

UNC Demand Estimation Sub-committee Minutes
Wednesday 12 February 2014
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Christian Ivaha	(CI)	British Gas
Fiona Cottam	(FC)	Xoserve
Fiona Speak	(FS)	RWE npower
Mandeep Pangli	(MPa)	Xoserve
Mark Perry	(MP)	Xoserve
Martin Attwood	(MA)	Xoserve
Matthew Jackson	(MJ)	British Gas
Mo Rezvani*	(MR)	SSE
Sallyann Blackett	(SB)	E.ON UK
Stephen Marland	(SM)	National Grid NTS

**via teleconference*

Copies of papers are available at: www.gasgovernance.co.uk/DESC/120214

1. Introduction

The meeting was declared quorate.

2. Confirmation of membership and apologies for absence

2.1. Apologies for absence

J Hanks (EDF Energy), M Jenks (RWE npower), R Pomroy (Wales & West Utilities), C Thomson (Scotia Gas Networks) and C Warner (National Grid Distribution).

2.2. Note of Alternates

FC (Xoserve) for C Thomson (Scotia Gas Networks), R Pomroy (Wales & West Utilities) and C Warner (National Grid Distribution) and FS (RWE npower) for M Jenks (RWE npower).

3. Review of Minutes from previous meeting (13 November 2013)

3.1. Minutes

The minutes from the previous meeting were approved.

3.2. Actions

No outstanding actions to consider.

4. Work Plan Updates

4.1 Evaluation of Algorithm Performance: Strands 2 and 3 – Reconciliation Variance (RV) and Non Daily Metered (NDM) Sample Data

Xoserve (MA) gave a presentation, outlining the background. The outcomes of the analyses were reviewed with the bulk of discussion focusing on slides 12 and 16, as follows:

Slide 12 – Strand 2: RV Analysis (Categorisation) LDZ / EUC Profile & Error Levels – Gas Year 2012/13

Responding to a question about the sample size, FC reminded everyone that the data envelope (removals) potentially impact on the number of reconciliations within the sample, before going on to advise that care would be needed to avoid only assessing data where reconciliation is close to AQ, as this potentially skews the results.

SB suggested that, hopefully the 2013/14 analysis would see a 'flattening' of the data distribution curve. However, FC suggested that this would only happen if the sample was truly reflective whilst smoothing impacts should also start to take effect.

Slide 16 – Strand 3: NDM Sample Analysis 'As Used' Model – AQ Assessment

In examining the results in column 1 'Estimated AQ Excess or Deficit' MR wondered whether or not the larger values (-2.8% and -2.2%) suggested that there may be an issue with the sample and/or the weather sensitive AQs. In acknowledging that the values in this column are based on sample sites which can make them appear odd on occasions, FC suggested that perhaps the real issue lies closer to the WAALPS (Weather Adjusted Annual Load Profiles) not taking enough demand out of the AQs in colder prevailing conditions. MP also suggested that the way in which the weather correction is calculated, using degree day adjustments as opposed to replicating the system calculations, may result in subtle differences, which would potentially impact on the AQ results. SB asked about the threshold values used in the degree day calculations, MP pointed out that Xoserve revise the different NDM threshold values when a review of Seasonal Normal is performed. In considering whether or not there is actually anything meaningful that can be done to obtain a better understanding, the conclusion was perhaps not. The consensus was that the sample is not necessarily wrong, but may be more a reflection of experiencing a slightly colder year, although there is no clear underlying bias.

SB suggested that one possible option would be to look to calculate the AQs using the WAALP data – the conclusion was to undertake some further analysis around this and ascertain whether this changes the results significantly. At the same time it was recognised that deviation in the profiling is dependent on the prevailing weather conditions, and as a consequence, can skew the data.

Moving on, FC pointed out that the analysis presented on slides 17 and 18 is based at a National, and not LDZ level, and is sample weighted.

