Consultation Response

CDSP Consultation on the NDM Algorithm

Responses invited by: 5pm on Friday 20th November 2020
To: xoserve.demand.estimation@xoserve.com

Representative:	Claire Roberts
Organisation:	ScottishPower
Type of Organisation	Shipper/Supplier
Date of Representation:	20th 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]

SP supports the Industry's efforts to improve accuracy of the NDM algorithm, given the current volatility of UIG and settlements imbalances across the Industry, we believe it is in everyone's interest to improve accuracy where possible.

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

Yes

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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]

This will be dependent on which approach is taken forward, SP strongly support the use of machine learning where a set of ALP/DAF type variables are made available.

[1]

SP would not be in support of a "Black Box" model, without data parameters being made available to enable replication and validation of the data.

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)?

Yes

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.

[5]

The annual parameters allow us to replicate the NDM algorithm to forecast allocation. These are also used for shaping annual forecasts, AQ calculations & read estimations.

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.

In line with the Government 4-year framework extension there is a regulatory requirement to have 85% of SMART installs by 2024, which is subject of discussion by Industry parties.

Does Xoserve as the central data service provider, have a view of the Industry NDM population for 2,5,10 years.

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.

No comment

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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.

No comment

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