

UNC Demand Estimation Sub-committee Minutes
Wednesday 15 October 2014
31 Homer Road, Solihull B91 3LT

Attendees

Helen Cuin (Chair)	(HCu)	Joint Office
Ian Hollington (Secretary)	(IH)	Joint Office
Changbin Li*	(CI)	EDF Energy
Christian Ivaha	(CI)	British Gas
Fiona Cottam	(FC)	Xoserve
Huw Comerford	(HCo)	Utilita
Imran Bannister	(IB)	Utilita
Indre Deksnyste	(ID)	Northern Gas Networks
Joseph Lloyd	(JL)	Xoserve
Lorna Millington*	(LM)	National Grid Distribution
Mandeep Pangli	(MPa)	Xoserve
Mark Perry	(MPe)	Xoserve
Rob Nickerson	(RN)	National Grid NTS
Sallyann Blackett	(SB)	E.ON
Tim Wong	(TW)	British Gas

* via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/DESC/151014>

1. Introduction, confirmation of membership and apologies for absence**1.1. Apologies for absence**

C Thomson (Scotia Gas Networks) and R Pomroy (Wales & West Utilities)

1.2. Note of Alternates

FC (Xoserve) for C Thompson (Scotia Gas Networks) and R Pomroy (Wales & West Utilities)

2. Review of Minutes from previous meeting**2.1. Minutes**

The Minutes of the previous meeting were approved.

2.2. Actions**DTW0502:**

- a) DESC and Xoserve to work together to look at ways to enhance the current data sets with a target to have additional data for October.

Update: SB and CI advised that they were still working on this. It was emphasised that Xoserve need the data by the end of October. **Carried Forward.**

DE0901 Xoserve to publish draft 0451AV profiles (ALPs and DAFs) based on 50+ reads, supported by a methodology statement, for review by the wider industry, giving at least 5 clear days for comments, in time for DESC consideration of responses on 15 October 2015.

Update: See item 3.0. **Complete.**

3. 0451AV Profile

MPa provided the [MOD451AV Prepayment meter profiles presentation](#), providing a background to the modification and the development of the system solution. MPa confirmed that the profiles had been published on 01 October with a deadline for comments by the 08 October 2014.

IB presented Utilita's [PPM Profile Analysis](#). The committee reviewed the annual load profile comparisons provided. IB expressed the view that he was keen to get to a position where Utilita's allocations are in line with their consumption.

FC advised that the whole of NDM Allocation is a top down calculation and because it has to absorb unidentified gas it is unlikely that any shipper will get to a position where their allocation is in line with actual consumption.

FC recognised that Utilita operate in a niche market which includes prepayment and prepayment smart meters and there is a big population to be taken into account. She acknowledged the data used was not daily but where there was at least 50 reads available for each meter point in the sample. In support SB advised that the data had been requested from across the Industry and no one had been precluded.

The committee reviewed the "DESC [British Gas and EON Data Prepayment meter profiles](#)" presentation (Modification 0451AV) from the 22 September DESC meeting to understand the benefit of only including sites with 50+ reads.

It was noted by SB that the pre-payment profile should not be profiled to any one Shipper but be ideally representative of the pre-payment market as a whole.

IB was concerned about reducing risk and he felt that the profile provided would not do this. Whilst the DESC members highlighted that they would not be in a position to align the profiles MPa agreed to check and provide the values of the average AQ used in the figures.

Action: DE1001 MPa to check and provide the values of the average AQ used in the prepayment meter profiles figures.

FC explained that the risks of NDM allocation would not be mitigated in their entirety due to the allocation of various unknown quantities such as unidentified gas and meter point reconciliations. She went on to say that NDM allocation is not trying to get close to an individual customers profile but is primarily concerned with the allocation of total NDM gas and some of the differences Utilita had identified were due to these factors and not purely differences generated by the profile.

FC confirmed that validation has been undertaken to ensure the validity of the calculation and data. IB expressed concern there was still a potential for misallocation, however FC reiterated that a feature of allocation is not to get to close to actual assumption but to share out all NDM energy.

The committee reassured Utilita that the profile attempts to represent the larger pre-payment market but had to be a generalised reflection of the whole sector. IB agreed that whilst this is not a desirable situation for Utilita it is a methodology that would have to be accepted. FC confirmed that the methodology was detailed in the Legal Text section of the modification documentation. SB also confirmed that parts were included in the UNC.

The committee agreed to go ahead with the profiles that had been consulted on and confirmed that they were in a position to report to panel on 20 November.

SB explained that parties have lobbied within Project Nexus for the removal of RbD. Post Nexus, DESC will have the ability to derive separate profiles and different EUCs within Band 1, however FC advised that immediately after its implementation there will be no separate profile for prepayment meters although this is something that could be looked into later.

HCu advised that DESC had provided an interim report on the progress made to develop the prepayment meter profile to the September UNC Panel meeting and that an extension to the reporting date, to ensure the analysis was concluded, was provided until November 2014. She noted that the final report would need to be received and published by 7 November in order to keep to this timescale. In response to IB's request for his feedback to be included, he was advised that all feedback received would be summarised and included in the report.

