UNC Demand Estimation Sub-committee Technical Workgroup Minutes

Wednesday 03 December 2014

31 Homer Road, Solihull B91 3LT

Attendees

Helen Cuin (Chair)	(HCu)	Joint Office
Bob Fletcher (Secretary)	(BF)	Joint Office
Christian Ivaha	(CI)	British Gas
Colin Thompson*	(CT)	Scotia Gas Networks
Fiona Cottam	(FC)	Xoserve
Joseph Lloyd	(JL)	Xoserve
Mark Perry	(MP)	Xoserve
Rob Nickerson	(RN)	National Grid NTS
Sallyann Blackett	(SB)	E.ON
Shiv Singh	(SS)	National Grid Distribution
Usama Hafeez	(UH)	Xoserve

** via teleconference*

Copies of papers are available at: http://www.gasgovernance.co.uk/DESC/031214

1. Introduction

1.1. Apologies for absence

C Warner (National Grid Distribution) and R Pomroy (Wales & West Utilities).

1.2. Note of Alternates

SS (National Grid Distribution) for C Warner (National Grid Distribution) and CT (Scotia Gas Networks) for R Pomroy (Wales & West Utilities).

2. Status Review

2.1. Minutes

The minutes from the previous Workgroup were approved.

2.2. Actions

None outstanding.

3. Seasonal Normal Review update

FC explained that the process for reviewing and updating Seasonal Normal is new to Xoserve in terms of developing the calculation using weather data and Xoserve has aimed to follow the previous process closely wherever possible. The continued development of methodologies using the review and challenge process has reduced the uncertainty around the calculations leading to a robust methodology for implementation.

MP clarified the governance process where DESC is requested to review the SNCWV and that is was previously reviewed 5 years ago including an update to the CWV definitions.

MP provided a Seasonal Normal Review presentation, providing the background and summary of the Approach, Trial Phase, Production Phase, Explanation of Results, Final Seasonal Normal Composite Weather Variable (SNCWV) values by LDZ and Next Steps.

MP explained that SNCWV has been calculated based on weather data for the period between 1960 and 2012. The aim is to project this forward to 2020 with recommendations to DESC that the methodology is adopted once comments have been sought from the wider industry.

RN asked if the model used for evaluation SNCWV is version 32. MP advised that it was but this was an internal version number not used by the wider industry. MP confirmed the latest versions of SNCWV calculations are posted on the Xoserve website for review.

When considering Degree Days, FC confirmed that Degree Days provide an overview of how warm/cold the year has been in comparison to previous years and helps to compare the weather/temperatures in a particular year.

Review of LDZs

Scotland - MP asked members to note that wind speed was missing from Glasgow for a number of dates in 1973 and an agreed in-filling methodology was used to backfill the missing data to allow the model to run.

When considering the results MP advised that there is a pattern between the Seasonal Normal in that it is usually cooler when compared to the previous model. He added that model checking/verification has been carried out within Xoserve to confirm the data is being applied correctly as per agreed methodology.

FC explained that the proposed Seasonal Normal is within step with previous years actual so can be easily justified. CI asked if Seasonal Normal was still required after the implementation of Project Nexus. SB confirmed that it would still be required unless all meters were contained in Class 1 or 2 and reconciled on a daily basis. FC agreed as Project Nexus would use actual weather in the calculation of the Weather Correction Factor and all sites within Class 3 & 4 would utilise an allocations process based on the WCF.

CI asked if there were detailed calculations to consider. MP advised these were contained in the data files supporting the methodology calculations and were published on Xoserve's website.

MP asked members to note that in the results for the majority of LDZs, the SNCWV was cooler than previous models. However, in Northern and North Thames there were examples of warmer temperatures, although the temperature in North Thames was nearer to normal than that for Northern.

