Joint Office of Gas Transporters

UNC Demand Estimation Sub-Committee (DESC) Minutes
Wednesday 24 May 2023
Radcliffe House, Blenheim Court, Warwick Road Solihull B91 2AA and via Microsoft Teams

Attendees

Helen Cuin (Chair)	(HCu)	Joint Office
Vera Li (Secretary)	(VL)	Joint Office

Shipper Members (Voting)

Sarah Palmer	(SP)	E.On Alternate
Cosmin Popovici	(CP)	TotalEnergies Gas & Power Ltd
Katherine Uzzell	(KU)	SSE
Mark Linke	(ML)	Centrica

Transporter Members (Voting)

David Mitchell	(DM)	Scotia Gas Networks
Paul O'Toole	(POT)	Northern Gas Networks Alternate
Murugan Babumohanan	(MB)	National Gas Transmission
Neil Stovold	(NS)	Wales & West Utilities
Sanjeev Loi	(SL)	Cadent Gas

Observers (Non-Voting)

Catarina Casteleiro	(CC)	Shell Energy
Charles Sabbagh	(SB)	ENGIE
Jonathan Freeman	(JFr)	Representative of Xoserve
Joseph Lloyd	(JL)	Representative of Xoserve
Mark Perry	(MP)	Representative of Xoserve
Michael Maguire	(MM)	Representative of Xoserve
Penny Griffiths	(PG)	Representative of Xoserve
Robert Longwe	(RL)	National Gas Transmission
Simon Bissett	(SBi)	Representative of Xoserve
Steven McKnight	(SMc)	ENGIE

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/240523

1. Introduction and Status Review

Helen Cuin (HCu) welcomed everyone to the meeting.

1.1. Apologies for Absence

Anupa Purewal – Shipper Member
Dan Stenson – Shipper Member
Emma Buckton – Transporter Member

1.2. Note of Alternates

Paul O'Toole for Emma Buckton
Sarah Palmer for Anupa Purewal

1.3. Quoracy Status

The meeting was deemed to be quorate.

1.4. Approval of Minutes (26 April 2023)

The Minutes of 26 April 2023 were approved.

1.5. Approval of Late Papers

There were two updated papers published on 19 and 22 May for Agenda Item 2.

1.6. Review of Outstanding Actions

Action 0102: Xoserve (MP) to confirm *"Seasonal Normal Review 2025 - Climate Change Methodology"* (added for clarity) Governance route, timelines, and dependencies for the procurement of a Service Provider.
Update: Mark Perry (MP) advised an update will be provided under Agenda Item 4.0. Further updates are to be provided in July. **Carried Forward.**

2.   Review of NDM Single Year Modelling Results (2022/23 data)

Penny Griffiths (PG) provided an overview of the NDM Single Year Modelling Results. For full details of the information presented please refer to the presentations published alongside the minutes for item 2.0

PG stated the Objective of today's meeting is for DESC members to review the outcomes for all Gas Demand Models and confirm which should be used in the Demand Models Smoothing.

<u>Slide Pack 1 of 3: Introduction</u>

PG provided a summary of the modelling approach, Timeline, and Measures applied, during which the key points were noted:

- During the analysis period, average AQs for Band 1 Domestic Non-Prepayment ("01BND") decreased every month and since March 2022, the average "01BND" EUC AQ has declined by c.17% and the real figure is likely to be more.
- The decreases are likely to be caused by an increase in wholesale gas prices and warmer weather.
- The key measures used to identify the most appropriate model are:
    - R squared (R^2) Multiple Correlation Coefficient
    - Indicative Load Factors (ILFs) and
    - ILFs are not the same as proper Peak Load Factors (PLFs)

<u>Slide Pack 2 of 3: Result – Small NDM</u>

PG provided an overview of the Small NDM Consumption Band and WAR Band Results.

Slides 15 - 21 (2 of 3)

PG provided an overview of the results for 02BND of the three options and comparison.

