

Demand Estimation Sub-committee Minutes

Wednesday 10 November 2010

Energy Networks Association, Dean Bradley House

52 Horseferry Road, London SW1P 2AF

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Tim Davis (Secretary)	(TD)	Joint Office
Bairavi Varatharajan	(BV)	Corona Energy
Chris Warner	(CW)	National Grid Distribution
Colin Thomson	(CT)	Scotia Gas Networks
Dave Parker	(DP)	EDF Energy
Gareth Lloyd	(GL)	National Grid NTS
Jonathan Aitken (Member)	(JA)	RWE npower
Joseph Lloyd	(JL)	xoserve
Julie Cleret	(JC)	EDF Energy
Linda Whitcroft (Transporter Agent)	(LW)	xoserve
Louise Gates (Member)	(LG)	EDF Energy
Louise Hellyer (Member)	(LH)	Total Gas & Power
Mo Rezvani (Member)	(MR)	SSE
Paul Tuxworth	(PT)	National Grid NTS
Richard Pomroy	(RP)	Wales & West Utilities
Sally Lewis (Member)	(SL)	RWE Npower
Sallyann Blackett (Member)	(SB)	E.ON

Meeting papers are available at www.gasgovernance.co.uk/desc/101110.

1. Introduction

BF welcomed all attendees.

2. Review of Minutes and Actions from the Previous Meetings

3.1 Minutes

The minutes from the previous DESC meeting were accepted.

3.2 Actions

Action DE1075: All to consider what type of performance analysis should be done and what changes should be made to achieve a fairer comparison and submit suggestions to xoserve.

Update: SB confirmed that E.ON had recently submitted views. **Action closed.**

Action DE0201: Consider producing a table presenting the 3 year AQ by LDZ by EUC.

Update: xoserve indicated this had been given a low priority and would be progressed when practical. **Action carried forward.**

Action DE0606A: AMR Installation Programme - Transporters to contact DESC members individually with what is required and an update of their particular company in responding to this issue.

Update: CW confirmed that an improved response had now been achieved. However, some deficiencies remained and further DESC help to increase the sample was likely to be sought. **Action closed.**

Action DE0901: xoserve to consider the Shippers request for additional analysis of days leading up to Christmas and New Year.

Update: See agenda item 3. **Action closed**

Action DE0902: xoserve to establish if it is possible to have a different holiday factor for Scotland LDZ.

Update: See agenda item 3. **Action closed**

Action DE0903: xoserve to establish the possibility of having a fourth holiday code (or more) and undertake some analysis on the use of a fourth day.

Update: See agenda item 3. **Action closed**

Action DE0904: xoserve to examine the possibility of a demand increase as well as a decrease (large negative or positive residuals).

Update: See agenda item 3 **Action closed**

Action DE0905: MR to provide a presentation to the Distribution Workstream

Update: MR confirmed this had been completed. **Action closed**

3. Evaluation of Christmas Holiday period

JL presented xoserve's evaluation of options for the Christmas holiday period, which focussed on whether the model fit would be improved by classifying some additional days as holidays.

In developing a points scoring system, MR questioned why a 1% tolerance had been chosen rather than a more normal 5% significance level. GL suggested that to, justify any change, a high significance should be applied. SB supported MR that the hurdle was high.

DP and SB questioned when the test was against what was expected, how was what is expected determined. GL indicated that you would expect 5% of EUCs to have large residuals, and the same for small residuals.

DP emphasised that the use of T statistics had been suggested previously, and asked why, given the reworking of the models, the test adopted had not been the given the significance of the T statistics, and felt something had been lost by not doing this. GL said that the regressions exclude the holiday factors that are fitted subsequently such that t statistics do not exist.

JL explained that they had coded potential holiday days “Red” or “Green” to help to graphically display the periods where an improved fit might be expected. SB asked if data could be available on how close to being acceptable the Red days were, bearing in mind the adoption of a stringent 1% significance test.

JL then moved on to considering combinations of days to consider, which xoserve had based on an Analysis of Variance (F test) approach.

SB questioned the periods chosen and JL suggested the issue was down keeping number of combinations manageable. DP suggested that a disadvantage of the F test approach was that, in principle, every combination should be assessed – while the analysis was welcome and helpful, using t statistics would have simplified this.

JL then explained how the analysis had been applied across LDZs and EUC bands. MR questioned why the percentage error was being assessed across the whole year when only the Winter was being considered for improvement. PT said that this changes the slope of the regression line and so it was appropriate to look at fit across the whole year.