When considering North West and Wales North LDZs, SB asked if Rostherne was being scaled to represent Hulme. FC explained that the data used is for Rostherne and that the new station is in a rural location and is generally cooler than Hulme – this will account for part of the variance. SB asked to see the data weighted to represent Hulme on a daily basis, to get a more representative model compared against the previous LDZ history. FC confirmed that new Seasonal Normal compared to existing is 10.7% colder, which is substantially due to the effect of weather station changes from city to rural location.

For West Midlands, FC explained that although there had been a weather station change, the data was still close enough not to require further adjustment as there had been very little impact on the results.

JL advised that the models appear to show a "Buchan spell" around February, with most LDZs showing a difference at this time leading to cooler temperatures being predicted.

CI questioned why North Thames tends to be warmer than other LDZs using the same weather station at Heathrow. JL felt this was related to Heathrow being less urban than

the LDZ it represents. FC noted that there would be less use of the pseudo SNET profile for the other LDZs, which might swing the results.

MP confirmed that the impact on AQ could be considered to be around 2% increase based on this model. However, when you take into account historic demand reduction, which could be explained by social, conservational and economic factors, then the increase could be offset. Statistics for the past 4 years suggest this reduction could be approx 2.5%. MP explained that currently, they are not sure of the overall impacts on SOQs and that this should be considered in the Spring analysis. Members agreed this would be desirable.

The Workgroup considered the next steps and recommendations.

The DESC TWG members recommended the approval of revised SNCWV values to DESC for implementation from 01 October 2015. The wider industry will be notified of this recommendation and DESC will seek comments from parties prior to implementation.

4. Next Steps

Recommendations include:

Communication to be issued after DESC welcoming wider industry comments on the Final Seasonal Normal Composite Weather Variable (SNCWV) values during week commencing 08 December 2014 with comments to be received no later than 12 December 2014

DESC Teleconference scheduled for 17 December 2014 to discuss any comments received and finalise the SNCWVs for use in AQ calculations and Demand Estimation modeling.

January to March 2015:

Spring 2014 NDM analysis reworked using new CWVs and SNCWVs

Back-runs of individual years' EUC models using new CWVs and SNCWVs required for spring 2015 NDM analysis

Produce revised WAALPs for all EUCs from 01/10/2011 onwards using new CWVs and SNCWVs – required for 2015 AQ review

April to June 2015:

Spring 2015 NDM analysis (using new CWVs and SNCWVs)

Continue with off-line production of revised WAALPs

5. Any Other Business

None raised.

6. Diary Planning

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

DESC and DESC Technical Workgroup Meetings 2014/15

Time / Date	Venue	Meeting	Programme
10:00 Wednesday 17 December 2014	Teleconference	**DESC**	**Seasonal Normal Basis from October 2015** Consideration of Industry SNCWV comments DESC Approval of SNCWV Review of CWV Optimisation and

			SNCWV Process 2014
10:00 Monday 19 January 2015	Teleconference	**DESC TWG**	Spring Approach 2015
10:00 Wednesday 11 February 2015	31 Homer Road, Solihull, B91 3LT	**DESC**	Evaluation of Algorithm Performance: Strands 2 & 3 - RV & NDM Sample data TWG recommendation for Spring 2015 Approach
10:00 Monday 27 April 2015	Teleconference	**DESC TWG**	Discuss and confirm modeling runs to take forward based on data aggregations and WAR band definitions
10:00 Tuesday 19 May 2015	ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	**DESC TWG**	Review single year modeling results and provide approval to commence model smoothing stage
10:00 Wednesday 24 June 2015	31 Homer Road, Solihull, B91 3LT	**DESC TWG**	Review TWG responses to draft proposals and agree key messages for DESC
10:00 Wednesday 08 July 2015	31 Homer Road, Solihull, B91 3LT	**DESC**	Review and Approval of 2015/16 NDM Algorithms as recommended by TWG
10:00 Wednesday 29 July 2015	31 Homer Road, Solihull, B91 3LT	**DESC**	Response to industry representations on 2015/16 NDM Algorithms
10:00 Tuesday 17 November 2015	31 Homer Road, or ENA	**DESC**	Evaluation of Algorithm Performance: Strand 1 - SF & WCF