1. CWV Optimisation trial phase

FC recapped the discussions from the DESC TWG and the consideration on whether to recommend either a 10 Year or 13 Year basis for CWV Optimisation. FC noted the concerns from the Transporters that using a 13 Year model may still impact on peaks and have a subsequent adverse knock on effect on prices which would lead to challenges from customers. The discussions had highlighted the Shippers view that the 10 Year model had more of a balance.

RN initially considered the 10 Year model as being suitable but concluded that it did not include enough information, causing the SNET profiles to be over influenced. Together with his concerns over the drop in peak demand information he decided that the 13 Year model, which allowed for more variability, would be his preferred choice.

HCu asked the meeting to vote on the issue and the results are shown below :-

10 Year Model (9 Year trial period)	13 Year Model (12 Year trial period)	No Expressed Preference
C. Ivaha British Gas	C.Thompson Scotia Gas Networks via alternate Fiona Cottam	R.Pomroy Wales and West Utilities via alternate Fiona Cottam
Changbin Li EDF Energy		
Sallyann Blackett E.ON		

On this basis the 10 Year model was put forward as the chosen option.

It should be noted that a number of delegates were ineligible to vote as they had not been formally appointed by the absent members.

The delegates who were unable to vote were Lorna Millington of National Grid Distribution, Rob Nickerson of National Grid NTS and Indre Deksnyte of Northern Gas Networks. All informally expressed a preference for the 13 year model which would have been the preferred option had they been allowed to vote.

2. Seasonal Normal Review approach

FC summarised the preferred approach to smoothing was for a 5 day moving average to be used and this was agreed by the members.

3. Gas Day Change Update

FC provided a brief update and advised the only outstanding matter was the change to the weather data files to run from 5am to 3am, and that this was still under discussion with the Transporters. She confirmed that the early indications are positive and that this should not be problematic.

4. Project Nexus – Timing Mismatch: WAR Band derivations and impact of fixed SOQs

SB outlined the concern over the billing AQ being based on the rolling AQ as at December but not being applied until April onwards. This creates the potential for a mismatch between the billing AQ, which is a snapshot in time and the position which consumption could have moved to by the end of the Winter period. This had led Gazprom to be concerned over the level of risk they were exposed to.

FC advised that this was something that could not be mitigated against as there will always be an element of unknown customer behaviour with a period of at least six months of uncertainty. She continued to say that although WAR bands may change their movement will always be consistent with the most recent winter. Considering the issue of six monthly price changes FC noted that this would not be acceptable in the industrial and commercial market as many of these customers had annual contracts.

SB asked if it would be possible to summarise the past year's SOQ movement and FC agreed to prepare an analysis of the annual SOQ variances for the DESC forum to enable the group to provide a view at the next meeting.

Action: DE1002 FC to provide an analysis of the annual SOQ variances to enable DESC to consider the risk of the Timing Mismatch of WAR Band deviations and impact and provide a view on the potential exposure.

5. Any Other Business

5.1. CWV Seasonal Review Presentation from Xoserve

MPE provided a list of critical decision dates with a suggested meeting schedule for this review to take place and the following dates were agreed:

17 November at 31 Homer Road Solihull. This replaces the existing meeting scheduled for 12 November.

03 December at 31 Homer Road Solihull.

17 December at 31 Homer Road Solihull.

A new schedule is to be agreed and advised for 2015.

5.2. North East CWV

MPE advised that the North East CWV has been updated and the incorrect values overwritten on the National Grid website. The incorrect values have been posted on the secure section of Xoserve's web site should they be needed.

5.3. Met Office Communication

Hcu advised the meeting that the Joint Office had received a copy of the Land Networks Quarterly Report from the Met Office this morning. She assumed that members will have received their own copies but if not the Joint Office could make this available to DESC members upon request.

6. Diary Planning

Meetings will take place as follows:

Time/Date	Venue	Meeting	Programme
Monday 17 th November	31 Homer Road Solihull	DESC TWG followed by DESC	Review and approve proposed CWV parameters for each LDZ

Wednesday 3 rd Dec	31 Homer Road Solihull	DESC TWG followed by DESC	Review and approve proposed SNCWV for each LDZ
Wednesday 17 th December	31 Homer Road Solihull (by teleconference if necessary)	DESC	Release proposals for wider industry review with comments by 12th December Consider any industry comments and finalise SNCWV

DESC Action Table					
Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DTW0502 <i>transferred in from DESC TW</i>	21/05/14	<i>DESC TWG 3.0</i>	DESC and Xoserve to work together to look at ways to enhance the current data sets with a target to have additional data for October	All	Part a) carried forward
DE0901	22/09/14	<i>DESC 4.0</i>	Xoserve to publish draft 0451AV profiles (ALPs and DAFs) based on 50+ reads, supported by a methodology statement, for review by the wider industry, giving at least 5 clear days for comments, in time for DESC consideration of responses on 15 October 2015.	Xoserve	Complete
DE1001	15/10/14	<i>3.0</i>	MPa to check and provide the values of the average AQ used in the prepayment meter profiles figures.	Xoserve (MPa)	Pending
DE1002	15/10/14	<i>DESC 4.0</i>	FC to provide an analysis of the annual SOQ variances to enable DESC to consider the risk of the Timing Mismatch of WAR Band deviations and impact and provide a view on the potential exposure.	Xoserve (FC)	Pending