

## UNC Workgroup 0631R Minutes Review of NDM algorithm post-Nexus

**Tuesday 20 March 2018**

**At The Crowne Plaza Hotel, 61 Homer Road, Solihull, B91 3QD**

### Attendees

Chris Shanley (Chair)	(CSh)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Beverley Viney	(BV)	National Grid NTS
Carl Whitehouse	(CW)	First Utility
Chris Warner	(CWa)	Cadent
Dean Pearson*	(DP)	Northern Gas Networks
Fiona Cottam	(FC)	Xoserve
Fiona Speak	(FS)	npower
George MacGregor*	(GM)	Utilita
Jason Blackmore	(JB)	British Gas
Josh Mallet	(JM)	npower
Katie Fish	(KF)	EDF Energy
Kirsty Dudley*	(KD)	E.ON
Louise Hellyer	(LH)	Total
Luke Reeves*	(LR)	EDF Energy
Mark Jones*	(MJ)	SSE
Mark Palmer	(MPa)	Orsted
Mark Perry	(MPe)	Xoserve
Mark Rixon*	(MR)	ENGIE
Sallyann Blackett	(SB)	E.ON
Tom Steward*	(TS)	Good Energy

\* via teleconference

Copies of all papers are available at <https://www.gasgovernance.co.uk/0631/200318>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 April 2018.

### 1. Introductions

CS welcomed colleagues to the Workgroup meeting. He reiterated that the Proposer of this Request had now left Corona Energy, so discussions were presently taking place with their representative, who unfortunately was not present in the meeting and had not sent an apology or an alternate.

### 2. Review of Minutes

The minutes of the meeting on 13 February 2018 were approved.

### 3. Completion of Workgroup Report

CSh explained that the Request Workgroup Report was a 'light touch' rather than an in depth Modification Workgroup Report, and that the purpose of the Request itself

was to determine whether a formal new Modification should be raised. He added that in this case, a formal new Modification had not been proposed by the representative and so this Workgroup would now be closed.

The workgroup suggested that the report recognised that parties provided data to assist with the analysis conducted and that improvements in sample data were required to aid the NDM Algorithm.

He said the completed Request Workgroup Report reflected this and would also include references to the 0644 and the new Modification 0652 regarding WAR Bands that was recently raised by npower. He confirmed the completed Workgroup Report would be submitted to the April Panel.

#### 4. Review of Outstanding Actions

**Action 1204:** Dean Pearson (DP) to find out the outcome of the discussion on the Shrinkage consultation and report at the next meeting.

**Update:** DP confirmed that this action could now be closed as shrinkage error issues were being addressed within the Shrinkage Forum, as part of the overall UIG improvement remit. **Closed.**

#### 5. Any Other Business

5.1 Data use and availability for the NDM algorithm: What actions can be taken to diversify and increase the amount of data used in the NDM model, such as AMR and monthly readings.

MPa said he had raised this item, due to the poor allocation in the market and the resulting large energy reallocations in Band 1, and that he wanted to discuss if DESC or 0631 Workgroup had looked at whether the NDM reconciliation data could be used in the models. He recognised that the current models used daily data but also wanted to explore if other data, such as monthly reads could also be used.

MPE then overviewed a brief presentation in relation to the question from Orsted regarding the NDM Algorithm work. MPE said that he had provided an overview of the current process (as defined below), regarding the Demand Model Requirements, which would hopefully add clarity and further understanding:

*The NDM Algorithm requires parameters which represent daily values of the EUC consumption profile (ALP) and its weather sensitivity (DAF) in order to produce the bottom-up estimate of NDM demand.*

- *Daily consumption data is required to produce demand models which can be used to deliver the most accurate set of parameters for each EUC*
- *This enables the models to capture the day to day variations in behaviour such as weekends, holidays etc. and reflect the difference in reactions to weather across seasons*
- *Anything other than daily consumption data would have an adverse effect on the quality of the demand models produced.*

MPE then overviewed the Current Data Sources as defined below:

- *In the main the current source of daily consumption data is from:*
  - *The Xoserve managed sample which covers mainly Domestic consumers*

