again, FC gave a short explanation of how previously designated holiday days provide the information to determine the behaviours (i.e. holiday factors) for future years. FC pointed out that in re-aligning the data perhaps Christmas Day was missing from the E.ON information (Xoserve had checked the profiles and were satisfied that it was included in its model).

PR indicated she was happy with the responses.

#### *General*

No further requests for clarification were received.

### **3.2 Key messages for DESC**

The Workgroup was content with the explanations provided.

The Technical Workgroup (TWG) representatives unanimously agreed with the recommended proposals.

The TWG were happy to recommend the following proposals for DESC's review:

- 2015/16 ALPs, DAFs and Load Factors
- DAFs for 2015/16 post-Nexus
- Prepayment/Smart meter profiles.

## **4. Next Steps**

The recommended proposals would be considered at the next DESC meeting on 08 July 2015. DESC approval of proposed Algorithms and agreement to proceed to wider industry review would be sought.

FC confirmed she will write out to DESC Members, and that Xoserve will produce a presentation for the DESC, including a high level summary of the process and outputs, the TWG's involvement and decisions reached, a summary of TWG representations and any agreed actions, and put forward the TWG recommendations.

## **5. Any Other Business**

### **5.1. Negative Allocations**

PR reported that E.ON was experiencing negative allocations and asked what would be the effect when Project Nexus went live. FC explained that post-Nexus negative Unidentified Gas would not necessarily be wrong. Xoserve was analysing what the tolerance levels should be and will work with the Networks to set up an investigative process for this. (FC was aware of the relatively high number of instances at the moment, mostly in the Scottish Independent Networks, however the vast majority are resolved by D+5). Any remaining erroneous Allocations at D+5 for LSPs would be corrected by Meter Point reconciliations, which would be in the Shippers' control.

Xoserve was looking at a process for earlier identification/to reduce numbers.

Confirming that the current notification process was working for Shippers, PR thanked Xoserve for this.

## 6. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Further meetings of the DESC Technical Workgroup will be planned as necessary, and arrangements will be notified when confirmed.

### DESC and DESC Technical Workgroup Meetings 2015

Time/Date	Venue	Meeting	Programme
10:00 Wednesday 08 July 2015	31 Homer Road, Solihull B91 3LT	<b>DESC</b>	Review and Approval of 2015/16 NDM Algorithms as recommended by TWG (for wider consultation)
10:00 Wednesday 29 July 2015	31 Homer Road, Solihull B91 3LT	<b>DESC</b>	Response to industry representations on 2015/16 NDM Algorithms
10:00 Tuesday 17 November 2015	31 Homer Road or ENA (tbc)	<b>DESC</b>	Evaluation of Algorithm Performance: Strand 1 - SF and WCF