

UNC Demand Estimation Sub-Committee (DESC) Minutes

Wednesday 03 July 2024

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

Attendees

Mark Cockayne (Chair)*	(MC)	Joint Office
Nikita Bagga (Secretary)*	(NB)	Joint Office
Aaliya Khan*	(AK)	Joint Office

Shipper Members (Voting)

Bhavesh Tailor	(BT)	E.ON
Mark Linke	(ML)	Centrica
Prashant Verma	(NC)	SSE
Adam Wilson	(AW)	Brook Green Trading (Alternate)
Sarah Palmer	(SP)	E.ON

Transporter Members (Voting)

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

Observers (Non-Voting)

Dave Eagon	(DE)	E.ON
Jamie Fleming	(JF)	Scottish Power
Mark Perry	(MP)	Representative of Xoserve
Michael Maguire	(MM)	Representative of Xoserve
Penny Griffiths	(PG)	Representative of Xoserve
Simon Bissett	(SB)	Representative of Xoserve

*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/030724>

1. Introduction and Status Review

Mark Cockayne (MC) welcomed everyone to the meeting.

1.1. Apologies for Absence

Tom Parker, Shipper Representative
Murugan Babumohanan, Transporter Representative

1.2. Note of Alternates

Adam Wilson for Tom Parker
Robert Longwe for Murugan Babumohanan

1.3. Quoracy Status

The meeting was confirmed as being quorate.

1.4. Approval of Minutes (22 May 2024)

The Minutes of the previous meeting were approved.

1.5. Approval of Late Papers

There were no Late Papers to review.

1.6. Review of Outstanding Actions

There were no Outstanding Actions to review.

2. Review DESC Representations on 2024/25 NDM Algorithms

Penny Griffiths (PG) provided an overview of the DESC Representations provided for 2024/25 NDM Algorithms, advising that DESC is currently in the 'Industry Consultation' phase of the annual Demand Estimation cycle.

The next DESC meeting is scheduled for 24 July 2024 where Xoserve will be looking to sign off the profiles. PG advised that approval will be required but this could be done by exception.

PG provided an overview of the Modelling Approach, advising that a few amendments had been made. Xoserve considered the sample data and advised that where more data was required due to the low sample counts, the data could be grouped.

PG highlighted that as Scotland does not use the same holiday codes, this caused disjointed results. In light of this, Xoserve decided not to aggregate the data from Scotland with other LDZs unless absolutely necessary.

PG provided an overview of the Summary of Modelling Progress to Date, highlighting changes that were made after the 22 May 2024 DESC meeting. In relation to the Kings Coronation Bank Holiday, it was noted that the initial modelling was not in line with the Modelling Approach document. This has been corrected and as a result better results were obtained.

The sample data aggregation for Northern LDZ in the Band 5 WAR band models no longer includes Scotland which, as a result, has provided better results.

PG provided an overview of the Smoothed Model Outcomes for Small NDM, highlighting that some of the models are impacted by both cut-offs and summer reductions.

In relation to the DESC Responses and the Demand Estimation Team Observations, PG highlighted that no responses were obtained and as a result, took this as the assumption that the Committee were happy with the proposals.

PG explained that the Peak Load Factor (PLF) for the Southwest for the Pre-payment EUC ("01BPD") was lower than the Non Prepayment EUC ("01BND"). As a result, this may mean higher-end capacity charges for prepayment consumers.

MC queried whether the Shippers have access to the data held in relation to their sites and PG clarified that the Shippers should have access to this data already.

It was agreed amongst the Committee that there were no objections to the proposal to submit the EUC demand Models and Gas Demand Profiles for wider industry review and this was therefore deemed as approved.

Mark Perry (MP) highlighted that up to now, Xoserve has been issuing communications to DESC members. In relation to the wider industry, MP requested whether the official communications can be issued from the Joint Office and MC agreed to pick this up offline and consider this.

Please refer to the presentation slides published for further details and information.

3. 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 highlighted that Xoserve will be looking to share the initial trial results in the next meeting in relation to the review of the CWV formulae. An update will be provided to allow the Committee to discuss any potential tweaks to the process.

Due to the large gap between the next meeting on 24 July 2024 and the meeting in October 2024, MM advised that Xoserve may consider the addition of a further meeting between this period, in the event that a substantial update is required.

