



**Demand Estimation Sub Committee
Technical Work Group**

**3. Unidentified Gas Analysis – Use of Uplift Factors:
Gas Year 2019/20**

27th April 2020

Objective

- The objective of today's meeting is to review the effect of the uplift factors which have been applied to Demand Estimation parameters throughout Gas Year 2019/20
- Discuss their future use (or not) during Gas Year 2020/21

Background

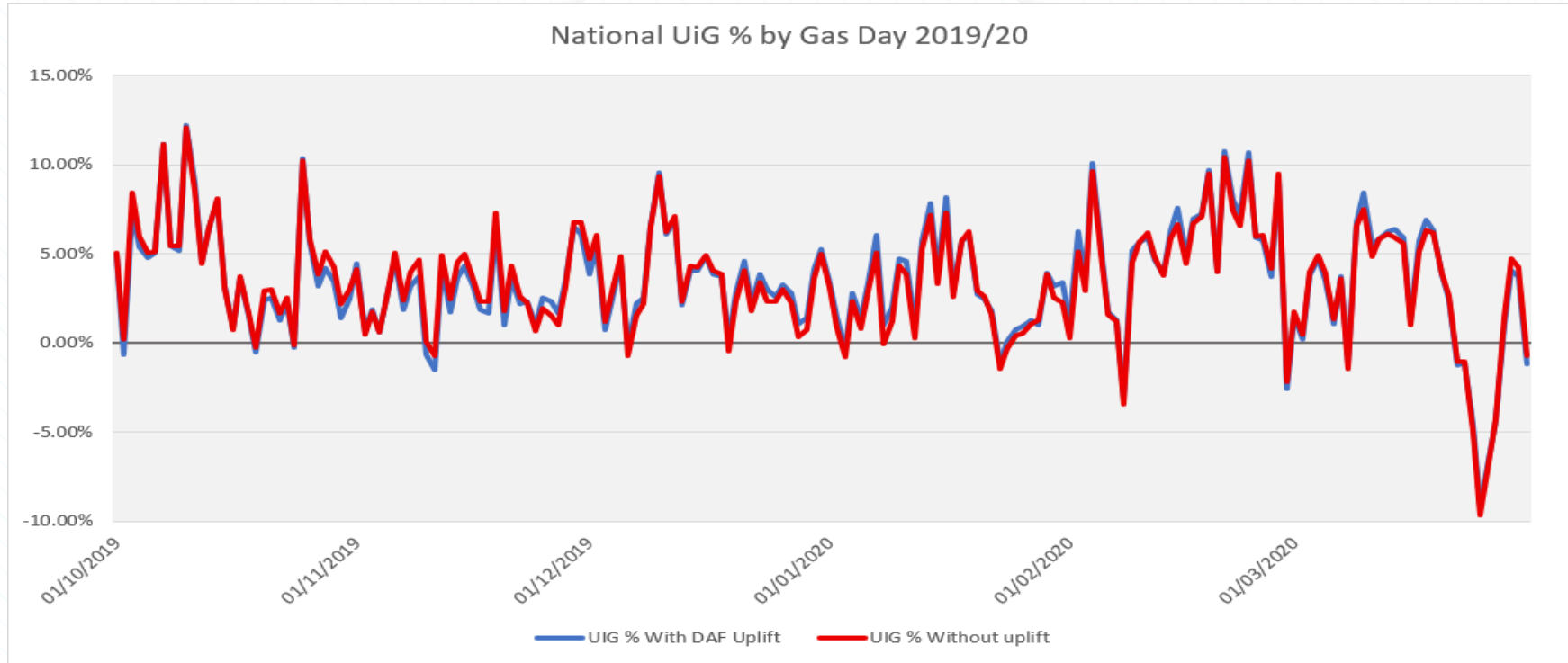
- In 2018, ahead of Gas Year 2018/19, DESC agreed to the application of 'uplift factors' to the Annual Load Profiles (ALPs) for 01B and to the Daily Adjustment Factors (DAFs) for all EUCs. These factors were calculated in order to reduce the volumes of Unidentified Gas (UiG) which since the implementation of Project Nexus were higher and more volatile than the industry expected
- Following analysis of the uplift factors and their impact to UiG during Gas Year 2018/19, at its meeting on [1st April 2019](#) DESC agreed that for gas year 2019/20 an adjustment would continue to be made to the Daily Adjustment Factors (DAFs) only.

A reminder of the multiplicative uplift factors can be seen in the table below:

LDZ	EA	EM	NE	NO	NT	NW	SC	SE	SO	SW	WM	WN	WS
DAF Uplift Factor	1.04	1.06	1.09	1.09	1.04	1.00	1.09	1.07	1.07	1.08	1.02	1.00	1.05

- At the same meeting it was concluded that no adjustments would be made to the Annual Load profiles (ALPs) for the current Gas Year, given they had over stated the NDM allocation for EUC 01B resulting in UiG regularly running at a negative value

National Average UiG for Gas Year 2019/20 (1st Oct '19 to 31st Mar '20)



- National average UiG with DAF uplifts is 3.55%
- National average UiG without DAF uplifts is 3.50%

Average UiG by LDZ

- The table below shows the average daily UiG values for Gas Year 2019/20 with and without uplifts applied to DAFs across all LDZs

LDZ	Uplifted DAF	No Uplifts Applied	Percentage movement
EA	1.89%	1.83%	-0.06%
EM	2.21%	2.16%	-0.04%
NE	5.43%	5.38%	-0.05%
NO	4.77%	4.59%	-0.18%
NT	2.00%	1.94%	-0.07%
NW	6.60%	6.60%	0.00%
SC	4.84%	4.92%	0.08%
SE	0.68%	0.55%	-0.13%
SO	3.47%	3.29%	-0.17%
SW	4.16%	3.95%	-0.21%
WM	2.62%	2.61%	-0.01%
WN	3.48%	3.48%	0.00%
WS	4.15%	4.07%	-0.08%

- All LDZ's have had a positive average UiG value so far in Gas Year 2019/20
- In 10 out of 13 LDZs, application of the DAF uplift factors has seen a slight increase in average daily UiG levels
- Only SC has seen a reduced average UiG level
- Uplift factors for NW and WN were 1.00 and so no difference in results were expected

Conclusions

- Historically, DAF uplifts have had minimal effect on overall UiG levels. During Gas Year 2018/19 most of the difference between uplifted and non-uplifted UiG levels was due to the uplifts applied to ALPs, as can be seen from strand 2 analysis presented to DESC on 9th December 2019.
- This pattern is witnessed again during Gas Year 2019/20, where application of the DAF uplifts has changed national average UiG figures by only 0.05%
- The initial reason for the introduction of the ALP and DAF uplift factors was to provide an immediate impact to UiG levels/volatility, in the absence of any short-term industry changes that would be in place for Gas Year 2018/19
- The negligible impacts of the DAF uplifts observed during Gas Year 2019/20 and the introduction of modelling changes, such as new EUCs for Bands 1 and 2 and the enhancement to the CWV formula means the application of uplifts to the ALPs and DAFs for Gas Year 2020/21 are no longer necessary
- Are DESC TWG happy to make this recommendation to DESC ? (voting forum)