

**NDM Proposals 2012/13 – Representation Response**

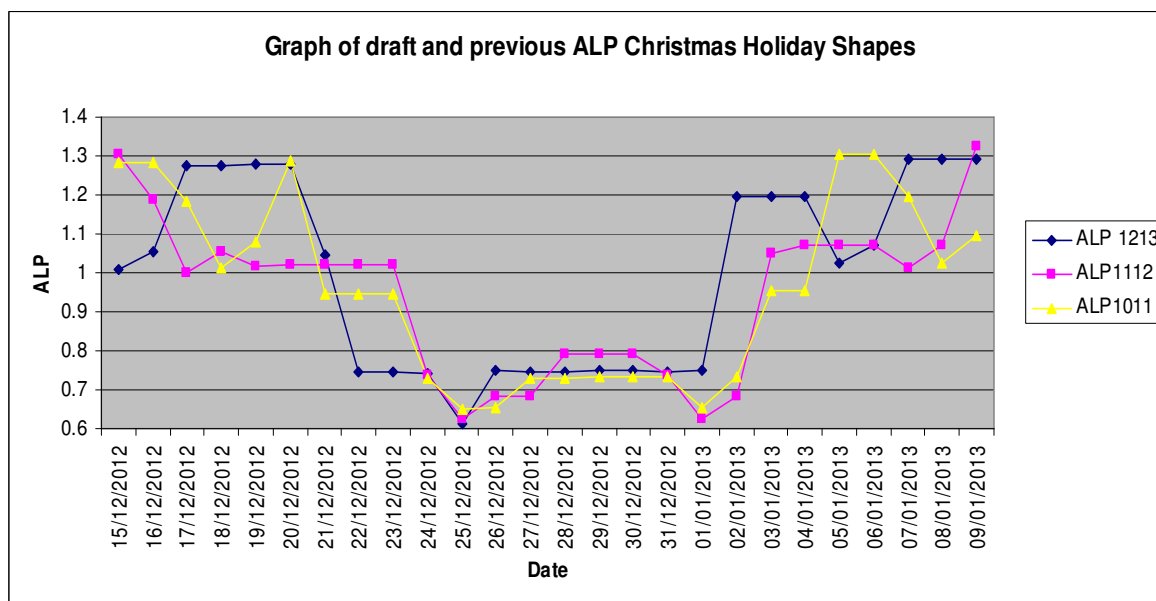
**Introduction**

- According to UNC Section H, Users may submit to DESC representations in respect of the proposed End User Categories and demand models
- DESC published these proposed definitions and models on 13 July 2012 and requested representations no later than 27 July 2012
- DESC must review the representations made by Users and will consult, so far as they deem appropriate, with any User in respect of representations made by them or any other User, and may convene meetings for this purpose
- Not later than 15<sup>th</sup> August in the preceding gas year, the Transporters need to submit their final proposals for End User Categories (EUC) definitions and demand models (and corresponding values of the derived factors) with such changes as DESC may determine appropriate on the basis of Users' representations and the consultation.
- The scope of this consultation covers the proposed EUC definitions and demand models and their derived factors for the defined EUCs i.e.
  - Annual Load Profiles (ALPs)
  - Daily Adjustment Factors (DAFs)
  - EUC load factors
- In response to DESC's initial proposals for 2012/13, one representation has been received: from npower.
- This note reviews this representation and responds to the specific issues raised.

**npower's Representation:**

**ALP Christmas Holiday Shape**

On performing analysis of draft ALP profiles it has become apparent that the shape of the ALP over the Christmas Holiday (22<sup>nd</sup> December – 3<sup>rd</sup> January) follows a different pattern to previous years for a number of "non-residential" EUCs. As the Christmas Holiday pattern is date specific then the assumption is that this pattern change is not as a result of day of the week impact, what day Christmas Day actually falls. The below graph illustrates this variation by comparing the draft profiles for 2012-2013 with previous years for EUC WS:E1209B. Is there a reason for why the Christmas Holiday shape has been altered for this year?



