

**Review Group 0176 Minutes**  
**Thursday 08 November 2007**  
**31 Homer Road, Solihull B91 3LT**

**Attendees**

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	LD	Joint Office of Gas Transporters
Alison Chamberlain	AC	National Grid Distribution
Anna Taylor	AT	Northern Gas Networks
Ed Rains	ER	Total Gas & Power
Euan Chisholm	EC	Scottish Power
Fiona Cottam	FC	xoserve
Hannah McKinney	HM	EDF Energy
Jonathan Aitken	JA	RWE Npower
Mark Linke	ML	Centrica
Mark Perry	MP	xoserve
Mo Rezvani	MR	Scottish and Southern Energy
Sallyann Blackett (Proposer)	SB	E.ON UK
Steve Coles	SC	E.ON UK
Steve Taylor	ST	Centrica
Stuart Cameron	SC1	Scottish Power

**1. Introduction and Review Group Operation**

JM welcomed members to the first meeting and explained that the intention was to regular meetings to discuss UNC 0176 and produce a Review Group Report.

**2. Outline of Proposal**

SB introduced the Proposal raised by E.ON UK, and explained the rationale, the intended outcome, and the areas which she thought that the Group may need to address.

SND (Seasonal Normal Demand, as forecast by the Distribution Network) is used in the calculation of the Weather Correction Factor. In their representation on the 2006 NDM Algorithms one Shipper commented that forecast SND appeared too low. In 2007 another Shipper commented that forecast SND appeared too high. SB explained that a consistently incorrect SND could introduce a bias to the Weather Correction Factor (WCF).

It seemed sensible to remove the SND from the definition that underpinned the algorithm and thereby remove some of the contention that occurred each year in response to the profiles. There may also be potential for more radical change to the WCF and to the whole NDM algorithm. It was pointed out that there was no existing mechanism for Shippers to comment on the SND.

Following this there was a short discussion. FC gave a brief explanation of the historical background to SND, which has many other uses in general Network planning. In the days of steady year on year growth in Demand and a single Transporter, Seasonal Normal Demand was relatively easy to predict, but recent years have seen a decline in consumption despite an increase in loads and in the last couple of years it had become very hard to predict Demand. There was an argument to suggest that SND was no longer fit for use within Demand Estimation and an alternative approach may be required.

In response to questions FC confirmed that the single methodology that all Transporters should follow was published on the National Grid website, and pointed out that it was produced for use in all sorts of purposes, and not confined to this one; the calculation of the SND might be extremely difficult to influence because of this.

MR thought there should be a measure of the reasonability of forecast if this continued to be used. SB also commented on the use in the WCF of a forecast that may or may not be right and thought it should be able to be derived from weather principles. It ought to become a true Weather Correction Factor rather than a Demand Correction Factor, or the name should be changed.

FC observed that a UK Link change may be required to amend the system calculation.

A business case would be required to be produced by Easter 2009 for anything more radical to be included in the Replacement of UKLink, planned for 2012.

During the initial discussions a number of potential solutions were suggested, although this was not a definitive list:

1. Derive a WCF from the difference between Seasonal Normal CWV and actual CWV (Composite Weather Variable) each day.
2. Derive a more neutral, bottom-up view of SND by taking the sum of all live AQs with the appropriate ALP applied, either as a daily, monthly or once-a-year calculation.
3. Demand Estimation processes to derive its own view of SND, incorporating climate change, which might require a Shipper vote to select the preferred option.
4. Completely overhaul the format of the NDM Algorithm.

### **3. Consider Terms of Reference (ToR)**

The draft Terms of Reference were considered and discussed, with appropriate amendments being agreed and made. The amended ToR will be placed on the Joint Office website and put on the agenda for the next Modification Panel to review and approve.

### **4. Review Group Process**

Working arrangements were agreed.

**Action RG0176/001: All to think about various options, with reference to the points set out under the Scope and Deliverables of the ToR, and bring to next meeting with a view to presenting to the Group for discussion.**

**Action RG0176/002: SB agreed to present an overview of Option 1 (use of Actual and Seasonal Normal CWV).**

**Action RG0176/003: FC agreed to present an overview of Option 2 (Forecast Demand derived from AQs and daily ALPs).**

**Action RG0176/004: HM to present more details on Option 3, if time permits and if internal authorisation can be gained.**

**Action RG0176/005: MR to present more details on his ideas for Option 4, if time permits and if internal authorisation can be gained.**

FC pointed out that information on how SND is used in Demand Estimation could be found in Appendices 8 and 9 in the NDM Algorithm Proposals for this year.

## **5. Diary Planning for Review Group**

The second meeting of Review Group 0176 will be held from 11:00 until 15:00 on Thursday 06 December 2007, in Conference Room 5, 31 Homer Road, Solihull B91 3LT.

The third meeting will follow the next DESC meeting and will be held on Tuesday 15 January 2008, in Conference Room 5, 31 Homer Road, B91 3LT.

## **6. AOB**

None.

**ACTION LOG: Review Group 0176**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0176/001	08/11/2007	4	All to think about various options, with reference to the points set out under the Scope and Deliverables of the ToR, and bring to next meeting (06/12/07) with a view to presenting to the Group for discussion.	ALL	Action: Pending
RG0176/002	08/11/2007	4	Present an overview of Option 1 (use of Actual and Seasonal Normal CWV).	E.ON UK (SB)	Action: Pending
RG0176/003	08/11/2007	4	Present an overview of Option 2 (Forecast Demand derived from AQs and daily ALPs).	xoserve (FC)	Action: Pending
RG0176/004	08/11/2007	4	Present more details on Option 3, if time permits and if internal authorisation can be gained.	EDF Energy (HM)	Action: Pending
RG0176/005	08/11/2007	4	Present more details on ideas for Option 4, if time permits and if internal authorisation can be gained.	SSE (MR)	Action: Pending