In considering slide 23, FC confirmed that the algorithm utilised does in fact take into account the summer shut down period and impacts, whilst SB suggested that further consideration of the demand to CWV relationship may prove beneficial as we appear to be witnessing similar year on years trends.

5. Spring Approach for 2014 Modelling

MP gave a brief overview of the presentation by advising that it is a high level rendition of the 29 January document.

In considering the 'Modelling Approach 1', it was noted that a 13 month validation period was necessary for this years analysis to ensure a full Easter holiday period is captured. For the avoidance of doubt, WSSM refers to Weather Station Substitution Methodology.

In the 'Modelling Approach 2', determination of the summer reductions and cut-offs has been undertaken as per the Spring Approach Rules, whilst it is also expected that the 3 year smoothing model approach would be reviewed later in the year (summer).

In reviewing the final slide 'Interaction and Timetable', FC asked parties to pay particular attention to the second bullet point whilst a new action was also placed on all parties to double check who in their respective organisations are the Technical Workgroup representative and whether these remain the appropriate contact personnel.

When asked whether or not implementation of UNC Modification 0451AV 'Individual Settlements For Pre-Payment & Smart Meters' and its associated impact on the (EUC) bands would influence this committee's decision as to whether or not to approve the proposed approach, FC pointed out that whilst the UK Link system can not support any

additional EUC differentiation rules (as part of the AQ review), Project Nexus may enable changes to the EUC bands to be made. However, she also advised that Xoserve may not be in a position to promise to be able to change the boundaries for 2015 due to change congestion and lead time limitations and impacts.

When asked if focusing on I&C sites would potentially deliver a different profile, FC suggested that once this analysis is completed there may be time to consider Band 1 differentiation options around Autumn time – Xoserve have not undertaken any Band 1 & 2 (domestic / I&C splits) differentiation in the last few years. A new action was placed on all parties to suggest different ways that the EUC Banding might be split, based on consumption levels or customer attributes.

When asked, the Committee indicated that they were happy to approve the proposed approach for the forthcoming year and look to identify further options around Autumn time.

Action DE0201: In respect of corresponding during the Summer Analysis period (April to July), all parties to double check who in their respective organisations are the Technical Workgroup representative and whether these remain the appropriate contact personnel and advise Xoserve of the outcome within the following 4 weeks.

Action DE0202: All parties to suggest different ways that the EUC Banding might be split, based on consumption levels or customer attributes.

6. Seasonal Normal Review

MP gave a brief overview of the presentation.

6.1 Climate Change Methodology Update

MP gave an update.

The bulk of discussion centered around the 'CCM Update 1' slide. CI indicated that he fully endorses engagement with the Stakeholder Group approach before advising that there was a meeting taking place today to discuss the gas day changes – consideration of these changes and how they impact on the CCM hourly data would be needed in due course, including potential lag (timing) and within-day temperature/wind speed weighting related issues amongst other things. In acknowledging the points raised, FC also recognised that Xoserve may need to undertake additional work in due course, under Modification (0461 – Changing the UNC Gas Day to Align with the Gas Day in EU Network Codes) would get approved.

FC indicated that Xoserve would look at the issues (timings, weighting, ALPS / DAFS impacts etc.) for consideration at the next meeting. SB advised that she may have some data that Xoserve could utilise to ascertain how much demand sits between the 05:00hrs and 06:00hrs. She also suggested that temperature related impacts may also have a bearing as well.

Before concluding this part of the presentation, FC asked parties to make a note of the key DESC meeting scheduled to take place on 25 March within which Xoserve and the Stakeholder Group would hopefully be making a recommendation to DESC on the acceptance of the draft Climate Change Methodology.

Action DE0203: In relation to the potential impacts of implementation of UNC Modification 0461 on CCM, Xoserve (FC) to look to identify 'key' considerations (associated to flexing, timings, weighting, ALPs / DAFs impacts etc.) that the Committee may need to consider and address in due course in time for consideration at the next meeting.

Action DE0204: All parties to look to provide evidence suitable to support Xoserve in completing the analysis for action DE02/03.

