

**UNC Workgroup 0631R Minutes**  
**Review of NDM algorithm post-Nexus**  
**Wednesday 25 October 2017**  
**at Xoserve Limited, Lansdowne Gate,**  
**65 New Road, Solihull, B91 3DL**

**Attendees**

Bob Fletcher	(BF)	Joint Office
Andy Smith	(AS)	British Gas
Carl Whitehouse	(CWh)	First Utility
Chris Warner	(CWa)	Cadent
Clive Nicolas	(CS)	Xoserve
David Mann	(DM)	Gazprom
Fiona Cottam	(FC)	Xoserve
Fiona Speak	(FS)	Npower
Fraser Mathieson*	(FM)	SGN
Gareth Evans	(GE)	WatersWye
Greg Kurantowicz	(GK)	Hudson
Helen Field	(HF)	Xoserve
Jason Blackmore	(JB)	British Gas
Justin Price	(JP)	Corona
Linda Whitcroft	(LW)	Xoserve
Mark Jones*	(MJ)	SSE
Mark Palmer*	(MP)	DONG Energy
Sallyann Blackett	(SBI)	EON
Steven Britton*	(SBr)	Cornwall Insight
Teresa Salina*	(TS)	ScottishPower
Tim Hammond	(TH)	Corona

\* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0631/251017>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 May 2018.

**1. Outline of Request**

BF opened meeting and explained that purpose of the initial Workgroup meeting was to review the Scope and to consider if this is the correct forum for the suggested actions from the Xoserve UIG Awareness Day.

GE provide an introduction to the Request based on the presentation given to Panel.

CWa asked where the value £20m to £40m per month originated, is this additional gas or the value of unaccounted for gas?

GE advised this was the estimated value at risk based on balancing actions undertaken by various parties which was being socialised across the industry.

JP confirmed the actions that Corona were taken to estimate the cost impacts to them and that they intended to provide information to the Workgroup at the next meeting to explain their understanding of the risk and evaluate the impacts of UIG volatility.

SBI challenged why parties felt there were differences in the way the algorithm was working for LSP as to SSP markets – the process was designed to be agnostic to LSP/SSP differences.

GE agreed in part as the aim was for a zero sum game, where UIG allocation was working as anticipated. The aim of the review is to challenge that the algorithm is working as intended and to test that the option chosen was done so for valid reasons. GE explained that by reviewing the work previously undertaken and why the implemented option was the best fit, would prevent parties trying to reinvent the wheel – it should lead to a faster confirmation as to what should be changed if anything.

GE also noted that by the nature of a number of modifications raised recently, there were issues for both the domestic and non-domestic market to consider.

SBI wanted to understand why parties felt the algorithm was not operating as anticipated. They had reviewed the performance on their business models and were of the opinion that the swings reported were lower than what they had anticipated for the summer months and that these were forecastable.

CN agreed that the review should consider why there appeared to be a significant jump or increase in volatility for UIG, why was this and why were there no winners when this was a zero sum activity?

JP agreed it was a significant issue which needed to be actioned quickly to give the industry confidence that the process was robust.

CN felt that the Workgroup should keep an open mind and that a wider review might be needed, although the focus should be to try to get quick wins if possible.

## **2. Initial Discussion**

FC provided background information based on the Xoserve UIG awareness session, and the Workgroup reviewed the suggested actions that came from participants during the event.

The Workgroup reviewed the actions from the Xoserve UIG awareness session and agreed to consider the following actions and topic areas:

### **Slide 1 - Process Compliance Implementation**

1. *Mandate more frequent read provision – no action needed, existing modification in progress.*
2. *Make Class provision of NDM Sample data mandatory – It was agreed that this action should be considered by the Workgroup and that a request for Smart metering data to support analysis would be sent to the industry. It was noted that data protect issues would need to be considered by parties prior to submitting data.*
3. *Review of DM resynchronisation process – no action needed, performance assurance issue.*
4. *Review of Shrinkage determination process, including CSEP Shrinkage – no action needed, Shrinkage Forum issue.*

