Joint Office of Gas Transporters

Demand Estimation Sub-Committee Minutes
Monday 05 October 2020
via Microsoft Teams

Attendees

Loraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office

Shipper Members (Voting)

Anupa Purewal	(AP)	E.ON
John Jones	(JJ)	ScottishPower
Zoe Ireland	(ZI)	British Gas

Transporter Members (Voting)

India Koller	(IK)	SGN + Alt for David Mitchell
Sanjeev Loi	(SL)	Cadent
Smitha Coughlan	(SC)	Wales & West Utilities + Alt for Emma Buckton

Observers (Non-Voting)

Cosmin Popovici	(CP)	Total Gas & Power + Alt for Louise Hellyer
Joseph Lloyd	(JL)	Xoserve
Kiranjit Shergill	(KS)	Xoserve
Mark Perry	(MP)	Xoserve
Mike Maguire	(MM)	Xoserve
Simon Bissett	(SB)	Xoserve

Apologies

Louise Hellyer	(LH)	Total Gas & Power
Emma Buckton	(EB)	Northern Gas Networks
David Mitchell	(DM)	SGN

Copies of papers are available at: https://www.gasgovernance.co.uk/desc/051020

1. **Introduction and Status Review**

    Loraine O'Shaughnessy (LOS) welcomed everyone to the meeting and confirmed the meeting was quorate.

    1.1. Apologies for Absence

    Louise Hellyer, User Member

    Emma Buckton, Transporter Member

    Dave Mitchell, Transporter Member

1.2. Note of Alternates

India Koller for David Mitchell

Smitha Coughlan for Emma Buckton

Cosmin Popovici for Louise Hellyer

1.3. Approval of Minutes (DESC 22 July 2020)

The minutes from the previous DESC meeting were approved by the DESC Members in attendance.

1.4. Approval of Late Papers

LOS noted that the *'Review of NDM Algorithm'* presentation had been updated with the inclusion of a new slide 8, and accepted as a late paper by prior agreement.

1.5. Review of Actions DESCs Outstanding

DESC 0704: Xoserve (MM) to include reference to weather stations used to obtain precipitation data in the NDM Algorithms booklet.

Update: Mike Maguire (MM) explained that the action had been completed, at which point the Members present agreed to close the action. **Closed**

2. Seasonal Normal Review 2020

Mike Maguire (MM) provided an overview of the *'Seasonal Normal Review Update'* highlighting the objective is to provide an update on work performed since the last DESC meeting and a final recap of all the main deliverables. Special attention was drawn to slide 4 contents which seeks to identify some potential differences in the day ahead and within day NDM Nominations as the transition to the new CWV formula happens, this is because the D+1 forecasts performed on 30 September 2020 for the 01 October 2020 CWV calculation utilised the previous (older) method.

MM also reminded attendees that the final optimised values were formally approved by DESC at the 07 October 2019 meeting and could now be found within Section 11 of the *'NDM Algorithms booklet'* which can be viewed on the secured area of the Xoserve web site under the following folder location *'18. NDM Profiling and Capacity Estimation Algorithms / 2020-21 Gas Year / 4 NDM Algorithms booklet'* which includes information appertaining to weather stations.

In reviewing the *'Conclusions and Next steps'*, MM advised that at the December DESC meeting Xoserve intends to provide a comparison between the performance characteristics of the old and new versions of the CWV formula when presenting analysis of Strand 2 – Unidentified (UiG) for Gas Year 2019/20.

Concluding, Mark Perry (MP) noted that this piece of work had taken circa 18 months to complete and would be the subject of a 5 year review cycle going forwards.

3. NDM Sample Update

In providing an overview of the *'NDM Sample Update'* presentation, Simon Bissett (SB) drew particular attention to the tables provided on slides 6 through to 8 before explaining that as Xoserve looks to start the collation and validation of the NDM sample data to be used in Strand 3 of NDM Algorithm Performance, they have examined how the current data submissions are shaping up and have concluded that they desperately need more Domestic Pre-Payment data in order to better establish whether the new PPM Gas Demand Profiles have been beneficial or not.

Parties were asked to note that Xoserve had previously written out to interested parties (Shippers) in August requesting the provision of data for which the deadline for submissions is the 5th Business Day in October (in this case close of business on Thursday 08 October 2020) in accordance with UNC TPD Section H, paragraph 1.6 provisions and obligations.

Moving on, SB drew attention to the additional note contained on slide 10 *'Guidance'* regarding the proposed changes to the decimal point format for 'uncorrected and corrected volume' from zero to two decimal places.

