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**UNC Demand Estimation Sub-committee**  
**Technical Workgroup Minutes**  
**Monday 28 January 2013**  
**31 Homer Road, Solihull B91 3LT**

**Attendees**

Bob Fletcher	(BF)	Joint Office
Mike Berrisford	(MB)	Joint Office
Christian Ivaha	(CI)	British Gas
Colin Thomson*	(CT)	Scotia Gas Networks
Fiona Cottam	(FC)	Xoserve
Louise Gates*	(LG)	EDF Energy
Mandeep Pangli	(MPa)	Xoserve
Mark Perry	(MPe)	Xoserve
Mo Rezvani*	(MR)	SSE
Roy Malin	(RM)	National Grid Distribution
Sallyann Blackett	(SB)	E.ON UK
Sam Lonsdale	(SL)	Xoserve
Zoe Ireland	(ZI)	British Gas

*\*via teleconference*

*Meeting papers are available at: <http://www.gasgovernance.co.uk/desc/280113>*

**1. Review of Minutes and Actions from the previous meeting(s)**

The meeting was declared quorate.

**1.1 Minutes**

The minutes of the previous meeting (05 December 2012) were accepted.

**1.2 Actions**

**Action DTW1201:** Xoserve (FC) to produce a draft recommendation to the DESC that could be circulated for comment/approval by email.

**Update:** FC advised that an internal Xoserve quality check is underway, and subject to discussions at today's meeting, a draft recommendation would be circulated later in the week.

**Carried Forward**

**Action DTW1202:** E.ON (SB), British Gas (CI) and Xoserve (FC) with regard to the results of Option A, C and E to be presented in agreed format for remaining gas years for WM LDZ in order to compare results on 28 January 2013.

**Update:** CI advised that he had not yet completed the task but does expect to have all of his information available by late February.

**Carried Forward**

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## 2. Project Nexus – New Allocation Algorithm

### 2.1 Updates on Options A, C and E

#### Option A (E.ON UK)

SB presented revised analysis for Option A, suggesting that whilst the 2009/10 results look poor this could be down to the small sample size of around 60 sites in band 01B for instance. However, the 2011/12 results look better, perhaps due in part, to a sample that contains 100 SMART meters.

When asked whether or not the information provided relates to domestic sites, SB advised that it is compiled by band size including both AMR and SMART meters – and was unable to provide any more details around the commercial (AMR) breakdown, although she was able to confirm that analysis was compared to the NDM sample. Asked if it was possible to identify the total number of meters / sites involved in the analysis, SB responded cautiously by suggesting that this may be possible without invoking commercial sensitivity issues.

Moving on, SB suggested that the percentage indications across the months appears to be reasonable, especially by 2011/12 anyway and there is little difference between a summer / winter split. SB went on to ponder how the two sample sets would react to being ‘scaled up’, especially bearing in mind that there was / is a concern around SMART meters potentially influencing results.

In considering the MPE’s for bands 6B, 7B and 8B, it was noted that the analysis suggested that 2011/12 results are worse than the 2010/11 ones, which may be the result of the number of meters / sites sampled – i.e. a wider variance. Asked if this suggested that should we adopt the methodology associated with Option A, a larger sample size of customers would be preferable, SB agreed that this possibly does. However, as band 1 forms the bulk of what is being sampled, she remains reasonably confident of the results.

One suggestion put forward, and generally agreed, was that the sample size / yearly mix could be influencing the results.

Some parties remained concerned that based on the analysis it is unclear whether or not it is truly reflective of the market – one option could be to bolster E.ON’s data with another parties data that may have a bigger proportion of SMART meters in their sample.

FC reminded those present that previously the Workgroup had established an assumption / aim that the current accuracy of allocation would not be undermined and that it may be beneficial to consider more than one LDZ during analysis – MR apologised for not completing his analysis, although he doubts whether it would really be a significant difference to E.ON’s data anyway – if requested, he would endeavour to provide his analysis in time for consideration at the next meeting. FC suggested that time is of the essence as National Grid was currently working on developing the legal text, which is in the critical path for seeking Authority approval for the Nexus modifications.

Looking to consider the provision of the legal text, it was noted that the aim is to have this ready by the end of February, early March at the latest and that the text for the algorithm would reside in a UNC Related Document (outside of the main Uniform Network Code) that would be referenced by the UNC. Additionally, it is anticipated that an explanation (provided in sufficient detail and identifying the processes and overview of how these are utilised, but NOT the actual formulas involved) of the methodology relating to whichever option is adopted would also sit within the UNC. Ofgem have previously indicated that they would not be happy to sign off any legal text that the industry had not had sight of and that

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furthermore, they believe that both the legal text and UNC Related Document should be presented to the industry together.

Moving back to discussing the analysis, SB suggested that if anyone could provide her with their (SMART) aggregated volume and AQ data she would happily re-run the analysis if the Workgroup believe that this would help them to make an (earlier) informed decision on which option is preferable.

