

UNC Demand Estimation Sub-Committee (DESC) Minutes

Thursday 05 October 2022

via Microsoft Teams

Attendees

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office
Vera Li (Secretary)	(VLi)	Joint Office

Shipper Members (Voting)

Anupa Purewal	(AP)	E.ON
Cosmin Popovici	(CP)	Total Energies
Dan Stenson	(DS)	Centrica
Katherine Uzzell	(KU)	SSE

Transporter Members (Voting)

David Mitchell	(DM)	Scotia Gas Networks
Paul O'Toole for Emma Buckton	(EB)	Northern Gas Networks
Murugan Babumohanan	(SG)	National Grid
Sanjeev Loi	(SL)	Cadent

Observers (Non-Voting)

Jonathan Freeman	(JF)	Representative of Xoserve
Josh Mallett	(JM)	Bulb
Mark Perry	(MP)	Representative of Xoserve
Matthew Jenks	(MJ)	Bulb
Michael Maguire	(MM)	Representative of Xoserve
Penny Griffiths	(PG)	Representative of Xoserve
Sarah Palmer	(SP)	E.ON
Simon Bissett	(SB)	Representative of Xoserve

DESC meetings will be quorate where there are at least four Voting Members or their alternates, of which at least two shall be Users and two Transporters are in attendance.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/desc/051022>

1. Introduction and Status Review

Yvonne Reid-Healy (YRH) welcomed everyone to the meeting, noting the membership changes for Total Energies and WWU.

Cosmin Popovici – Total Energies

Smitha Coughlan – Left WWU

Yvonne reminded member to advise of standing Alternates

New Action 1001: All Shippers and Transporters to confirm Member and/or Alternate to Joint Office

1.1. Apologies for Absence

Emma Buckton, Transporter Member

Louise Hellyer, Shipper Member

1.2. Note of Alternates

Paul O'Toole, on behalf of Emma Buckton (Northern Gas Networks)

1.3. Quoracy Status

The meeting was noted as being quorate.

1.4. Approval of Minutes (19 July 2022)

The minutes of the previous meeting were approved.

1.5. Approval of Late Papers

There were no late papers to consider.

1.6. Review of Outstanding Actions

DESC0701: *Reference the Annual Process for establishing whether a Technical Workgroup is required* – Correlá (MP) and Joint Office (RH) to consider how best to approach managing requirements going forward (inc. integration within a 12-month workplan).

Update: Joint Office confirmed ToR updated to capture that DESC Technical Workgroups will be established as when necessary. Mark Perry (MP) provided a brief presentation confirming the DESC Members and current Alternates and any missing Alternate to be advised to Joint Office to update. A proposed Workplan was included. MP asked Committee members to consider if they have any experts they would like involved in the Climate Change Methodology Technical Workgroup. **Closed.**

DESC0702: Joint Office (RH) to ensure the DESC and DESC TWG Terms of Reference are published.

Update: Mark Perry confirmed that the ToR effective from 29 June 2022 had been published at <https://www.gasgovernance.co.uk/desc> for both meetings. YRH queried if any amended ToR should be reviewed and approved by the Committee. MP confirmed that this has been covered in July Meeting. **Closed**

0703: DESC Members to advise Xoserve of any objection on publishing the NDM Algorithms Booklet (without sensitive content), via email by 31 August 2022, to allow publication for the new Gas Year.

Update: No comments received, so assumption that DESC would be happy for public version of the NDM Algorithms booklet to be published. **Closed**

0704: CDSP (MP) to consider providing DESC Members with a list of data sets which would assist reviewing EUC definitions.

Update: See item 4.0. **Carried Forward**

2. 2022/23 NDM Algorithms Update

Penny Griffiths (PG) provided an overview of the NDM Algorithms Update Detail could be found here <https://www.gasgovernance.co.uk/DESC/051022>.

The presentation provided confirmation of activities since July meeting, when DESC provided approval of the final Gas Demand Profiles for Gas Year 2022/23 and enabled a discussion on the impact of the cost of living crisis on NDM accuracy.

