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**Demand Estimation Sub-Committee Minutes**  
**Friday 29 July 2011**  
**31 Homer Road, Solihull B91 3LT**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Gareth Lloyd	(GL)	National Grid NTS
Joseph Lloyd	(JL)	Xoserve
Linda Whitcroft	(LW)	Xoserve
Louise Hellyer	(LH)	Total Gas & Power
Mark Perry	(MP)	Xoserve
Paolo Agnolucci	(PA)	Centrica
Sallyann Blackett	(SB)	E.ON UK
Steve Baker	(SB1)	RWE Npower
Tom Young	(TY)	E.ON UK

*Meeting papers are available at [www.gasgovernance.co.uk/desc/290711](http://www.gasgovernance.co.uk/desc/290711)*

**1. Introduction**

BF welcomed all to the meeting.

**2. Review of Minutes and Actions from the Previous Meetings**

The minutes and actions from the DESC and DETF meetings held on 10 June 2011 were reviewed.

**2.1. Minutes**

The minutes from the previous DESC and DETF meetings were accepted.

**2.2. Actions from DESC meeting**

**Action DE1102:** RV Analysis (Slide 6): Provide view of reconciliation data for population at December 2010.

**Update:** MP reported that it was intended to provide this during the summer.

**Carried forward**

**2.3 Actions from DETF meeting**

**Action DETF0601:** Xoserve (MP) to provide estimated effect on Scaling Factor results for EUC Band 01B where non-domestic sites have been included.

**Update:** Analysis provided - see Xoserve response provided at [www.gasgovernance.co.uk/desc/100611](http://www.gasgovernance.co.uk/desc/100611). **Closed**

**Action DETF0602:** Xoserve (MP) to confirm how 4 non-domestic sites are selected.

**Update:** See Xoserve response provided: [www.gasgovernance.co.uk/desc/100611](http://www.gasgovernance.co.uk/desc/100611).  
**Closed**

**Action DETF0603:** Xoserve (MP) to provide details of previous Technical Forum analysis of splitting band 3 and 4.

**Update:** Analysis provided - see Xoserve response provided at [www.gasgovernance.co.uk/desc/100611](http://www.gasgovernance.co.uk/desc/100611). **Closed**

**Action DETF0604:** Xoserve (MP) to consider providing an estimated impact of removing the 4 gas days from the discussed model.

**Update:** See Xoserve response provided: [www.gasgovernance.co.uk/desc/100611](http://www.gasgovernance.co.uk/desc/100611).  
**Closed**

**Action DETF0605:** Xoserve to consider providing population figures by WAR band and LDZ.

**Update:** Analysis provided - see Xoserve response provided at [www.gasgovernance.co.uk/desc/100611](http://www.gasgovernance.co.uk/desc/100611). **Closed**

### 3. 2011/12 NDM Proposals

One representation had been received (from E.ON UK) in response to the 2011/12 NDM Proposals and this had been published on the Joint Office website, alongside a detailed Transporters' response to the representation.

#### 3.1. Transporters' Response to E.ON UK's Representation

MP gave a presentation in response to the key points raised in E.ON's representation, and these were discussed as the meeting progressed.

##### *DAF Levels (Slide 3)*

MP confirmed that there was a difference in the shape of the DAF profiles in the initial proposals. Upon investigation it was discovered that there was an error in the programs that produced these models. Programs had been changed recently for various reasons including the change to holiday codes. The impact of the error affected the results for Friday, Saturday and Sunday.

MP stated that Transporters were grateful to E.ON for bringing this error to their attention and as a result a revised set of aggregate NDM models, DAFs and large NDM load factors were produced and published on 19 July 2011.

E.ON confirmed that they had seen the revised files and were now happy with the day of the week pattern following the correction.

##### *ALP Values in the Christmas Period (slides 4 - 10)*

A short debated centred on the treatment of the Christmas/New Year holiday period.

SB had concerns about the interpretation of the rules, referred back to previous discussions and concluded that the position was not entirely clear. Her understanding indicated that 26 December (26) and 01 January (01) were assigned incorrect Holiday Codes. She would want to review where the days are assigned if

they fall at weekends and believed this should be clarified for next year. MP responded that the Christmas and New Year days used in the modelling process were assigned holiday codes correctly as per the rules agreed by DESC in November 2010, however MP agreed that next year's holiday code rules could be reviewed once this year's position had been resolved.