Continuing, both LG (North Thames & South East) and MR suggested that they would possibly be able to provide SB with some additional LDZ data (by EUC and total aggregated volume) which SB could then run through her calculation tool – SB agreed to provide a summary spreadsheet for LG and MR to populate where possible.

It was suggested that if the utilisation of additional information did not make a decision on this option any easier, the Workgroup could always consider the regression based option.

#### Option C (British Gas)

CI confirmed that he expected to complete the results for all EUC attributes and LDZs by the end of February.

#### Option E (Xoserve)

Opening, MPE suggested that the 'real value' of Xoserve's analysis only surfaces when you overlay Xoserve's data alongside the results of the other alternative options. However, MPE confirmed that Xoserve had completed the analysis for Option E for all gas years, EUC Attributes and LDZs. The results were published on the JO website.

Concerns were voiced around the potential impacts on allocation, and whether or not a (current) algorithm comparison had been undertaken to ensure that the proposal(s) are not making allocation worse – it was acknowledged that whilst this would / could be a worthwhile exercise, it would be extremely tricky to undertake as it would not be a like-for-like comparison. One suggestion put forward was to utilise aggregated AQ's on a daily basis, although this was discounted due to the potential impacts on Unidentified Gas elements, plus the possible effects of the time lag inherent in AQs.

It was suggested that some form of 'Benchmark Test' to protect allocation in future would prove beneficial, as there remains some serious considerations to undertake.

## **2.2 Plan to complete the Analysis – Update for PN UNC Workgroup**

Having made a formal comparison, the Technical Workgroup reviewed the Options and came to the conclusion that at this time they remain unable to make a recommendation on which option is preferable.

In considering the West Midlands LDZ and comparing both Options E and A, it was noted that on the whole the analysis remains inconclusive, although in the case of Option A band 7, this performs better than the equivalent band in Option E. It was also observed that as far as the Xoserve example is concerned, band 01B is looking better, although this would need to be substantiated by seeing the result applied across more than one LDZ to be certain.

One suggestion put forward to assist the Workgroup in making an informed decision was to perhaps adopt a league table approach for assessing the three options.

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FC suggested that although in her opinion work undertaken on the regression analysis is proving useful, it is showing a strong influence of CWV, indicating that CWV definitions are already quite good. In view of the considerable time required to complete the regression analysis, and the lack of available data to test Option A, was it appropriate for the Workgroup to now discount Options A and C, and recommend Option E to DESC, to support the timetable for Project Nexus legal text? FC felt that Option A was also undermined by the lack of an obvious approach to Day-Ahead Gas Nominations – the recent weather fluctuations illustrated that a simple D-7 approach would not be appropriate.

When approached, CI confirmed that he would prefer to keep investigating the regression analysis further – an approach supported by those present.

Those present also agreed to undertake a ‘check point’ progress discussion with the DESC membership – to this end a new action was placed against the Joint Office (BF) to add a new discussion item on to the forthcoming 11 February 2013 DESC meeting agenda.

Closing discussion, FC agreed to consider what test and measures may be required in future in order to compare with the previously stated ‘success criteria’.

**New Action DTW0101: Joint Office (BF) to add a new discussion item on to the forthcoming 11 February 2013 DESC meeting agenda.**

### **3. Weather Station Analysis for West Midlands (WM)**

Xoserve (MPa & MPe) provided a joint overview of the presentation.

In considering the ‘Weather Station Closure: Analysis’ on slide 4, MPe confirmed that he only had access to 21 months worth of overlapping data (Edgbaston / Winterbourne 2) and that the Met Office had confirmed the various data overlap elements. In observing that the tests run by Xoserve are consistent to those suggested in the initial draft of weather station substitution methodology report, MPe advised that both Xoserve’s and the Met Office analysis result in very similar conclusions. Furthermore, he also confirmed that when recalculating the Composite Weather Variable (CWV) it was based on all of the current parameters such as the seasonal normal effective temperature value.

Moving on to examine slide 6, ‘Analysis – 2 Hourly Temperatures’, MPe observed that if you were to round up the correlation value to two decimal places (i.e. 0.99), there would be an exact match to the Met Office analysis. It was noted that on average, over a given period the Winterbourne 2 site is seen to be slightly colder than the Edgbaston site, more so overnight – possibly a reflection of the slightly higher (as a rough guide approximately 50m higher) geographical location for the Winterbourne 2 site.

**Post meeting note: on checking the data, Edgbaston was found to be 160m above sea level and Winterbourne 2 is at 140m.**

When looking at the data for the ‘Analysis – Daily Average Temperatures’ on slide 10, FC reminded parties that any over night readings carry a lower weighting in average temperatures.

In responding, FC suggested, and parties agreed, that it would not be necessary to undertake a restatement of CWV parameters for WM for October 2013.

When asked, those present supported the proposed recommendation to DESC and agreed that it might be beneficial to provide an abridged version of this presentation at the 11 February meeting.