6.2 Composite Weather Variable (CWV) Optimisation

When asked, the Committee members present approved the review and revision (where deemed appropriate) of the formula by which the CWV for an LDZ is determined (in accordance with UNC TPD Section H, paragraph 1.4.2) to be delegated the Technical

Workgroup, so that Xoserve can confidently commence work during Q1 2014.

7. Any Other Business

7.1 Proposed amendment to Heathrow WSSM windspeed data

In providing a verbal update, MP advised that the matter is related to a recent email to DESC members issued by Xoserve on 04 February.

In short, the Stakeholder Group (including the Met Office) has suggested changing the dataset. When asked, the Committee members present approved Xoserve to request that the Met Office undertakes the work to change the dataset.

7.2 UNC 0451AV – Ofgem Decision

LJ introduced this item by explaining that any urgent Modification should be reviewed by Panel at its next meeting following implementation. In this case Ofgem had suggested in its' decision letter that it would be worth considering if there were any cost effective improvements that could be made to the process and/or profiles introduced by 0451AV, and made a specific reference to DESC consideration of the matter. Although not due to be reviewed by Panel until 20 February, considering this item now sought to save delaying any improvements.

FC provided an overview of the 'UNC 0451AV – Individual Settlements For Pre-Payment & Smart Meters – Background' presentation.

In considering the 'Mod 0451AV – Timelines' slide, FC advised that the level of detail i.e. individual vs aggregated) for the invoice supporting information would be decided in due course and parties can expect the invoices to be issued to them monthly in arrears, once the process is up and running. FC also advised that Xoserve have been asked to provide a cost effective and timely solution in preference to an over engineered one. LJ pointed out that further detailed consideration of the matter would be undertaken under the auspices of the Distribution Workgroup.

Moving on to examine the 'Background – Calculation of Current Proposed "Prepayment Profile" slide, SB voiced her concern around the fact that the modelling analysis is based on only one party's (Utilita) data and very much doubts that DESC could / should 'sanction' such an approach.

In highlighting that these profiles would only have a limited lifespan and be superseded by Project Nexus, FC observed that the potential 2015 change congestion would pose the biggest challenge to that, LJ advised that he would be Chairing a Change Congestion Workgroup in due course. He also suggested that we should keep sight of the fact that Ofgem are asking whether or not there are better and more cost effective ways of obtaining a profile for PPMs (Pre-Payment Meters).

At this point, SB expressed her grave concerns that DESC were not included in the original modification process (a point that was raised within the British Gas representation) and that it now appears by implementing the modification we have put a requirement into UNC that is in conflict with a current area of the UNC and she would like to know which takes precedent. In short, the implementation of Modification 0451AV has placed responsibility for deriving a profile for pre-payment customers with Xoserve. Firstly Xoserve is not a code party and is unnamed in UNC, but more importantly UNC section H defines all Demand Models (of which this profile would be one) as being a joint industry responsibility through DESC – which is a recognised expert group within the UNC. She would like to know which of these takes precedent, especially as she also has significant concerns about the proposed options. In answer, LJ advised that it was his view that there was no conflict; Xoserve were tasked with developing a new PPM profile, which it would then seem reasonable to seek DESC support for.

LJ pointed out that whichever solution DESC selects, it would only run for circa 20 months until the Project Nexus 'go-live' date. The time allowed for DESC suggest improvements would be down to the UNC Panel to decide and would be influenced by the Distribution Workgroup discussions as well.

SB suggested that the first step might be to look to obtaining more data from impacted parties whilst ensuring it is comprised of a good cross sectional representation of Shipper data. A new action was placed on all DESC members to identify what PPM data (preferably Smart Meters in PPM mode) they have access to (including LDZ split, level of granularity, MPRNs if possible (for Xoserve analysis purposes only) etc.) and provide a view to Xoserve by no later than week ending Friday 28 February to enable consideration at the next meeting. A second action was placed on all parties to also consider a 'blank' piece of paper approach should no suitable data be available to undertake a profile based solution.