PG provided a brief on the background of possible changes to the Demand Estimation profiles which DESC could make to support the industry in relation to the ongoing over allocation of the NDM Algorithm. PG explained that because of the rise in the wholesale gas price and warm weather, there has been significant negative Unidentified Gas (UiG) during Gas Year 2021/22. It is likely the forecast of the NDM consumption for 2022/23 will continue to be over-allocated as end users are not using as much gas through enforced conservation. As the ALPs and DAFs will not be able to correct and AQs will not be able to reflect the base level demand, DESC could consider intervening, as they did in 2018/19 Gas year (for opposite reasons).

The proposal discussed is to amend the ALPs and DAFs by applying reduction factors, which would have the effect of counteracting the AQs being too high

PG asked DESC to provide input/views on the proposal as changes to the ALPs and DAFs need DESC approval.

The Committee discussed the ongoing issue and the proposal in length regarding the D-5 and D-1 forecast; the prices vs demand impact; the reasoning of adjusting domestic customers; the advantages and if this fixes the root cause.

YRH asked The Committee to vote for the approval of the Changes as laid out in the 2022/23 NDM Algorithms. The Committee votes are as follows:

Voting Outcome:	
Shipper Representatives	For/Against
Anupa Purewal	Against
Cosmin Popovici	Against
Dan Stenson	Against
Katherine Uzzell	Against
Transporter Representatives	For/Against
David Mitchell	For
Paul O'Toole	Against
Murugan Babumohanam	For
Sanjeev Loi	For

Voting result 5 Against and 3 For

The Committee all agreed the over-allocation is an issue and needed to be investigated. However, the proposed solution would not fix the root cause i.e. AQs not being as reflective of the current base level demand. It was agreed this topic will be reviewed in December Meeting and on regular basis.

New Action 1002: CDSP (MP / PG) to provide further information on 2022/23 NDM Algorithms Update for review In December Meeting

3. Seasonal Normal Review 2025

Michael Maguire (MM) provided an overview of the review cycle of the Composite Weather Variable (CWV) and Seasonal Normal equivalent referred to as the SNCWV.

The Committee were asked to consider what may be needed, particularly with regards to the using of a “Climate Change Methodology (CCM),” for the next Seasonal Normal Review due to take effect in 2025.

MM presented the Weather Analysis and explained the change of Methodology is required due to the continuing trend of warmer Gas years being experienced, particularly since 2013/14. MM asked DESC to provide views and comments on the proposal; and if this proposed change is approved, Xoserve will draft the Change Proposal for Change Management Committee (ChMC) approval, and consultation from Technical Group to feed into the process. Xoserve plan to start the procurement process in Q1/2 2023 by inviting potential vendors.

The Committee agreed that the review should consider the costs, timelines, and approach.

YRH asked The Committee to vote for the approval to procure a Climate Change Methodology to support the calculations for the next Seasonal Normal Review due in 2025.

The Committee unanimously approved the CCM to support the 2025 Seasonal Normal Review as follow:

Voting Outcome:	
Shipper Representatives	For/Against
Anupa Purewal	For
Cosmin Popovici	For
Dan Stenson	For
Katherine Uzzell	For
Transporter Representatives	For/Against
David Mitchell	For
Paul O'Toole	For
Murugan Babumohanan	For
Sanjeev Loi	For

8 for

Draft proposal will be presented in Change Management Committee on 9 November.

MM advised that during Q4 of 20-22, DESC would be consulted for requirements gathering phase, including the confirmation of Technical Workgroup experts.

4. DESC Workplan Update

For detail of the DESC Workplan / Ad Hoc Workplan, please refer to [presentation published](#)

4.1. Review of Existing Cleansing and Validation Processes

Simon Bissett (SB) provided an overview on the current rules on managing submissions and validation of Data and proposed a review on the current rules prior to the Introduction of Modification 0654(S) – Mandating the provision of NDM Sample data. With the Modification 0754 Workgroup update, Demand Estimation Team will continue the investigation and analysis proposed in Modification 0754. Xoserve will also look at the following areas and share ideas in the next few DESC meetings:

- Consecutive Zero Consumption
- Volume Spikes
- Incorrect Market Sector Codes
- Missing Days

New Action 1003: CDSP (SB) to share ideas on the Review of Existing Cleansing and Validation processes in December meeting

4.2. End User Category (EUC) Review (Action 0704)

CDSP (MP) was asked to provide DESC members with a list of data sets which would assist reviewing EUC definitions.

