

Revision of the Seasonal Normal Values used in Composite Weather Variables

Background

UNC Section H places a requirement on Transporters to develop demand estimation models. These models are used to estimate NDM demand for a number of purposes including determining Supply Point Capacity, establishing nominations, daily offtakes and determining Annual Quantities.

Each NDM supply point is defined by its End User Category for the purposes of demand estimation modeling.

Demand Models

A Demand Model is a Transporter defined mathematical model, which estimates daily demand at an NDM Supply Point by referencing a number of variables such as weather impacts and day of the week.

Demand Models include:

- a single variable (the "**Composite Weather Variable**") derived from a formula established by the Transporters and estimated to represent for the combined effect on demand of the components of weather (including actual temperature, seasonal normal temperature and windchill) which affect demand; and
- a single coefficient ("**Weather Variable Coefficient**") in respect of the element of demand, which varies with weather as represented by the Composite Weather Variable.

Governance

Section H1.4.2 requires from the year 2000 and every 5th year following, Transporters to consult with the UNC Committee (UNCC) or the Demand Estimation Sub Committee (DESC) on the Composite Weather Variable (CWV).

Transporters are required to review the CWV and where appropriate revise (with effect from the start of a Gas Year) the formula by which the CWV for an LDZ is determined on the basis of new weather experience. Transporters may review the CWV at shorter intervals based on new weather experience.

The last review was carried out in autumn 2004 and implemented on 1st October 2005. Although there have been a number of occasions when specific CWV s have been amended in subsequent years due to outside influences such as Met Office weather station changes.

Section H 1.5 defines seasonal normal demand and the use of a seasonal normal value within the CWV for an LDZ. Where the seasonal normal value is revised, Section H 1.5.3 requires Transporters to provide Users with the revised values no later than 30th June in the preceding Gas Year.

Section H 1.5.4 places a requirement on Transporters to review the seasonal normal value every 5 years commencing in October 2010. Revised seasonal normal values should be made available for consultation prior to their publication, which should be no later than 30th June in the gas year preceding their implementation. This section requires Transporters to consult with the UNCC or DESC prior to revising the seasonal normal value.

For example, following consultation with DESC, the seasonal normal values likely to be published in December 2009 for implementation in October 2010.

There are no further requirements in the UNC for the governance of seasonal normal values and there are no requirements to submit them to the Authority for their review or approval. Revised seasonal normal values and CWV are then applied to Demand Models for the next 5 years or until reviewed due to new weather experience or weather station changes.

Annual Review of Demand Models and End User Categories

Sections H 1.8 and H 1.9 provide the process used to consult with Users and provide information to the Authority for the review of Demand Models and End User Categories.

Seasonal normal values are used in the calculation of CWV for Demand Models in each LDZ. However, they are not specifically consulted upon during the Demand Model and End User Category review.

Revised Demand Models and End User Categories, including the revised CWV, must be published by 30th June in the Gas Year preceding their implementation. Users have until the 15th July to may make representations to the Transporters concerning the revisions.

Between 16th July and 14th August, Transporters will review the User representations and consult Users as appropriate, including hosting meetings and providing updates on the representations received concerning the Demand models and End User Categories.

No later than 15th August, Transporters provide the Authority with their final proposals for Demand Models and End User categories. Within 5 business days of the Authority receiving the proposals, Transporters or Users may make further representations to the Authority.

Within a further 5 business days the Authority may refuse approval of any or all of the revised Demand Models or End User Categories. In such circumstances the relevant Demand Model or End User Category for the previous year is used.