

## UNC Demand Estimation Sub-Committee (DESC) Minutes

Wednesday 22 May 2024

Radcliffe House, Blenheim Court, Warwick Road Solihull B91 2AA and  
via Microsoft Teams

### Attendees

Helen Bennett (Chair)*	(HB)	Joint Office
Harmandeep Kaur (Secretary)	(HK)	Joint Office

### Shipper Members (Voting)

Bhavesh Tailor	(BT)	E.ON
Cosmin Popovici	(CP)	Total Energies Gas & Power Ltd
Mark Linke	(ML)	Centrica
Prashant Verma	(NC)	SSE (Alternate)
James Morrow	(JM)	Brook Green Energy (Alternate)

### Transporter Members (Voting)

David Mitchell	(DM)	Scotia Gas Networks (SGN)
Paul O'Toole	(PO)	Northern Gas Networks (NGN)
Robert Longwe	(RL)	National Gas Transmission (NGT Alternate)
Sanjeev Loi	(SL)	Cadent
Neil Stovold	(NS)	Wales & West Utilities

### Observers (Non-Voting)

Jaime Fleming	(JF)	Scottish Power
Jonathan Freeman	(JFr)	Representative of Xoserve
Mark Perry	(MP)	Representative of Xoserve
Michael Maguire*	(MM)	Representative of Xoserve
Penny Griffiths*	(PG)	Representative of Xoserve
Pranav Sharma	(PS)	Total Energies Gas & Power Ltd
Simon Bissett	(SB)	Representative of Xoserve
Vasileios Topouzoglou	(VT)	EDF

\*at Radcliffe House, Solihull

*DESC meetings will be quorate where there are at least four Voting Members or their alternates, of which at least two shall be Users and two Transporters are in attendance.*

*Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/desc/220524>*

## 1. Introduction and Status Review

Helen Bennett (HB) welcomed everyone to the meeting.

### 1.1. Apologies for Absence

Tom Parker, Shipper Representative

### 1.2. Note of Alternates

James Morrow for Tom Parker

### 1.3. Quoracy Status

The meeting was confirmed as being quorate.

#### **1.4. Approval of Minutes (24 April 2024)**

The Minutes of the previous meeting were approved.

#### **1.5. Approval of Late Papers**

The Committee reviewed and approved the agreed late papers.

#### **1.6. Review of Outstanding Actions**

None.

### **2. NDM Algorithms Update Gas Yeas 2023/24**

Mark Perry (MP) provided the Committee with an update of the NDM Algorithms. MP provided an overview of the analysis of Unidentified Gas (UIG) levels, trends for Gas Year 2023/24 and Post Reconciliation data.

MP advised that:

- Since November 2023 average UIG (%) for Gas Year 2023/24 has returned to positive values.
- Due to the significant reduction in AQs last year the 'base level demand' used in NDM Allocation for Gas Year 2023/24 is likely to have been too low if, as it seems, the behaviours related to energy price conservation are not representative of this winter's reactions.
- The differences between Allocated UIG (D+5) and UIG post-Reconciliation are not as significant as seen in the second half of Gas Year 21/22 and all of Gas Year 22/23.
- The unknown is where the new base level demand position will be, particularly for the Domestic market.

Please see the published slides for full details.

### **3. Review of NDM Single Year Modelling Results (2023/24 data)**

Penny Griffiths (PG) provided an overview of the NDM Single Year Modelling Results. For full details of the information presented please refer to the presentations published alongside the minutes for item 3.0.

PG advised the Objective of the meeting is for DESC members to review the outcomes for all Gas Demand Models and confirm which should be used in the Demand Models Smoothing.

#### Slide Pack 1 of 3: Introduction

PG provided a summary of the modelling approach, Timeline, and Measures applied, during which the key points were noted:

- The Analysis Period ran from 1 April 2023 to 31 March 2024. The Average AQ has increased for the last 4 months after a long period of decreasing AQ. This suggests the end of price-driven energy conservation as seen in Gas Year 2022/23.
- Prices were still very high in the first quarter of the Analysis Period, and this is reflected in the results for some EUCs
- The key measures used to identify the most appropriate model are:
  - R squared (R2) Multiple Correlation Coefficient
  - Indicative Load Factors (ILFs) and
  - ILFs are not the same as proper Peak Load Factors (PLFs)

#### Slide Pack 2 of 3: Result – Small NDM Modelling

PG provided an overview of the Small NDM Domestic EUC, I&C EUC Consumption Band and WAR Band Results. The Results concluded the below:

- All Small NDM models have seen changes to ILFs as a result of changes to customer behaviour – generally, these are now lower than previously.
- R2 values are better or in line with previous years' results for Consumption Band and WAR Band modelling.

- All models have produced good results that can be carried forward into model smoothing.

Jamie Fleming (JF) enquired whether the 01BPD Selected LDZs analysis is impacted in by AQs. PG clarified that Xoserve used the Sample-Derived AQ for this analysis and system AQ is not used. PG explained that there is some impact due to higher prices. The model forecasts for a normal year, however as people were still conserving energy due to the high prices, consumption was not normal and can be seen in the results from April to June.

While providing a summary of 02BND Results, PG noted that Model results can be expected to be more sporadic for this EUC due to small sample numbers and suspicion of the accuracy of the Market Sector Code. JF queried how they can ensure that this does not skew the results. PG explained that the results get smoothed out, so even if the results are unusual in the first quarter, the model will still produce 'normal' demand when it is smoothed over 3 years. JF asked whether the results looked abnormal from April to June 2024. PG confirmed that they are abnormal from April to June 2024 as the consumers were trying to conserve energy due to high prices. PG pointed to the charts on Pages 18 and 19 of *2 of 3 Small NDM Modelling Results slides* ([3.0 2 of 3 Small NDM Modelling Results DESC 220524.pdf \(gasgovernance.co.uk\)](#)).