It was noted by those in attendance that the *'Next Steps'* slide 11 outlines the two key progression points going forwards NDM Sample Data and Algorithm Performance.

4. **Review of NDM Algorithm (UNC H2.2.2)**

Opening discussions on the *'Review of NDM Algorithm'* presentation, MP explained that this provides an opportunity to discuss how DESC (and the industry) may look to take the Review of the NDM Algorithm work forward and consider how to ensure that the wider industry is involved in any potential decisions in the future.

MP pointed out that the operation of the (Supply Meter Point Demand) formula within TPD Section H, paragraph 2.2.1 should be reviewed by DESC every three years (paragraph 2.2.2).

In reviewing the role of the Unidentified Gas (UiG) Task Force, MP drew attention to the fact that a lot of (their) discussion centred on the performance of the NDM Algorithm(s) which has concluded with the adoption of the 'machine learning' based approach in order to deliver improvements in the daily estimation of NDM demand. – LOS advised that whilst the UiG Task Force has been disbanded, the issues and concerns output from its discussions are now being addressed through the Distribution Workgroup.

Moving on, MP drew attention to the link (on Slide 5) to the *'U.I.G Taskforce Machine Learning Options'* paper presented at the 16 September 2020 DSC Contract Management Committee meeting (agenda item 4.1)[1], suggesting that it would be extremely useful if DESC parties could look at this and provide views in due course.

In debating how best to proceed, MP focused attention on the three potential 'key' questions that DESC should explore with the industry, namely:

- how important is transparency?;
- how embedded are some of the NDM Algorithm parameters (i.e. ALPs / DAFs etc.) in customers systems?; and
- how do we (DESC) see the future of the NDM sector?

In noting that there are currently circa 24m Class 3 & 4 sites, MP observed that this figure is subject to change.

As far as the potential next steps are concerned, it was noted that any consultation should not prevent DESC from exploring how the current EUC Demand Modelling approach can be improved, and that options around the 2021/22 Gas Year would be discussed further at the forthcoming December 2020 DESC meeting.

In considering the *'NDM Algorithm Consultation'* slide, MP pointed out that the proposed consultation represents a crucial piece of work over the next few weeks, with DESC parties invited to assist in setting out the main questions. When asked, DESC parties present indicated their support for the proposed approach, although Zoe Ireland (ZI) noted that aspects such as what is viable and how the proposed changes (removal of ALPs / DAFs etc.) would impact AQ needs further consideration – it was noted that further analysis should help 'tease out' any potential tension points.

New Action: DESC 1001: DESC Members to review the *'UIG Taskforce Machine Learning Options'* paper and provide views on the consultation questions to Xoserve by close of play on Friday 16th October.

In trying to consider a best way forward, MP indicated that Xoserve would look to work alongside the Joint Office in order to prepare an email (mailout) communication to go out to the wider industry circulation listing seeking industry views. Whilst discussions between the Joint Office and Xoserve on a suitable location for publication of consultation responses along with a collated summary report, to be prepared by Xoserve (which will also include a 'descriptions listing' as an

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[1] *Please note: a copy of the 'Options for the Use of Machine Learning in Non-Daily Metered Gas Allocation' paper can be found at: https://www.gasgovernance.co.uk/dsc-contract/160920*

aid to understanding) remain ongoing, confirmation of such details will be provided in supporting communications in due course.

Concluding discussions, LOS suggested that once a full evaluation of this matter is undertaken by CDSP, and a better understanding reached, consideration of any potential UNC Review Groups and/or Modifications could be considered.

New Action: DESC 1002: *Reference the Future of the NDM Algorithm / Sector Consultation –* Xoserve and the Joint Office to liaise on a suitable industry wide email communication in support of the proposed consultation.

5. **Ad-hoc Work Plan 2020/21**

Joseph Lloyd (JL) provided a brief overview of the *'Update on Ad-hoc Work Plan'* presentation during which he highlighted the two work areas (standard and ad-hoc), as agreed at a previous DESC meeting (22 July 2020).

JL pointed out that the Algorithm Performance for Gas Year 2019/20 would naturally reveal any potential COVID-19 related impacts.

Moving on to focus attention on the *'Adhoc Work Plan Items Timetable'* slide, JL made the following observations:

- *'Support NDM Algorithm Review'* is likely to become a standing DESC agenda item for the next few months;

- as far as the *'Algorithm Performance for Gas Year 2019/20'* is concerned, this would be added to the December DESC agenda, whilst the three 'strands' (Strand 1 Weather Analysis Strand, 2 Unidentified Gas (UiG) Analysis Strand and 3 NDM Sample Analysis) make up the core elements of the algorithms; and

- the initial draft for the *'Modelling Approach 2021 preparations (for Gas Year 2021/22)'* would also be added to the December DESC agenda.