Action DE0205: DESC members to identify what PPM data (preferably Smart Meters in PPM mode) they have access to (including LDZ split, level of granularity, MPRNs if possible (for Xoserve analysis purposes only) etc.) and provide a view to Xoserve by no later than week ending Friday 28 February to enable consideration at the next meeting.

Action DE0206: All parties to also consider a 'blank' piece of paper approach should no suitable data be available to undertake a profile based solution.

7.3 LDZ (NE) Scaling Factor Incident Update

SB requested clarification on the unusual NDM Scaling Factors experienced in NE LDZ from 21st to 30th January 2014. FC advised that the dip in NDM Scaling Factors was caused by a single very large erroneous NDM AQ. The new AQ, which a Shipper requested via the normal AQ Appeal process, was many multiples of the previous correct AQ. The error was spotted almost immediately and a second appeal was submitted, but the erroneous value went live for 10 days, attracting a huge NDM Allocation and suppressing the scaling factor in that LDZ only. The AQ is now correct and scaling factors have returned to a more normal level. The under/over allocations will eventually be corrected by NDM Reconciliation.

7.4 Agenda Item Discussion Timings

MR suggested that DESC members might like to consider adopting a timed allocation approach to agenda item discussions – however, this was not a suggestion supported by the other DESC members present.

8. Diary Planning

DESC and DESC Technical Workgroup Meetings 2014

Meetings will take place as follows.

Time / Date	Venue	Meeting	Programme
10:30 Tuesday 25 March 2014	Solihull – venue tbc	DESC	Climate Change Methodology document – sign off, 0451 Considerations and Gas Day Impacts.
10:30 Monday 28 April 2014	Teleconference	DESC TWG	Confirm modelling runs.
10:30 Wednesday 21 May 2014	Solihull – venue tbc	DESC TWG	Review modelling results and approve commencement of model smoothing stage.

10:30 Wednesday 25 June 2014	Teleconference	DESC TWG	Review responses to draft NDM proposals and agree key messages for DESC.
10:30 Wednesday 09 July 2014	Solihull – venue tbc	DESC	Review and approval of 2014/15 NDM Algorithms.
10:30 Wednesday 30 July 2014	Teleconference	DESC	Review representations (if any) and consider response.
10:30 Wednesday 12 November 2014	Energy Networks Association (ENA), 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	DESC	Evaluation of Algorithm Performance: Strand 1 – SF and WCF.

Action Table: Demand Estimation Sub-committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE0201	12/02/14	5.	In respect of corresponding during the Summer Analysis period (April to July), all parties to double check who in their respective organisations are the Technical Workgroup representative and whether these remain the appropriate contact personnel and advise Xoserve of the outcome within the following 4 weeks.	All	Pending
DE0202	12/02/14	5.	All parties to suggest different ways that the EUC Banding might be split, based on consumption levels or customer attributes.	All	Pending
DE0203	12/02/14	6.1	In relation to the potential impacts of implementation of UNC Modification 0461 on CCM, Xoserve (FC) to look to identify 'key' considerations (associated to flexing, timings, weighting, ALPs / DAFs impacts etc.) that the Committee may need to consider and address in due course in time for consideration at the next meeting.	Xoserve (FC)	Pending
DE0204	12/02/14	6.1	All parties to look to provide evidence suitable to support Xoserve in completing the analysis for action DE02/03.	All	Pending

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DE0205	12/02/14	7.2	DESC members to identify what PPM data (preferably Smart Meters in PPM mode) they have access to (including LDZ split, level of granularity, MPRNs if possible (for Xoserve analysis purposes only) etc.) and provide a view to Xoserve by no later than week ending Friday 28 February to enable consideration at the next meeting.	DESC Members	Pending
DE0206	12/02/14	7.2	All parties to also consider a 'blank' piece of paper approach should no suitable data be available to undertake a profile based solution.	All	Pending