MP confirmed that the holiday factors used in this year's modelling had been calculated correctly and pointed out that worked examples were provided in the response document. In addition graphs were provided to show demand from last year's Christmas and New Year holiday period (which is of a similar nature to 11/12) with each day colour coded to reflect the holiday code it had been assigned as per the DESC rules.

The graphs were studied and SB commented that 26 and 01 do not fit with the rest of the red bars; they will artificially damp down the level 3 holiday code. GL commented that the Scottish Bank Holidays were probably bringing up the levels. SB responded that pulling out the weather effects, depending on the temperatures would decide whether demand was high or low; Christmas week was a particularly strange shape. It was hard to believe that 26 and 01 demand would be higher than the rest of the week, particularly when these dates fall on a weekend.

MP confirmed that it was the Transporters' view that the ALP profiles should not be amended, however they agreed that if DESC were unhappy with this then alternative options could be considered. MP confirmed that it was not possible to re-run the modelling processes, however it would be possible to amend the ALP and DAF values directly. MP went on to offer an alternative entitled Option "B" and explained the details.

The shapes in the graphs on Slides 9 and 10 were reviewed and discussed. SB believed neither the initial proposals nor Option "B" was ideal – it may be a question of which was the least worst. PA suggested reducing 26 and leaving others as they are might help. It was not immediately obvious which was the right way to proceed, and although SB was disappointed that the shape presented by the analysis had not been questioned earlier so that something could have been done about it, she was very appreciative of having an opportunity to consider other options. Her demand analysis did not look like either of these shapes. However members were not comfortable if the position were to be adjusted without any analysis to support the change.

The effects of changing the ALPs and DAFs for each of the Christmas/New Year period days were discussed, with GL suggesting moving 3 days up and 3 days down for ease of calculation.

Following further discussion DESC agreed to amend Option "B" to reflect some changes in the profile shape over the Christmas and New Year period that DESC were more comfortable with. This approach was referred to as Option "C". MP had noted all the various changes necessary and confirmed he would write out to DESC as soon as possible confirming what will be done and when the revised ALPs and DAFs will be made available.

**Action DE1111: Xoserve to write out to DESC in the week commencing 01 August 2011 confirming the DESC agreed approach for Option "C" ALPs and DAFs.**

**Post Meeting Note:** *This action has been completed; note issued Monday 01 August 2011.*

#### *Holiday Codes*

Discussions also took place regarding the holiday code rules for future years. DESC agreed that if 26 and/or 01 (plus any lieu days for 25, 26 and 01) fall on weekends

they should be changed to Holiday Code 2. It was suggested that consideration be given to moving the Scottish Bank Holiday into a different Holiday Code rather than continuing to influence the effect of Holiday Code 2. Comments were requested to Xoserve by 31 August 2011 (no response would be taken as acquiescence). Xoserve will review responses received and write out with its conclusions of the new holiday codes discussions and confirm what rules are to be used next year.

**Action DE1112: All to consider moving the Scottish Bank Holiday into a different Holiday Code rather than continuing to influence the effect of Holiday Code 2; provide comments to Xoserve by 31 August 2011.**

#### *Seasonal Normal (Slide 11)*

MP confirmed that, although the seasonal normal basis falls outside the scope of this consultation on the NDM proposals for 2011/12, the Transporters have stated at DESC previously that they would be prepared to update the SN basis within the 5 year timeframe if and when an agreed industry methodology becomes available.

It was noted that Modification 0330 had been sent to Ofgem for a decision on 21 July 2011.

#### *War Bands (Slides 12 – 13)*

MP summarised the Transporters' response. SB commented that the idea was to give them a more appropriate profiling shape and it seems strange that this is not weather corrected the same as everything else?

Following a brief discussion it was concluded that no one disagreed with the suggestion that it should be weather corrected, but there was no conclusion as to whether smoothing improves the position or not.

It was suggested that this should be raised at Project Nexus Workgroup.

#### *Splitting EUC Band 4 (Slide 14)*

MP commented that seeking to change EUC Bands would involve analysis on the systems; if the evidence were clear to support a change then this would have to be tackled. SB believed it might be prudent to look now at what steps might be needed to achieve a change. LW responded that Xoserve had been doing this internally at a high level, and she was aware that it is likely to impact many areas, for example extending the EUC fields would most likely produce a significant impact. Further questions are being explored internally.