In considering the ‘Conclusions’ on slide 19, parties questioned whether or not UNC Modification 0330 ‘Inclusion of data items relevant to smart metering into existing

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industry systems' would conclude its work in time for inclusion in undertaking the seasonal normal calculations – to have the data by the end of 2013 to undertake the seasonal normal calculation for 2014 (which needs to be ready at least 12 months in advance) is now becoming increasingly tight, with a 2015 target date being more realistic. In looking at making a recommendation to DESC, SB suggested she would be happier if Xoserve were already undertaking a tender process for this year

Moving on, FC advised that she expects to provide some further information on the matter at the forthcoming 11 February 2013 DESC meeting. When asked whether in her opinion, the Technical Workgroup could hit its various 2013 target dates, FC suggested that this is heavily dependent on factors such as the tender process timeline and subsequent reporting timelines etc. – if parties could provide their respective technical requirements at the next DESC meeting that would be extremely helpful.

When asked if the dates for all potential future weather station closures could be provided, FC confirmed that the Met Office would be providing a presentation along those lines at the 11 February DESC meeting – BF advised that it is the first item on the agenda for the meeting.

#### **4. Spring Approach 2013**

MPE confirmed that the Spring Approach 2013 document had been issued for comment on 20 November 2012 and to date, no responses had been forthcoming.

When asked, those in attendance agreed to recommend to DESC that the proposed spring approach 2013 should be utilised for this years modelling requirements.

#### **5. Any Other Business**

##### Ad Hoc WAR Band Ratio Spreadsheet Update

MPE confirmed that the ad-hoc WAR band ratios spreadsheet would be issued for comment shortly.

## 6. Diary Planning

Please see Table below for planned meeting dates and provisional programme for 2013.

### 6.1 DESC Meetings

The next DESC meeting will take place at 10:30 on 11 February 2013, at the Energy Networks Association (ENA), Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Teleconference arrangements for this meeting can be made available on request.

### 6.2 DESC Technical Workgroup Meetings

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

Following a brief discussion, it was agreed to hold the next DESC Technical Workgroup meeting (to further consider the Options and make a recommendation) at 09:30 on Monday 04 March 2013.

### DESC and DESC Technical Workgroup Meetings 2013

Date	Time	Venue	Meeting	Programme
Monday 11 February 2013	10:30	Energy Networks Association (ENA), Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	DESC	<ul style="list-style-type: none"><li>- Evaluation of Algorithm Performance: Strands 2 &amp; 3 - RV &amp; NDM Sample data</li><li>- TWG recommendation for Spring 2013 Approach.</li></ul>
Monday 04 March 2013	10:30	31 Homer Road, Solihull B91 3LT	DESC TWG	To undertake further consideration of the three Options A, C & E with a view to being able to make a recommendation to DESC thereafter.
Wednesday 24 April 2013	09:30	Teleconference	DESC TWG	Confirm NDM modelling runs to take forward based on data aggregations and WAR band definitions.
Wednesday 22 May 2013	10:30	31 Homer Road, Solihull B91 3LT	DESC TWG	Review single year modelling results and provide approval to commence model smoothing stage.
Wednesday 26 June 2013	09:30	Teleconference	DESC TWG	Review all responses to draft NDM proposals and agree key messages for DESC.
Wednesday 10	10:30	31 Homer Road, Solihull	DESC	Review and Approval of 2013/14 NDM Algorithms as

July 2013		B91 3LT		recommended by TWG.  To discuss NDM proposals review and NDM report seeking approval to prepare publication for wider industry.
Wednesday 31 July 2013	09:30	Teleconference	DESC	(If required) Review industry representations to 2013/14 NDM algorithms and consider response.
Wednesday 13 November 2013	10:30	Energy Networks Association (ENA), Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	DESC	- Evaluation of Algorithm Performance: Strand 1 - SF & WCF  - Re-Evaluation of Model Smoothing methodology.

### Action Log: Demand Estimation Sub-committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE1101	07/11/12	7.2	Members to consider the Phase 2 requirements and provide their views to Xoserve.	All	Pending
DE1102	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
DE1103	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
DE1104	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**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>DTW1201</b>	05/12/12	3.2	<i>Project Nexus New Allocation Algorithm</i> - Produce a draft recommendation to the DESC that could be circulated for comment/approval by email.	Xoserve (FC)	As soon as possible.
<b>DTW1202</b>	05/12/12	3.2	<i>Project Nexus New Allocation Algorithm</i> - Results of Option A, C and E to be presented in agreed format for remaining gas years for WM LDZ in order to compare results on 28 January 2013.	E.ON (SB), British Gas (CI), Xoserve (FC)	To be presented on 04/03/13.
<b>DTW0101</b>	28/01/13	2.2	To add a new discussion item on to the forthcoming 11 February 2013 DESC meeting agenda.	Joint Office (BF)	As soon as possible.