JF asked whether Xoserve can share a slide of Sample Derived AQ used for the analysis compared to the System AQ so that the difference between the two can be seen. PG agreed to share the information after the meeting.

Mark Linke (ML) noted that UIG has turned negative in May which follows the same pattern observed in 2021 and 2022. ML noted that this would possibly indicate a pattern of behaviour with the profiles now routinely over-forecasting. ML enquired whether May is standing out when looking at the April to June 2024 period where the Model is struggling. PG confirmed that the Model is seen as struggling more in May due to the change in the weather and some of it is driven by AQ. ML highlighted that an increase in weather sensitivity should close the gap.

Mark Perry (MP) explained the figures presented are for one year out of the 3. The domestic users have grown more weather sensitive which should help smooth the Model. MP noted that they can look at the smoothing factor in the next phase of the process.

JF queried whether there is a concern with using 3 years of data when customers have become more sensitive to weather conditions. MP explained that the decision around the stability in the Model and reaction to the recent behaviour is made by DESC. MP noted that they want the data to be as accurate as possible while maintaining industry stability. PG confirmed that Xoserve completed a Model Smoothing Review, and the outcome was discussed in the December 2023 DESC meeting. The current 3-year smoothing model was deemed more accurate further to the review. The presentation slides from the December 2023 meeting can be found at: [5.1 Model Smoothing Review.pdf \(gasgovernance.co.uk\)](#).

#### Slide Pack 3 of 3: Result – Large NDM Modelling

PG provided an overview of the Large NDM Consumption Band and WAR Band Results. The Results concluded the below:

- All Large NDM models have seen a reduction in sample data resulting in more aggregation at LDZ level.
- Modelling results for Consumption Bands are good, with no significant deterioration in  $R^2$ .
- Results for most WAR Bands are good, however W01 for Band 05 and Bands 06-08 in Southern LDZs have seen a deterioration in  $R^2$ .
- All models have produced adequate results that can be carried forward into model smoothing.

PG advised that the demand models are a key input to producing revised 'smoothed' EUC demand models (based on the latest 3-year analysis periods) and the profiles for Gas Year 2024/25.

DESC Members were asked to vote to confirm whether they are satisfied with all the Gas Demand Models that have been selected for deployment in Demand Model Smoothing.

Voting was taken by exception. The Model Results were approved by unanimous support.

Next Steps:

PG provided a recap of the Gas Demand Profile Approval Timeline:

- Model Smoothing and publication of draft Gas Demand Profiles 22 May to 07 June 2024.
- DESC review of draft Gas Demand Profiles 10 June to 25 June 2024.
- Seek DESC approval of draft Gas Demand Profiles 03 July 2024.
- Industry review of Gas Demand Profiles from 08 July to 12 July 2024.

PG invited DESC Members to review the Derived Factors and share any feedback, comments, or queries that they might have with Xoserve within the 2 week review period.

#### **4. Seasonal Normal Review 2025 Update**

Michael Maguire (MM) provided the Committee with an overview of the progress on Composite Weather Variable (CWV) Optimisation and Climate Change Methodology (CCM) – used as input for the Seasonal Normal Review.

MM advised that there are minimal updates to share this month due to the team's focus on EUC Demand Modelling. Further details in relation to the Seasonal Normal Review can be found in the information provided in the previous DESC meeting held on 24 April 2024 (<https://www.gasgovernance.co.uk/DESC/240424>).

A summary of the updates provided is below:

- CWV Optimisation for the Trial LDZs is in progress and on track to share the Trial LDZ results at the DESC meeting on 24 July.
- The July meeting is an important checkpoint before proceeding with the completion of the full analysis which is due to be presented for DESC approval on 8 October 2024.

The Next Steps with the Review are as follows:

- Continue the Trial Optimisation phase for selected LDZs in Q2 of 2024.
- DESC TWG to work with Met Office to produce a refreshed CCM in Q2 of 2024.
- Met Office to deliver refreshed CCM by the end of June 2024.
- Present findings of the Trial Optimisation phase to DESC in July 2024.

#### **5. Any Other Business**

HB provided an overview of the User Representation Process noting that the membership of most Committees lasts for 1 year and the nominations window is coming up. HB reported that the Single Point of Contact (SPoC) Registration will be between 13 and 31 May 2024. Shippers need an SPoC in place in order to participate in the process. The nominations window is between 10 and 28 June 2024. If elections are required, these will be between 22 July and 2 August 2024.

#### **6. Communication of Key Messages**

A Key Message Communication has been published at:

<https://www.gasgovernance.co.uk/desc/summarykeymessages>

#### **7. Diary Planning**

DESC meetings are listed at: <https://www.gasgovernance.co.uk/DESC>

All other Joint Office events are available via: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

<b>Time / Date</b>	<b>Paper Publication Deadline</b>	<b>Venue</b>	<b>Workgroup Programme</b>
10:00 Wednesday 03 July 2024	5 pm Tuesday 25 June 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC
10:00 Wednesday 24 July 2024	5 pm Tuesday 16 July 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC
10:00 Wednesday 09 October 2024	5 pm Tuesday 01 October 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC
10:00 Wednesday 11 December 2024	5 pm Tuesday 03 December 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	TBC