Consultation Response

CDSP Consultation on the NDM Algorithm

Responses invited by: 5pm on Friday 20th November 2020

To: xoserve.demand.estimation@xoserve.com

Representative:	Shiv Singh / Sanjeev Loi
Organisation:	Cadent
Type of Organisation	Network Operator
Date of Representation:	12th November 2020
I am happy for this response to be published on the Joint Office website	Yes

Guide to Scoring:

1 = Strongly oppose
2 = Somewhat oppose
3 = Neither oppose nor support
4 = Somewhat support
5 = Strongly support

1. Do you support the industry's efforts to improve the accuracy of the NDM gas allocation algorithm?

Yes

2. How strongly do you support the industry's efforts to improve the accuracy of the NDM gas allocation algorithm, on a scale of 1 to 5? Please provide a brief explanation of your reasons.

5

The UIG Taskforce identified that a major contributor to daily UIG was the Non-Daily Metered (NDM) estimation algorithm. They also identified potential reductions of base UIG of up to 70% through the use of Machine Learning. We therefore fully support measures that have the potential to provide such value.

3. Do you support the use of Machine Learning as the future approach to NDM demand modelling?

Yes

4. How strongly do you support the use of Machine Learning as the future approach to NDM demand modelling, on a scale of 1 to 5? Please provide a brief explanation of your reasons.

5

Please see response in Point 2 above.

5. Do you require access to a set of parameters ahead of the gas year to allow you to forecast/ simulate NDM gas allocation (as currently provided by Annual Load Profiles and Daily Adjustment Factors - ALPs and DAFs)?

No

6. How strongly do you support the need to retain a set of annual parameters (e.g. ALPs and DAFs) in the NDM gas allocation algorithm, on a scale of 1 to 5? Please provide a brief explanation of your reasons.

2

Cadent have no requirement to retain the parameters but appreciate that other Users may.

7. What proportion of the GB gas market do you believe will still be NDM in 2, 5 and 10 years? Please provide a brief explanation of your reasons.

Years from now	% of market which is NDM
2	85.65%
5	85.76%
10	80.48%

The above data is produced as a part of the annual Demand Forecasting process. The data represents the forecasts for ‘Annuals’ as opposed to ‘Daily/SOQ’.

8. What proportion of your portfolio do you believe will still be Non-Daily Metered in 2, 5 and 10 years? (this information will be aggregated with other market participants' responses prior to disclosure outside Xoserve). Please provide a brief explanation of your reasons.

Years from now	% of portfolio which is NDM
2	N/A
5	N/A
10	N/A

As a Gas Transporter, we do not have a portfolio so not relevant.

9. Can you attribute a financial benefit to a reduction in UIG levels, even if this is due to an increase in NDM Allocation? (a more accurate NDM Algorithm could result in higher NDM Allocations and lower UIG). If so please quantify (e.g. a reduction of x% in average UIG would result in a cost saving of £y per annum.

There is no impact upon Gas Transporters, but happy to take into consideration any cost savings demonstrated by the Shipper community i.e. if machine learning is more accurate, then we should end up with less UIG and the swing of allocation risk to Shippers should reduce proportionately.