5. *Complete current remedial actions, incl DM project and AQ=1 – no action needed, process documents being amended.*
6. *Shipper education on end-to-end processes to improve compliance – no action needed, performance assurance issue.*
7. *Investigate anomalies in DM estimates in Gemini – no action needed, performance assurance issue.*

## **Slide 2 – Regime Changes**

1. *Automatic flow of Smart meter data into Allocation/balancing processes – no action needed, outside the Scope of this Workgroup.*
2. *Extend D+5 Close-out to, say, D+30 – within scope and options to be considered by the Workgroup.*
3. *Remove barriers to use of Class 2 (e.g. ratchets) – no action needed, being considered by Workgroup 0619.*
4. *Revert to old allocation processes – either completely or half way e.g. reinstate Scaling Factor – Action to be considered as it is within the scope of this Workgroup.*

## **Slide 3 – Additional Investigation and Analysis**

1. *Analyse NDM Customer behaviour, especially non-weather related – Workgroup action, related to previous actions for the provision of Smart and Advanced meter daily read data.*
2. *Analyse suitability of the NDM Bucket EUC profiles – Workgroup action, British Gas agreed to consider providing data to support their analysis of these profiles.*
3. *Compare to electricity industry – what levels of losses do they see – no action needed, no comparable data available.*
4. *Greater transparency of data – e.g. naming Shippers whose actions/delays are contributing to UIG - no action needed, performance assurance issue.*
5. *Greater visibility of theft data from other forums - no action needed, performance assurance issue.*
6. *Greater visibility of CSEP data e.g. supply point counts - no action needed, performance assurance issue.*
7. *More data on unregistered sites - no action needed, performance assurance issue.*
8. *Compare old v new allocations – what does this tell us about the post-Nexus performance – Workgroup action, high priority.*
9. *Analyse winners v losers – who is benefitting - Workgroup action, high priority with analysis required to understand where winners and losers are in terms of the process or to demonstrate UIG is where it should be.*

## **Slide 4 – Conceptual Questions**

1. *What level of UIG at D+5 is acceptable to the Industry - Workgroup action.*
2. *What is the eventual level of UIG at Line-in-the-Sand - Workgroup action.*
3. *Is there an inherent industry issue if UIG continues at this level - Workgroup action, consider what should the level of UIG and whether the current level is what should have been anticipated.*
4. *If this level of UIG continues, how does the industry adapt - Workgroup action.*
5. *Review of Shrinkage determination process, including CSEP Shrinkage - no action needed, Shrinkage Forum issue.*

### 3.0 Scope of Work

Following a general discussion, it was emphasised that Shippers should endeavour to provide data to Xoserve as soon as possible to ensure analysis could be undertaken promptly. A target date of 03 November was agreed for Shippers to confirm the availability of data and by what date it could be provided.

Xoserve agreed to provide the latest copy of the Network Code Validation Rules for consideration by the Workgroup.

Consideration was given to the interactions with other UNC Committees such as DESC and PAC and the DSC Committees. It was agreed that a two way dialogue was essential, particularly should the algorithm need in depth analysis or should system changes be required.

JP asked if DESC could review the inputs that are being used for the NDM Algorithm model. It was felt that this would be possible subject to relevant data and suitable industry resources being made available to support the process.

It was noted that PAC had established UIG related meetings to discuss relevant performance issues and that this might lead to additional reporting and possibly incentives.

LW asked participants what else Xoserve could do and for Industry to look at what they can do to support each other (if a participant is managing the volatility- can they share some of their knowledge)

FC explained that Xoserve are reliant upon daily NDM data being sent to Xoserve by shippers. Currently only 1 shipper provides data. If more shippers could provide this information, it would improve quality of validation.

### Terms of Reference

The standard UNC Workgroup Terms of Reference will apply and is available at <http://www.gasgovernance.co.uk/mods>

### 4.0 Workplan

The Workgroup agreed the following items should be considered during the review process:

- Analyse NDM Customer behaviour (in particular non-weather related);
- Analyse suitability of the NDM Bucket EUC profiles;
- Analyse EUC bands to determine which EUCs have the most volatility;
- Review and agree the acceptable level of UIG at D+5;
- Define what the eventual level of UIG is at Line- in-the-Sand;
- Understand if there is an inherent industry issue if UIG continues at current level and if it does continue how the industry needs to adapt.