MM provided an overview of the work being conducted with the Met Office who were due to meet a key date in June which was missed, in relation to providing data. Xoserve expect this information to be provided by the Met Office by the end of July and have a high level of confidence that this will be received as MM explained that the Met Office are only considering the validation and the quality assurance data which will feed into the seasonal formulae calculation.

Jamie Fleming (JF) queried whether Xoserve can conduct a comparison exercise between the forecast of the data published in 2019 and the actual obtained data. MM and MP discussed that a similar exercise had been conducted as part of Seasonal Normal Review which MP was going to locate the details of to provide to MM as a basis for an updated version, as per the request of JF.

MM advised that a comparison between Seasonal Normal basis and observed weather for each Gas Year is provided in December as part of Algorithm Performance, a consolidated version of this analysis can be provided for the current Seasonal Normal period as part of this years Seasonal Normal review. MM advised that analysis can also be performed on the previous Climate Change Methodology data sets against observed weather data however he will not be able to get this information prepared in time for the meeting on the 24 July 2024 but will be considered for the DESC meetings later in the year.

New Action 0701: Xoserve (MM) to include a comparison of the forecasted Climate Change Methodology data and the actual obtained data for the last 5 years in the Seasonal Normal Review analysis due in Q4 2024.

MP further explained that when Xoserve look at the Seasonal Normal Review, a narrative is provided in relation to the analysis to reflect the climate change adjustments used in the previous 5 years. In relation to the climate change methodology, MP highlighted that Xoserve is not just considering the changes in temperature, but will also consider other variables such as windspeed when considering the impact on climate change.

Dave Eagon (DE) queried whether a change in the AQ would be triggered immediately when a new Composite Weather Variable (CWV) is published. MM advised that as part of the Seasonal Normal Review update, one of the downstream consequences is an update to all AQs to reflect the new basis. In relation to the step change in the AQ between September 2025 and October 2025, DE queried what this change would be and whether this could be published in advance. MM advised that this would be published in the form of ratios at EUC level, Xoserve shall provide a timeline of when these will be available once the new Seasonal Normal Composite Weather Variables (SNCWV) are known and approved by DESC at the end of the year. The ratios will reflect the % difference relating to the change in Seasonal Normal weather.

Ahead of the new SNCWV taking effect from 1st October 2025 Xoserve shall provide to the industry re-stated EUC demand models, ALPs, DAFs, CWV and SNCWV for a number of Gas Years in preparation for the monthly AQ review calculation in September 2025.

4. Any Other Business

There was no Other Business to discuss however, MC did highlight the Modification for the appointment of the National Energy System Operator (NESO). The direction for DESNZ for 1 July 2024 has been deferred due to the General Election.

Subject to the DESNZ direction, there may be a new non-voting NESO member at the next DESC meeting.

The Joint Office are in communication with NESO to confirm who this member is, which will be communicated in advance of the next meeting.

PG highlighted that at the next DESC meeting the ad hoc workplan will be agreed and asked if any DESC member had suggestions, could they send them to the Demand Estimation mailbox in advance of the next meeting.

5. Communication of Key Messages

A Key Message Communication has been published at:

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

MP advised that the DESC approved draft profiles will need to be shared with the wider industry. MP will provide the relevant wording to the Joint Office for the issue of the communication.

MP advised that there is a lot of material to be prepared ahead of the next meeting on 24 July 2024. The main item is in relation to concluding the years' consultation process but also the results of the CWV formula review. MP requested a few additional days to collate the information to be presented at the next meeting.

The Committee did not raise any issues regarding this.

6. 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

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Wednesday 24 July 2024	5 pm Tuesday 16 July 2024	Radcliffe House, Warwick Road Solihull, B91 2AA & Microsoft Teams	<ul style="list-style-type: none"> Review Industry Reps on 2024/25 NDM Algorithms Weather Station Review Seasonal Normal Review 2025 Agreement of Ad-hoc Workplan
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

DESC Table of Actions						
Action Ref	Meeting Date	Min Ref	Action	Owner	Reporting Month	Status Update
0701	03/07/24	3.0	Xoserve (MM) to include a comparison of the forecasted Climate Change Methodology data and the actual obtained data for the last 5 years in the Seasonal Normal Review analysis due in Q4 2024	Xoserve (MM)	August 2024	Pending