Option 3 is the recommended Option:

– As option one with additional aggregation of EA/NT, NW/NO, SW/WS/SO, EM/WM

- Compromise aggregation
- R^2 better or close to previous values
- Fewest significant ILF changes
- Some R^2 deterioration

Members considered the results and the recommendation provided.

DESC Members were asked to vote for the Option recommended which had better data results and less aggregation.

It was noted that all decisions shall be by a simple majority of Voting Members or their nominated alternate.

Voting was taken by exception. No Voting Members were against the recommended Option 3 and therefore the Recommendation was considered Approved with unanimous support.

Shipper Representatives	
Sarah Palmer	For
Cosmin Popovici	For
Katherine Uzzell	For
Mark Linke	For
Total	**4**
Transporter Representatives	
David Mitchell	For
Paul O'Toole	For
Murugan Babumohanan	For
Neil Stovold	For
Sanjeev Loi	For
Total	**5**

Slide 23 – Small NDM I&C Outliers

PG explained that a large number of negative outliers for 19 September due to a late notice Bank Holiday for the Queen's funeral, and the impacts on all I&C EUC models have been removed from the analysis.

PG presented results for other Bands and noted the Models are good and no alternatives were required. All models can be carried forward into the Model Smoothing phase.

Sarah Palmer (SP) enquired about decreasing AQs and whether DESC may need to consider the general reductions in consumption and if there is a fundamental shift which needs accounting for. This was noted for review of the AQ ranges for the EUC Bands in the Adhoc work plan to undertake some analysis and how these may affect the modelling.

Slide pack 3 of 3: Results – Large NDM

PG provided a brief definition of Large NDM and presented the results for the modelling runs for Band 5 to Band 8.

Slides 12 - 17 (3 of 3)

With the results presented, DESC members were asked to vote for the recommended Options for Band 06B.

Members considered the results and the recommendation options provided. Voting was taken by exception. No Voting Members were against the recommended option 2. The proposal was therefore considered approved with unanimous support.

Shipper Representatives	
Sarah Palmer	For
Cosmin Popovici	For
Katherine Uzzell	For
Mark Linke	For
Total	**4**
Transporter Representatives	
David Mitchell	For
Paul O'Toole	For
Murugan Babumohanan	For
Neil Stovold	For
Sanjeev Loi	For
Total	**5**

An observation was made by one member concerning the amount of aggregation. Consideration may be regarded to regroup the EUCs rather than by LDZs.

An observation was also made about the visibility of flexible power generation sites where meters do not behave as expected and the impacts of non-uniform UIG, and whether these sites need a different classification due to their unique profile. Moving the sites to Product Class 1 or 2 was considered and why the consumer may wish to avoid doing this. It was suggested a flag would be needed on the supply point register to build a model for these types of sites due to the associated charges. It was suggested some analysis could be undertaken if Shippers could assist in identifying sites to allow data to be extracted.

This year's modelling approach did not propose any changes to the EUC definition for the Gas year 2023/24.

Slides 18 – 23 (3 of 3)

With the results presented, DESC members were asked to vote for the recommended Options for Band 07B and 08B.

Members considered the results and the recommendation options provided. Voting was taken by exception. No Voting Members were against the recommended Option 2 for the WAR bands therefore the proposal was considered Approved with unanimous support.

Shipper Representatives	
Sarah Palmer	For
Cosmin Popovici	For
Katherine Uzzell	For
Mark Linke	For
Total	**4**
Transporter Representatives	
David Mitchell	For
Paul O'Toole	For
Murugan Babumohanan	For
Neil Stovold	For
Sanjeev Loi	For
Total	**5**

PG presented all results for Large NDM I&C WAR Bands and advised that model results are adequate with no alternatives required.

PG concluded the Modelling results for these Consumption Bands are fairly good with no significant deterioration in R^2. Except for WAR Band 06-08 W01, all others' results are good. Sample data for large NDM continues to be low. All Models can be carried forward into the model smoothing phase.

HCu asked DESC Members to vote for the Approval of the Modelling Result for the next phase to begin, namely "model Smoothing."

Voting was taken by exception. The Model Results were approved by unanimous support.