The shape appears distorted for the following reasons:

1. In previous years there is a drop in the magnitude of the ALP on Christmas Day and New Years Day, the draft ALPs do not contain a drop for New Years Day

2. In previous years there was not a notable drop in the magnitude of ALP for the 22<sup>nd</sup> and 23<sup>rd</sup> of December. However, the draft ALPs show a considerable drop in magnitude for these days
3. The increase in ALP from the 1<sup>st</sup> January to 2<sup>nd</sup> January appears far greater as the increase witnessed in previous years ALPs

## Xoserve's Response

### **Background to Holiday Reductions**

For 2011/12 Gas Year through the Representation process, DESC agreed a number of changes to Holiday Codes for the Christmas/New Year period. Holiday Codes were further reviewed at the November 2011 meeting of DESC for application in Gas Year 2012/13. Therefore a different set of principles will be in operation for each of the three Gas Years: 2010/11, 2011/12 and 2012/13.

Holiday Codes are indicators as to which Holiday Factor should be applied for which day, and are set nationally for each day of the Gas Year. Holiday Factors are derived from the NDM sample data, by assessing the level of demand reduction against the fitted model demand for a day. Holiday Factors are a decimal value, being the proportion of fitted model demand that would be expected on the holiday, e.g. 0.535, or 53.5% of normal model demand. Holiday Factors are derived for each End User Category.

**Comment 1:** In previous years there is a drop in the magnitude of the ALP on Christmas Day and New Years Day, the draft ALPs do not contain a drop for New Years Day.

The changes introduced to Holiday Codes by DESC for 2011/12 included setting Christmas Day to Code 1 in all years, and Code 1 to apply to Christmas Day only. Therefore New Years Day would be no more than Code 2 in any year. The applicable Holiday Codes for the three years in npower's graph are set out below.

**Table 1**

w = weekend  
b = bank holiday

Date	2012/13 Holiday Code	2011/12 Holiday Code	2010/11 Holiday Code
20/12/2012	0	4	0
21/12/2012	4	4	3
22/12/2012	2 w	4	3
23/12/2012	2 w	4	3
24/12/2012	3	3 w	2
25/12/2012	1 b	1 w	1 w
26/12/2012	2 b	2 b	1 w
27/12/2012	3	2 b	2 b
28/12/2012	3	3	2 b
29/12/2012	2 w	3	2
30/12/2012	2 w	3	2
31/12/2012	3	3 w	2
01/01/2013	2 b	3 w	1 w
02/01/2013	5	2 b	2 w
03/01/2013	5	2	3 b
04/01/2013	5	5	3
05/01/2013	0 w	5	0
06/01/2013	0 w	5	0
07/01/2013	0	0 w	0

It can be seen from the above that New Year’s Day has a “deeper” Holiday Code for 2012/13 than the preceding and subsequent days, however the Holiday Factor for the selected EUC actually showed slightly less reduction for Code 3 than Code 2. The relative values of the Holiday Codes are shown below. This gives the appearance of a flat profile from 26 December to 1 January inclusive.

**Table 2**

EUC WS:E1209B Holiday Code	2012/13 Holiday Factor	2011/12 Holiday Code
1	0.478	0.487
2	0.583	0.613
3	0.580	0.547

The same behaviour was shown in 2011/12, but was much more marked. Because Holiday Factors are derived from actual sample behaviour, such unusual effects can be demonstrated. Xserve has correctly applied the Holiday Codes approved by DESC.

*Comment 2: In previous years there was not a notable drop in the magnitude of ALP for the 22nd and 23rd of December. However, the draft ALPs show a considerable drop in magnitude for these days*

December 22nd and 23rd fall on a weekend for the coming Gas Year, and under the new DESC rules have attracted Holiday Code 2 which is used (amongst others) for any weekend days except for Christmas Day over the holiday period. For Gas Year 2011/12 these days only attracted Holiday Code 4.

*Comment 3: The increase in ALP from the 1<sup>st</sup> January to 2<sup>nd</sup> January appears far greater as the increase witnessed in previous years ALPs*

As shown in Table 1 above the Holiday Code for New Years Day was 2 for 2012/13 compared with 3 for 2011/12. The Holiday Code for January 2<sup>nd</sup> is 5 for 2012/13 compared with 2 for 2011/12. This gave the rather anomalous outcome in 2011/12 that January 2<sup>nd</sup> was a “deeper” holiday than New Year’s Day. However this was counteracted by the unusual trend in this EUC where Code 3 had a greater discount than Code 2. Thus on npower’s graph there is a lower ALP on New Years Day than on the 2 days either side.

For 2012/13, the weekdays following New Years Day are all assigned Code 5, so there is a jump from Code 2 to Code 5 . DESC determined the use of Code 5 for the remaining working days following New Year at its meeting in November 2011.