Penny Griffiths (PG) provided an overview of the existing EUC definitions (Band 1 – Band 9) and proposal to investigate in a better approach to manage various Band particularly the Large EUCs.

The key issue is that there are insufficient sample meters for forecasting purpose across the Bands. Proposals are to combine the Bands and if still insufficient data, combine the neighbour LDZs.

YRH queried asked if there are risks or impacts if insufficient data received. PG confirmed that it would affect the accuracy of the forecast.

PG summarised the following changes that will be tested and the result presented to DESC in the December Meeting. However, for Xoserve to forecast accurately, a quality sample of data is required and invited the Committee Members and parties to share data and contribute to the improvement.

1. Band 1 Domestic Cooking Only loads

2. Band 3&4 WAR Band Calculations
3. Band 5-8 WAR Band Calculations
4. Band 9 Models derived from Band 8

Action 0704: CDSP (MP) to consider providing DESC Members with a list of data sets which would assist reviewing EUC definitions. PG to provide Test Results in December Meeting

4.3. Review of DESC Meeting Material

PG presented a review of Xoserve proposal on existing meeting material shared with DESC and TWG to ensure the materials provided are informative and engaging to DESC members and wider audience.

Suggestion to publish pre-meeting materials so to enable more inputs, attendees better informed and able to investigate further and raise questions during meeting.

PG will put together suggestions and changes and new presentation packs to be used in December meeting.

5. NDM Demand Modelling Review Update

MP explained that this is a standard item for the last 18 months, refer to the UNC Workgroup 0754 provided an update on the UNC Workgroup 0754 – Investigate Advanced Analytic Options to improve NDM Demand Modelling <https://www.gasgovernance.co.uk/0754>, meeting last week went through the draft Workgroup report and would be taken to UNCC. Will continue the investigation and analysis proposed in MOD0754.

6. Any Other Business

None to consider.

7. Communication of Key Messages

The DESC Summary of Key Messages document will be provided as a post meeting update and will be published at: <https://www.gasgovernance.co.uk/desc/summarykeymessages>

8. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Tuesday 13 December 2022	5pm Monday 05 December 2022	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 01 March 2023	5pm Tuesday 21 February 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 26 April 2023	5pm Tuesday 18 April 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 24 May 2023	5pm Tuesday 16 May 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 05 July 2023	5pm Tuesday 27 June 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday	5pm Tuesday	Microsoft Teams	DESC agenda items TBC

19 July 2023	11 July 2023		
10:00 Wednesday 04 October 2023	5pm Tuesday 26 September 2023	Microsoft Teams	DESC agenda items TBC
10:00 Wednesday 13 December 2023	5pm Tuesday 05 December 2023	Microsoft Teams	DESC agenda items TBC

DESC Action Table (as of 05 October 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
0704	18/07/22	4.0	CDSP (MP) to consider providing DESC Members with a list of data sets which would assist reviewing EUC definitions. PG to provide test results of proposed changes.	Representative of Xoserve (MP/PG)	05/10/22 13/12/22	Carried Forward
1001	05/10/22	1.0	All Shippers and Transporters to confirm Member and/or Alternate to Joint Office	All members	13/12/22	Pending
1002	05/10/22	2.0	CDSP (PG/MP) to provide further information on 2022/23 NDM Algorithms Update for review In December Meeting	Representative of Xoserve (PG/MP)	13/12/22	Pending
1003	05/10/22	4.1	CDSP (SB) to share ideas on the Review of Existing Cleansing and Validation processes in December meeting	Representative of Xoserve (SB)	13/12/22	Pending