Next Steps:

PG provided a recap of the Gas Demand Profile Approval Timeline
- Model Smoothing and publication of draft Gas Demand Profiles 25 May to 09 June 2023
- DESC review of draft Gas Demand Profiles 12 to 23 June 2023
- Seek DESC approval of draft Gas Demand Profiles 05 July 2023
- Industry review of Gas Demand Profiles 05 to 19 July 2023

Mark Perry (MP) asked for feedback on the details provided and whether there was sufficient information or extra info required.

MP noted the request for EUC Band/AQ ranges and Flexible Power generation for the Adhoc Workplan for further discussion in July.

3. **NDM Algorithms Update – Gas Year 2022/23**

Mark Perry (MP) provided an overview of the "NDM Algorithms Update Gas Year 2022-23" and commented there are not many changes since the report in the April meeting.

MP advised the Committee Members that they could review the Data which can be accessed via: UK Link Docs

MP noted until there is some sort of flattening off in the average AQ, the negative UIG is likely to still happen.

Kathryn Uzzell (KU) enquired if there were any daily level reconciliation data to be able to split the allocation reconciliation. It was clarified the data available is only at the monthly variance level provided within the Reconciliation by Month report.

Conclusions - slide 9

MP concluded for the NDM Algorithms
  • the average UIG percentage for the current Gas Year has been declining each month probably due to the reduction of AQs in the NDM market, suggesting AQs are becoming more reflective of current demand levels.
  • Until average AQ levels flatten off, over-allocation of NDM demand is expected to continue during Gas Year 22/23 and possibly beyond.
  • It is expected that evidence of the end consumer behaviour change will be evident during the modelling results which DESC will continue to discuss for the remaining meetings of this Gas Year.

Murugan Babumohanan (MB) enquired about the negative UIG, it was noted that physically UIG cannot be negative and so there needs to be a correction when meter point reconciliation occurs. It was recognised there will be a lag with AQ corrections in the AQ Process and it will correct itself over time.

4. **Seasonal Normal Review 2025 – Climate Change Methodology**

Mark Perry (MP) provided a verbal update on the Climate Change Methodology Procurement exercise.

MP advised that DESC decided in early 2023 to pursue the new Climate Change Methodology and CDSP is the party to procure. Initial contact with the MET Office was to understand the potential costs, timescale, and other options.

MP explained two options were explored:

  • Review and refresh the current Methodology, of which the costs will be more cost-effective.
  • New Climate Change Methodology will incur the whole Procurement exercise.

MP noted they are still waiting for responses from MET Office and will provide more updates in July Meeting.

5. **Any Other Business**

MP noted in 2019, DESC opted to change the CWV formula as well as optimise the Composite Weather Variable (CWV) parameters and asked DESC members to provide views on the scope of the work to be done next year as part of the 5-yearly review. This will be considered formally at the next July meeting. MP asked DESC members if anyone has any thought or analysis evidence that relates to the CWV and gas demand that is not captured currently it would be welcomed.

Neil Stovold (NS) asked about the availability of the forecast CWV values. MP confirmed this is available via the National Gas Transmission Data item explorer.

MP confirmed the data is available at: https://mip-prd-web.azurewebsites.net/DataItemExplorer and Gemini.

6. **Communication of Key Messages**

It was agreed Xoserve will circulate a Key Message Communications from today's Meeting.

7. 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 Wednesday 05 July 2023	5 pm Tuesday 27 June 2023	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	See Agenda
10:00 Wednesday 19 July 2023	5 pm Tuesday 11 July 2023	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	See Agenda
10:00 Wednesday 04 October 2023	5 pm Tuesday 26 September 2023	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	See Agenda
10:00 Wednesday 13 December 2023	5 pm Tuesday 05 December 2023	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	See Agenda

DESC Action Table (as of 24 May 2023)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
0102	17/01/23	2.0	Xoserve (MP) to confirm *"Seasonal Normal Review 2025 - Climate Change Methodology"* (added for clarity) Governance route, timelines, and dependencies for the procurement of a Service Provider.	Representative of Xoserve (MP)	July 2023	**Carried Forward**