MR suggested he had a problem with the whole methodology in that the fit was done initially without the holidays that were then added in. By contrast, he felt the intention was to increase the precision within a specific period and allowing any refinement to impact the whole year could distort any benefits. JA questioned the scale of impact across the whole year that he would not have expected to change significantly. PT agreed that little change would be expected, but emphasised that the impact was nonetheless relevant.

SB was concerned that, while the fit may be improved, something may be missed. For example, she felt that not including Monday 20 December this year would not be sensible. JL accepted this but continued to believe that this was an issue of limiting the number of combinations. DP raised a concern about Christmas Day being different to other Holiday days, and again JL suggested that it had been necessary to limit the combinations and range of analysis.

xoserve put forward recommended combinations of additional holiday days to be incorporated within the models and invited DESC Members to decide the way forward. SB was concerned that adopting the one which appeared to have performed best in the past (Period 4) would almost certainly not be appropriate for 2010/11 given where Christmas Day falls. She also felt it a shame that Christmas Day was not classified separately, but DP said making this change would be consistent with the analysis given where Christmas Day had fallen during the period analysed.

Members then agreed that, subject to no serious objections being raised by 19 November, Period 5, Version 1 (as set out in the xoserve presentation), should be adopted. It was also agreed that 25 December be classified separately regardless of the weekday on which it falls, and any associated Bank Holiday be grouped with the other Bank Holiday days. SB added that she would like to understand whether the starting 1% significance test had impacted the options considered and consequently the results. MR added that analysis should be agreed for how the issue would be modelled and taken forward for future years, and supported DP’s view that looking at T statistics

was the right starting point. SB also felt this should be extended to cover other holiday periods, and that the proposed Expert Group would help in identifying the way forward. LW added that if a significant change of approach is to occur, xoserve would need early notice and clarity around funding of any change would be needed.

GL explained the complexities of the modelling approach and outlined why the current approach did not lend itself to producing T statistics. DP suggested this may point towards looking at a sample rather than the whole model and then any improvements identified could be applied to the whole model for validation.

JL then raised the treatment of other holidays for each 01B EUC, which xoserve did not recommend changing. It was agreed that this required further thought and should be revisited at a future DESC meeting.

4. Evaluation of demand model performance for gas year 2009/10: SF & WCF

JL presented an analysis of the performance of the scaling factor (SF) and weather correction factor (WCF), highlighting the pattern observed in a sample of LDZs. In addition, he presented analysis of the variations after adjustment to the new weather basis.

5. NDM Sample update

LW presented an update on the datarecorder replacement programme, which will lead to AMR equipment being installed.

CW expressed a concern about the fall in sample numbers as some refused permission for the new device to be installed. DP suggested gaining access to information from the smart meters that are now starting to be rolled out. It was recognised that this was supported by the UNC, but CW indicated that the transporters are focussed on maintaining the existing sample. MR agreed that there were significant issues to ensure that the sample remained random and so was expected to be representative. This could be addressed by obligations on Shippers to provide data from specific supply points, thereby avoiding self-selection bias.

LW added that the sample was also being expanded by approaching additional customers and installing AMR equipment when permission to do so was received – although the conversion rate from requests to installation is low.

6. Any Other Business

MR emphasised that he would welcome any feedback on Modification 0330, which was due to be discussed by the Distribution Workstream on 12 November 2010.

6. Date of Next Meeting/Diary Planning

The next planned meeting date is 1 February 2011, in Solihull. It was agreed that the meeting should start at 10:30.

Action Log: UNC Demand Estimation Sub Committee

Action Ref*	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE1075	10/11/09	5.	All to consider what type of performance analysis should be done and what changes should be made to achieve a fairer comparison and submit suggestions to xoserve.	All	Closed
DE0201	05/02/10	3.1	Consider producing a table presenting the 3 year AQ by LDZ by EUC.	xoserve (LW/MP)	Carried forward
DE0606A	23/07/10	3.0	AMR Installation Programme - Transporters to contact DESC members individually with what is required and an update of their particular company is responding to this issue.	Transporters	Closed
DE0901	14/09/10	4.0	Consider the Shippers request for additional analysis of days leading up to Christmas and New Year.	xoserve (LW/MP)	Closed
DE0902	14/09/10	4.0	Establish if it is possible to have a different holiday factor for Scotland LDZ.	xoserve (LW/MP)	Closed
DE0903	14/09/10	4.0	Establish the possibility of having a fourth holiday code (or more) and undertake some analysis on the use of a fourth day.	xoserve (LW/MP)	Closed
DE0904	14/09/10	4.0	Examine the possibility of a demand increase as well as a decrease (large negative or positive residuals).	xoserve (LW/MP)	Closed
DE0904	14/09/10	5.1	Provide a presentation to the Distribution Workstream.	SSE (MR)	Closed