### 5.0 Next Step

It was agreed that the following actions would be reviewed at the 13 November meeting:

**New Action 1001:** Shippers to submit data to allow validation of EUC UIG at Meter Point Reference level. All NDM Daily reads as defined in the Third Party Supplied NDM Sample

Data Guidance and File Format Document published here:  
<https://www.gasgovernance.co.uk/desc>

**New Action 1002:** Shippers to calculate their own old world v new world position algorithm based on the guidance in the NDM Demand Estimation Methodology published on Joint Office website here: <https://www.gasgovernance.co.uk/tpddocs>

**New Action 1003:** Xoserve to provide a guide on validation checks that are currently carried out.

**New Action 1004:** Xoserve to confirm how many Meter Points have been reconciled by EUC/WAR band.

**New Action 1005:** Xoserve to provide a breakdown of WAR bands and provide an educational pack on WAR.

**New Action 1006:** Xoserve to arrange a daily call to obtain updates on which shippers have provided data.

**New Action 1007:** Xoserve to promote follow up UIG Awareness session (WebEx).

**New Action 1008:** Xoserve to advise if feasible for shippers to pay for external resource to help with data validation.

### 3. Any Other Business

None.

### 4. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
03 November 2017	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"><li>• Progress update on request for supporting information and analysis.</li></ul>
13 November 2017	Elexon	Detail planned agenda items. <ul style="list-style-type: none"><li>• Analyse NDM Customer behaviour (in particular non-weather related);</li><li>• Analyse suitability of the NDM Bucket EUC profiles;</li><li>• Analyse EUC bands to determine which EUCs have the most volatility;</li><li>• Review and agree the acceptable level of UIG at D+5;</li></ul>

		<ul style="list-style-type: none"><li>• Define what the eventual level of UIG is at Line- in-the-Sand;</li><li>• Understand if there is an inherent industry issue if UIG continues at current level and if it does continue how the industry needs to adapt.</li></ul>
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**Action Table (as at 25 October 2017)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>1001</b>	25/10/17	2.0	Shippers to submit data to allow validation of EUC UIG at Meter Point Reference level. All NDM Daily reads as defined in the Third Party Supplied NDM Sample Data Guidance and File Format Document published here: <a href="https://www.gasgovernance.co.uk/desc">https://www.gasgovernance.co.uk/desc</a>	Shippers	<b>Pending</b>
<b>1002</b>	25/10/17	2.0	Shippers to calculate their own old world v new world position algorithm based on the guidance in the NDM Demand Estimation Methodology published on Joint Office website here: <a href="https://www.gasgovernance.co.uk/tpddocs">https://www.gasgovernance.co.uk/tpddocs</a>	Shippers	<b>Pending</b>
<b>1003</b>	25/10/17	2.0	Xoserve to provide a guide on validation checks that are currently carried out	Xoserve	<b>Pending</b>
<b>1004</b>	25/10/17	2.0	Xoserve to confirm how many Meter Points have been reconciled by EUC/WAR band	Xoserve	<b>Pending</b>
<b>1005</b>	25/10/17	2.0	Xoserve to provide a breakdown of WAR bands and provide an educational pack on WAR	Xoserve	<b>Pending</b>
<b>1006</b>	25/10/17	2.0	Xoserve to arrange a daily call to obtain updates on which shippers have provided data	Xoserve	<b>Pending</b>
<b>1007</b>	25/10/17	2.0	Xoserve to promote follow up UIG Awareness session (WebEx)	Xoserve	<b>Pending</b>

**Action Table (as at 25 October 2017)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>1008</b>	25/10/17	2.0	Xoserve to advise if feasible for shippers to pay for external resource to help with data validation	Xoserve	<b>Pending</b>