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- *The Transporter managed sample which covers mainly Non-Domestic consumers*
  - *Sample numbers in both of the above have been decreasing for the past few years due to installation of SMART meters and AMRs by other parties*
  - *UNC Section H allows for Third Party data to be used in the development of demand models. From 2016, the Spring analysis which derives the models has used contributions from one Third party*
  - *Xoserve and DESC have been requesting support in terms of daily data provision for the past few years and will continue to do so*
  - *Following UiG discussions at various forums and a request for data to support Algorithm Performance for Gas Year 2016/17, Xoserve received data from 7 different Shippers and post validation were able to use >10K sites, showing what is possible.*

MPe explained the options for the Data Sources and overviewed the current processes which were defined as below:

- *In addition to the regular pleas from DESC, Xoserve are also investigating alternative options for sourcing daily consumption data*
- *In principle a possible option for the future may be to use the read history from Class 3 sites, however this will take time to create a history and currently the read submissions are very low meaning the theoretical build up of daily data is not materialising*
- *As the industry head towards seemingly more diverse EUCs the requirement increases for more daily consumption data and so perhaps Section H needs updating to mandate parties to share their data for the good of the industry profiles - i.e. raise a MOD?*

MPe said that Class 3 could be further investigated but the read submissions were currently very low and these should be received daily, so presently there was insufficient read data available. However, data for these sites was expected to build up and 12 months history would be ideal.

SB said she and KD, were considering raising a new Modification regarding the provision of sample data. A discussion took place on Data Protection issues and SB explained that this element was covered within the Terms and Conditions, as defined in the billing process for the E.ON customers, so it was covered in her view.

MPa said what could be done to make the whole process more efficient and SB said that the modification would make it mandatory to comply to the process, however she did note, that in some instances for some Industry organisations, it would be tricky to be able to pull this data from their internal systems. She added that in actual fact, E.ON had been supplying the 3<sup>rd</sup> party data to Xoserve for sometime, but noted that some companies did have different Terms and Conditions from a data protection perspective. MPa said he understood that different companies had different legal advice on the matter and that was it not possible for one standard advice to be applied.

A lengthy general discussion then took place surrounding the process of the NDM algorithm and the impacts of switching on sample data provision. FC explained that the algorithm analysis for the Demand Estimation Sub-Committee (DESC) was carried out every year and for this analysis to take place, 12 months of data was needed each time, and this was the same for the Xoserve samples too. SB also

added that within DESC lots of analysis took place to make sure the 3<sup>rd</sup> party data used was representative, and so did not ‘skew’ the sample data, together with the fact Xoserve validated the data used for spikes and missing data.

A further general discussion then took place regarding the sites flagged as AMR and SMART, and if this flagging process could also apply for transfers. If a new Shipper was made aware of this procedure then the customer’s data could continue to be used. FC and MPE then provided an overview of the DESC process and referred to the detailed presentation that was discussed within the February DESC meeting regarding error percentages and the reconciliation analysis process. MPa again asked was there a way to influence the pattern for the following year regarding the algorithms. MPE explained the process regarding the ALPs and DAFs and overall the modelling approach that was undertaken for the analysis.

MPa then said that within Section H of the code, he understood that a modification was not required to make a change to the overall process. He added that he felt the existing NDM algorithm process was not working efficiently or effectively and he asked if the present NDM algorithm data submission deadline could be extended. FC said this was not possible as it would have an enormous ‘knock on’ impact on the rest of the overall process.

A further general discussion then took place and it was agreed the KD would raise a new modification in due course to oblige shippers to provide sample data (possibly a % of portfolio) or allow CDSP to select sites for shippers to provide the read data.

CSh said that the discussion regarding this area had been worthwhile and that he expected further discussions would take place at future DESC meetings, especially as further reconciliation data becomes available for SSPs .

**6. Next Steps**

CSh confirmed that this Workgroup was now formally closed and the that the Request Workgroup Report would be submitted to the April Panel.

**Action Table (as at 20 March 2018)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1204	19/12/17	6.0	Corona Energy (TH) DP (NGN) to find out the outcome of the discussion on the Shrinkage consultation and report at the next meeting.  <i>Update: Action transferred to DP, as the Proposer had now left Corona Energy.</i>	DP (NGN)	Closed