



# Analysis of Options for Modelling EUC Band 7 & 8

DESC 8<sup>th</sup> November 2007

# Modelling EUC Bands 7 & 8: Background

- Band 8 (29,300 – 58,600 MWh pa) - WAR Band Analysis
  - 2007 Spring Analysis: sample numbers sufficient for analysis consistent with previous years, but low - less than 40 is considered too low

■ Consumption Band 8: 29,300 to 58,600 MWh pa : National Aggregations Applied

	0.00 – 0.33	0.33 – 0.37	0.37 – 0.45	0.45 – 1.00
ALL LDZ Aggregation	40	70	52	42

- Possibility sample sizes will be too small in Spring 2008 to undertake WAR band analysis for Band 8 (even on a national basis)
- In addition may be insufficient supply points in Band 8 to include in sample
  - Approximately 65% of market is sampled
- More significantly...

# Modelling EUC Bands 7 & 8: Preliminary Autumn Analysis

- Following most recent 6 monthly validation (Apr07 to Sep07)
- Early results indicate:
  - Band 8: WAR band sample counts will be low (and could be lower in Spring 08), specifically:
    - WAR 1: 43
    - WAR 4: 38
  - Band 7: Sample counts in SC have fallen (30) \*
    - Previously undertaken analysis on 5 LDZ grouping
    - Suggests 2008 analysis will require 4 LDZ grouping
- Agreement of preferred option is required before January 2008 (approach Spring 08 modelling)...

# Modelling EUC Bands 7 & 8: Options

*(IF validated sample counts are low: <Spring 07 counts)*

- Option 1 *Recommended*
  - Combine bands 7 and 8 for modelling purposes - Derive WAR and consumption bands based on aggregated data - LDZ aggregation is an agreed, fit for purpose tool currently used
- Option 2
  - Do not undertake WAR Band analysis for Band 8 just derive consumption band
  - Small count of Supply Points impacted (41% assigned to WAR bands (110 SP) 59% assigned to Consumption Band (B)) Eliminates need to aggregate and low sample numbers issue
- Option 3
  - Model based on sample counts available regardless of reduction – poor, less robust models
- Option 4
  - Change validation methodology – current viewed as fit for purpose (40 Missing Days, 20 Consecutive Zeros, 8:1 max to average consumption ratio). Risk modelling poor data streams.
- Option 5 *Recommended*
  - Attempt to boost sample counts in bands 7 & 8 – will not impact Spring 08 analysis and increasingly difficult to find and agree new sites
- Any other options raised by Shippers / DESC?