Consultation Response

CDSP Consultation on the NDM Algorithm

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

To: xoserve.demand.estimation@xoserve.com

Representative:	Andrew Green
Organisation:	Total Gas & Power Ltd
Type of Organisation	Shipper and 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

Summary comments on the options:

Option 1

This would be easy to implement but with no benefits to industry. We note that there are still profiles for long term forecasting

Option 2:

This also would be easy to implement and with minimal change for shippers

Option 3:

There are no ALPs and DAFs and we would question how AQ calculations work? Would more classifications be needed to make better improvements? There are also questions as to whether reconciliation would use the same new day profiles. We would like to see evidence as to whether the improvement would be worth the industry cost.

Option 4:

The referred to improvements are assumed based on the better model but are not evidenced. If we are to move to something that is totally new the ability for the industry to be able to log into a system to run simulations is imperative. More regular updates could also lead to more frequent and possibly bigger jumps in positions for shipper forecasts?

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

We strongly support anything that improves the error in modelling UIG.

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.

3

There are undoubtably benefits to the industry from utilising new technology to improve accuracy, but this needs to be backed up with a robust business case. Parties would need to understand the implications from a forecasting and procurement perspective

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 – these are required as part of our current business operations

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	
5	
10	

We have not put numbers into the box above, but we anticipate NDM customers will reduce over time due to the increase in AMR and Smart Metering and the change to settlement arrangements. But this would be very much impacted by other factors as well, as you can have these and easily remain within the NDM market. Currently there has been no evidence of a drive from NDM (4 & 3) to DM (2).

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	
5	
10	

We are happy to discuss bilaterally on a confidential basis

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.

We are happy to discuss bilaterally on a confidential basis, on the assumption that you are referring to reconciliations at a site level are minimised, not just an improvement to the NDM total at industry level which may still result in significant site reconciliations.