GL asked if EUC was still a concept in Project Nexus and would it be flexible in the 'new world'? BF responded that a method of allocation is needed, but the aspiration is for all sites to be settled on a daily basis; Project Nexus is looking at the interim position and is mindful of what can be achieved in the interim.

#### *Extreme Weather Days (Slide 15)*

SB was concerned that the relationship was being skewed by the inclusion of other things. If it is enough of a non-standard weather impact to be noted, it should be excluded. It is a question of trying not to allow things that are not weather-related to affect the analysis. If it was not a temperature impact, then thought should be given to whether it should be included or not, ie if it is a significant 'other' impact capable of separate identification. The data ought to be being looked at with reasonable level of

intelligence and it should be questioned more.

### *Conclusions*

MP reminded DESC that a more detailed response to the representation was available on the Joint Office website. MP stated that after consideration of the points raised in the representation, the Transporters did not believe there was sufficient reason to change the draft NDM proposals for 2011/12, however following the discussions on the Christmas and New Year period they are prepared to carry out amendments to the ALPs and DAFs as per DESC's wishes.

LW hoped that the presentation of an alternative option had shown a recognition of the points raised in the representation. SB acknowledged that progress had been made in the consultation process by addressing the concerns of DESC and by providing options and the willingness to amend the parameters.

## **4. Any Other Business**

### **4.1. Potential impacts of adopting a 'fixed' SOQ, but rolling (monthly) AQ regime on the winter load factor ratios (i.e. should SOQ be calculated on an annual basis or more frequently)**

BF reported that this had arisen at a recent Project Nexus meeting and it had been suggested that it be brought to DESC. Since then further discussion at Project Nexus had concluded that it was more of a charging issue (SOQ is a charging parameter) and it would be sent to the Distribution Network Charging Methodology Forum (DNCMF) for further discussion.

DESC is therefore not required to offer a view.

### **4.2 Modification 0330 – Delivery of additional analysis and derivation of Seasonal normal weather**

This was awaiting a decision from Ofgem and BF explained the timetable for the decision.

### **4.3 Modification 0331 – Demand Estimation Section H Changes to Processes and Responsibilities**

BF drew attention to the consultation close out date of 05 September 2011, following which the Final Modification Report would be submitted to the September UNC Modification Panel.

## **5. Diary Planning**

DESC is due to meet again at 10:30 on Tuesday 08 November 2011 at the Energy Networks Association, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

**Action Log: Demand Estimation Sub Committee**

Action Ref*	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE1102	01/02/11	2.2	RV Analysis (Slide 6): Provide view of reconciliation data for population at December 2010.	Xoserve (MP/JL)	<b>Carried forward</b>
DE1111	29/07/11	3.	Xoserve to write out to DESC week commencing 01 August 2011 confirming the DESC agreed approach for Option "C" ALPs and DAFs.	Xoserve (MP)	Post Meeting Note issued 01 August 2011. <b>Closed</b>
DE1112	29/07/11	3.	All to consider moving the Scottish Bank Holiday into a different Holiday Code rather than continuing to influence the effect of Holiday Code 2; Provide comments to Xoserve by 31 August 2011	ALL	Comments to Xoserve by 31 August 2011

**Action Log: Demand Estimation Technical Forum**

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DETF060 1	10/06/11	2.	Xoserve (MP) to provide estimated effect on Scaling Factor results for EUC Band 01B where non-domestic sites have been included.	Xoserve (MP)	Closed
DETF060 2	10/06/11	2.	Xoserve (MP) to confirm how 4 non-domestic sites are selected.	Xoserve (MP)	Closed
DETF060 3	10/06/11	2.	Xoserve (MP) to provide details of previous Technical Forum analysis of splitting band 3 and 4.	Xoserve (MP)	Closed
DETF060 4	10/06/11	2.	Xoserve (MP) to consider providing an estimated impact of removing the 4 gas days from the discussed model.	Xoserve (MP)	Closed
DETF 0605	10/06/11	4.	Xoserve to consider providing population figures by WAR band and LDZ.	Xoserve (MP)	Closed