

UNC Workgroup 0644 Minutes Improvements to nomination and reconciliation through the introduction of new EUC bands and improvements in the CWV

Tuesday 22 May 2018

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Alex Holbourne*	(AH)	Corona Energy
Benjamin Martin	(BM)	Stark
Carl Whitehouse*	(CW)	First Utility
Chris Warner	(CWA)	Cadent
Fiona Cottam	(FC)	Xoserve
Gareth Evans*	(GE)	Waters Wye Associates
George MacGregor	(GMcG)	Utilitia
John Welch	(JW)	npower
Kathryn Turner*	(KT)	Good Energy
Kirsty Dudley	(KD)	E.ON
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves*	(LR)	EDF Energy
Mark Bellman	(MB)	Dataserve UK
Mark Jones*	(MJ)	SSE
Mark Palmer*	(MP)	Orsted
Mark Perry	(MP)	Xoserve
Mark Rixon	(MR)	Engie
Rebecca Knight	(RK)	E.ON Energy
Sallyann Blackett	(SBI)	E.ON

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0644/010518>

The Workgroup / Final Modification Report is due to be presented at the UNC Modification Panel by 19 July 2018.

1.0 Introduction and Status Review

1.1 Approval of Minutes (01 May 2018)

The minutes were approved.

2.0 Pre Modification Discussion

Prior to Kirsty Dudley (KD) introducing the new Draft Modification, she explained that Modification 0644 had subsequently been amended, due to the splitting of the EUC Annual Load Profiles (ALPs) and Daily Adjustment Factors (DAFs) work from the CWV aspect, which then required this new modification. She said the main reason for this split was to allow faster progression of Modification 0644 and the drafting of the appropriate Legal Text, as it was

feasible for Modification 0644 to be implemented prior to the next gas year and to allow more considered analysis of the CWV work.

KD then provided an overview of the Draft Modification - Improvements to the Composite Weather Variable, and she explained there were a few differences from the aspects extracted from Modification 0644. She said that this modification was to achieve a more structured approach in relation to the timetables for the analysis to be undertaken, in order for the Modification to be implemented next year prior to October. She proposed that the Draft Modification would be self-governance status, but that this decision would be made ultimately by the Panel. Sallyann Blackett (SBI) added that this would enable Demand Estimation Sub-Committee (DESC) to undertake the CWV analysis and for it then to be incorporated in the review of Seasonal Normal and for this to feed into the modification work.

A lengthy general discussion took place in relation to this proposed analysis, as to how, when and by whom, it would be undertaken. SBI said that from previous experience, that the Workgroup were likely to allocate the analysis investigation to one of the committees; possibly to the DESC. Chris Warner (CW) felt he was not sure if this should be a Request rather than a Modification at this stage and Bob Fletcher (BF) said he was happy for it to be a Modification as the scope was narrow. SBI said that from the timeline for the analysis that this would have to be completed by December 2018, in order for it to be included in the Seasonal Normal review.

KD reiterated that the Draft Modification needed more detail to be added into it. BF proposed that a list of areas should be included within the Modification itself, to clearly define what the Modification was to achieve. KD agreed to add in more detail and information to provide clarity and greater understanding.

3.0 Review of the temperature sensitivity of the Algorithm

RK provided an overview of the presentation 'Modification 0644 UIG Analysis Stage 2', and she reiterated the purpose of Modification 0644 was to support the identification of true UIG, although this should be seen as an interim step. RK highlighted that the Modification sought to split the End User Categories (EUC) EUC01B and EUC02B into three and grouping by prepayment, market sector code of industrial and commercial and finally all remaining meter points. It also sought to create parameters to flex the Daily Adjustment Factors (DAFs) and Annual Load Profiles (ALPs) where they reach defined tolerances. These amendments would provide a more accurate profile to that which is in place today and would work towards improved nominations, which in turn would aid reconciliation and UIG.

RK then drew attention to the schematics within the presentation in relation to adjusting the ALPs and DAFs following the previous conversations in the meeting on 01 May 2018, and the new analysis that had been undertaken, which had taken out the LDZ Demand out of the data. RK said that the raw UIG ALPs data would assist to flatten the seasonality impacts and help to reduce the deviations.