6. **COVID-19 Winter Impacts – Gas Year 2020/21**

   MP explained that Xoserve had not provided any specific presentation for this item, attention turned to a brief onscreen review of the Xoserve pre-meeting note, whereupon it was noted that as the UK approaches the colder months there is likely to be more scrutiny and questions around the impacts associated with a second wave of COVID-19 infections, and what if any, potential impact a subsequent change in behaviours could have on NDM allocation and UiG.

   In noting that the models are based on three years of data which **does not** contain any COVID-19 impact related aspects, MP went on to suggest that any views, insights that DESC Members might have on this subject and also views on the appropriateness of the NDM (domestic demand) profiles during this period would be greatly accepted. MP advised that there is likely to be interest again in DESC's profiles and there may be requests for them to be amended in some way to accommodate the COVID-19 impacts. It was acknowledged that this would be difficult given the lack of reliable data and understanding to justify any such adjustment. In short, it is a case of keeping a watching brief (on areas such a settlement etc.) for the time being. There were no adverse comments on the proposals.

   In noting that as winter progresses, views might change and DESC asked to provide a view or position statement, MP advised that Xoserve would be looking to gather insights on demand patterns by reviewing their own sample data in real time to help understand any potential market trends around UiG etc. in due course and once again would welcome views from DESC parties on any developing trends / patterns that emerge.

7. **DESC Survey Results**

   SB provided a brief overview of the results of the July survey of DESC members which overall indicated DESC are happy with the work done by the Demand Estimation team. SB advised that a further survey would be issued after the December 2020 DESC meeting.

   When asked about the suitability of the 'original' six questions, DESC parties present did not voice any concerns.

   It was agreed that this item should be added to the December 2020 DESC meeting agenda to ensure it is considered.

8. **DESC / TWG 2021 Meeting Timetable**

   In presenting the *'DESC / TWG 2021 Meeting Timetable'* presentation, JL explained that this had been compiled with the assistance of the Joint Office, in order to arrive at the dates indicated, and summarised as follows:

   DESC – Wednesday 24 February 2021 – *potentially a voting meeting*

   DESC TWG – Wednesday 28 April 2021

   DESC TWG – Monday 24 May 2021 – *whilst slightly later than 'normal' it allows for a 'deeper dive' into the modelling data, should it be needed.*

   DESC – Wednesday 07 July 2021 – *potentially a voting meeting*

   DESC – Wednesday 21 July 2021

   DESC – Wednesday 06 October 2021 – *the equivalent of today's meeting*

   DESC – Tuesday 14 December 2021

   JL requested that parties add the dates to their respective diaries before advising that Xoserve would look to sign post any meetings where formal voting decisions would be required nearer the time.

9. **Communication of Key Messages**

LO advised that the Key Messages will be published once received from MP at: www.gasgovernance.co.uk/desc/summarykeymessages

10. **Any Other Business**

10.1. User Members and Alternates

LOS advised that a Joint Office colleague (Karen Visgarda) had recently written out to all interested parties seeking nominations and that presently the Joint Office are awaiting clarification on the enduring Transporter standing alternates.

11. **Diary Planning**

Further details of planned meetings are available at: https://www.gasgovernance.co.uk/events-calendar/month

Time / Date	Venue	Workgroup Programme
10:00 Monday 07 December 2020	Remote via Microsoft Teams	Standard agenda, plus • NDM Algorithm Review • Algorithm Performance for Gas Year 2019/20 • Initial Draft on Modelling Approach 2021 Preparations (for Gas Year 2021/22) • December DESC Survey • NDM Consultation Update

Action Table (as of 05 October 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DESC 0704	22/07/20	4.0	Weather Station Review - Xoserve (MM) to include precipitation stations in the NDM Algorithms booklet.	Xoserve (MM)	Update provided **Closed**
DESC 1001	05/10/20	4.	DESC Members to review the *'UIG Taskforce Machine Learning Options'* paper and provide views on the consultation questions to Xoserve by close of play on Friday 16th October.	DESC Members	**Pending**
DESC 1002	05/10/20	4.	*Reference the Future of the NDM Algorithm / Sector Consultation* – Xoserve and the Joint Office to liaise on a suitable industry wide email communication in support of the proposed consultation.	Xoserve (MP) & JO (LOS)	**Pending**