A link to the presentation can be found at: <https://www.gasgovernance.co.uk/0644/220518>

A lengthy general discussion then took place and Mark Bellman (MB) asked if the shoulder periods had also been investigated within the data analysis. RK said no that was not the case, as this was not possible due to the fact there was only 2 years of data and that this was insufficient to be able to carry out any shoulder period analysis. MB said that this would be useful from a UIG and trading impact perspective, regarding the percentage differences in the shoulder periods. LH and SBI said that the weather and temperature fluctuations would impact on those shoulder periods and RK said there was not enough data or artificial intelligence to do any analysis in relation to these shoulder periods at this time.

MB said that he had a concern that the Modification might be applying something that was not exactly what was needed, and LH said that in real terms, it was only going to be for a 2 year timeframe and that this solution would be an improvement on the current status but should not be considered as enduring. KD agreed and said that this was not the ultimate utopia long term solution, but that it would help to provide balance, transparency and stability to help with the existing issues.

RK then continued to move through the schematics and provided further clarity where needed or requested. She then provided an overview of the proposal which is detailed below:

- For E01B, the new DAF multipliers, and the separate summer and winter ALP multipliers should be applied.
 - The need to increase the level of E01B is supported by the Reconciliation data, and the total national level UIG is clearly positively biased and because E01B makes up ~75% of the volume, it is a good assumption that this EUC follows the same pattern as the total NDM.
- For E02B+ only the DAF multipliers should be applied
 - It is not clear from the rec data that these have the same bias, and any shape issue should be resolved through the usual ALP and DAF derivation process.

A lengthy general discussion took place relating to the proposed solution and Mark Perry (MP) had a concern regarding the EUC's and Multipliers as he did not want a potential issue of double counting and Fiona Cottam (FC) also voiced a concern regarding the pre payment meter aspects, which could end up contributing to UIG. SBI said that regarding the double counting issue there was insufficient time and also regarding the pre payment meters, these would be kept within the reconciliation process, adding that the only option to resolve both of these concerns would be a system change, that was not presently available or being discussed. FC said that presently the AQ's were increasing in the reconciliation process which was a concern and SBI said the data that would be used was 'only on the day allocation' and not the AQ's, which would avoid the potential double counting issue.

Both SBI and KD reiterated that this was not an enduring solution, and that it was interim and that it was designed to 're-shape' the CWV. Mark Bellman (MB) said that the trigger needed to be clarified and confirmed as to when it would apply and when it would end. Louis Hellyer (LH) suggested that it would be an adequate solution for one or perhaps 2 years and then the enduring solution would be discussed via a new Modification.

KD said that the legal text had to be discussed as to whether this was required or not, or whether this would be addressed by changes to the DESC formal documentation, as the CWV element was no longer in scope within the Modification. Following a brief general discussion, it was agreed transitional text was required in relation to the timeline of the one year, and that it was deemed as self-governance status. KD agreed to amend the Modification accordingly in order to allow the legal text to be drafted. It was also agreed that a new line was required to be inserted into the Code regarding the one year timeframe of the interim solution.

4.0 Consideration of Implementation timeline

Not discussed in this meeting.

5.0 Confirmation of Legal Text provision

Not discussed in this meeting.

6.0 Completion of Workgroup Report

Not discussed in this meeting.

7.0 Review of outstanding actions

Action 0501: All to provide feedback to Xoserve (FC) regarding if the EUC Definition Codes are logical and appropriate.

Update: FC confirmed no further feedback had been received and so this action could now be closed. **Closed**

8.0 Next Steps

BF confirmed the next meeting would held on Monday 11 June 2018 via a Teleconference in order to review the amended Modification and the draft Legal Text.

9.0 Any Other Business

10.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10.00 Monday 11 June 2018	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> Review of Amended Modification Review the Draft Legal Text Completion of Workgroup Report

Action Table (as at 22 May 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	01/05/18	2.0	All to provide feedback to Xoserve (FC) regarding if the EUC Definition Codes are logical and appropriate.	ALL	Closed