

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

Tuesday 21 November 2017

The Arden Hotel and Leisure Club, Coventry Road, Solihull, B92 0ED

Attendees

Helen Cuin (Chair)	(HCu)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Alexander Holbourne	(AH)	Corona Energy
Andy Smith	(AS)	British Gas
Carl Whitehouse	(CWh)	First Utility
Chris Warner	(CW)	Cadent
Darren Lond	(DL)	National Grid NTS
David Carroll	(DC)	Gazprom
Fiona Cottam	(FC)	Xoserve
Fiona Speak	(FS)	RWE npower
Gareth Evans	(GE)	Waterswye
Helen Bennett	(HB)	Joint Office
Hilary Chapman*	(HCh)	Scotia Gas Networks
Jason Blackmore	(JB)	British Gas
Justin Price	(JP)	Corona Energy
Louise Hellyer	(LH)	Total Gas & Power
Mark Jones	(MJ)	SSE
Mark Palmer*	(MP)	Orsted
Rebecca Hailes	(RH)	Joint Office
Robert Wigginton	(RW)	WWU
Sallyann Blackett	(SBI)	E.ON
Sam Ramplee*	(SR)	Utilita

*Via teleconference

Copies of all papers are available at <https://www.gasgovernance.co.uk/0631/211117>

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

1. Review of Minutes (25 October and 03 November 2017)

The minutes of the meetings held on 25 October and 03 November 2017 were approved.

2. Analysis of NDM Customer Behaviour

It was suggested that this item be deferred until the next meeting of DESC on 11 December 2017. In the meantime, FC provided a very brief update stating that Xoserve had received some Shipper data. It was suggested that Xoserve review the analysis undertaken as part of the set-up arrangements for Xoserve to determine whether the NDM Sample sizes were still appropriate. FC reported that 16,000 sites have passed initial validation checks and 3,000 sites have failed. It was agreed that any DESC analysis undertaken on NDM customer behaviour also be shared with Workgroup 0631R.

3. Analysis of NDM Bucket EUC Profiles

FC informed Members that the PAC at their last meeting on 14 November 2017 discussed WAR Bands. As at 01 November 2017, AQ has been broken down by each WAR band for sites in Classes 3 and 4 and the data anonymised.

The Workgroup discussed the presentation titled *WAR Band Analysis* provided by Xoserve. A chart for each EUC band 3-8 had been provided showing the percentage of portfolio in each WAR band by anonymised Shipper. The charts also show the top 10 Shipper short codes by AQ and the rest of the market as a separate series. The focus of the discussion was on those sites placed in the 'bucket' Band because no WAR Band has been assigned either due to no winter consumption data or where the winter annual consumption is greater than AQ. RW asked what challenge is there to Shippers to allocate sites to the right Bands. In response, FC confirmed that better read performance is needed and more Category 3 monthly reads. Between June and 01 October 2017, the number of sites in WAR Bands has increased and, therefore, the number in the 'bucket' has reduced. There is an option to submit winter consumption data and Xoserve (in response to PAC actions) are preparing an educational pack for Shippers to increase awareness and raise understanding.

JB informed the Workgroup that he is undertaking further analysis on the proportion of AQ related to the sites classified within the 'bucket' Band and that this will be shared with DESC on 11 December 2017. GE asked what percentage of the whole market relates to the 'bucket' Band. In response, SBI confirmed this is 33% by AQ. FC stated that another factor is dependency on when the meter read is taken. It is not clear why monthly reads are not being submitted or what perceived benefit (if any) of being allocated to the 'bucket' Band. It was reported that one-third of sites do not have meter readings more than 1 or 2 times per year. FC confirmed that reads on or around 01 December and 31 March are needed to provide winter consumption data and that there is one month's grace either side.

Shippers were surprised that one-third of reads are not being provided and RW asked if it is possible for Xoserve to assess if Shippers have missed 1, 2 or 3 of the meter readings required annually.

FC reiterated that the educational pack is hoped to address these issues and Xoserve will report to PAC in February 2018. It was suggested, that this Workgroup feedback to PAC that it would be a good idea to consider the impact on UiG of being assigned to an incorrect WAR Band and particularly to be classified within the 'bucket' Band.

4. Analysis of EUC Bands to Identify Volatility

A general discussion took place in relation to WAR bands and volatility. In general, if a site was more weather sensitive than its assigned EUC, the algorithm would not be putting enough energy reaction into its allocation. The ALPs would assign too much energy in summer and not enough in winter. Equally a site in the "Bucket" EUC with very low weather sensitivity would have its allocation adjusted too much for either warm or cold weather.

FC confirmed that daily AQs had been provided by EUC and LDZ for all days from May to October in order for Shippers to undertake their own impact assessment of the change to the NDM Algorithm post-Nexus.

JB reported that British Gas have undertaken some analysis to compare Demand Estimation response with actual response so that they can visualise where the weather sensitivity of Demand Estimation is insufficient or in excess of actual weather responses. They expect Demand Estimation weather sensitivity to align with Demand and differ more from Allocation, as UiG reflect actual weather sensitivity. He suggested that the weather response from Demand Estimation is at times insufficient

and is believed to be due to the use of “bucket profiles” in EUC categories with WAR bands. Further analysis will be provided for the December DESC meeting using national data.

British Gas provided a number of papers for information in relation to this agenda item as follows:

- Impact of the change in Weather Correction Factor on Demand Estimation
- Percentage of AQ in a Bucket Band instead of a WAR Band
- Post Nexus Demand Response
- Post-Nexus Demand Response to changes in CWV
- Equivalence of Pre- and Post-Nexus Allocation Formulae.

FC highlighted that the second phase of NDM Algorithm Performance included comparison of allocation against actual demands of the sample data, and that this would be presented at DESC in December. Shipper NDM data would also be analysed, and that this would be taken to the DESC meeting, rather than published in advance, due to the tight timescales for analysis.

Action 1101: British Gas (JB) agreed to provide further analysis of the impact on UiG of incorrect WAR Bands on EUC (update of Paper Titled *Percentage of AQ in a Bucket Band instead of a WAR Band*).

5. Consider Acceptable Level of UIG at D+5 Consider Acceptable Level of UIG

5.1 Define Level of UIG at Line-in-the-Sand

AUGE estimates that UiG is around 1.3% of system throughput at line in the sand (reconciled position). There was discussion about how the AUGE figure compares to the analysis presented at previous DESC meetings for D+5 UIG, and whether Xoserve have previously said that UIG might be more like 4%.

JP stated that an action arising from the last UiG awareness meeting was to consider whether there is any evidence to suggest that the 1.3% AUGE figure is incorrect.

In response to a question from GE, about latest UiG reconciliation data, FC stated that June to October reconciliation data was published on 20 November, on Xoserve.com, and will be updated in future after each Amendment invoice is issued. This was also communicated as part of the weekly progress update on 17 November 2017.

Post-meeting note: the UIG Reconciliation report is now available on the UIG page of Xoserve.com: <http://www.xoserve.com/index.php/unidentified-gas-uig/> (under “UIG Information”)

In addition, Xoserve continue to provide weekly updates to the spreadsheet of percentage UIG by LDZ, via the secure website.

In a response to a question on how many NDM sites had not yet had a meter point reconciliation, FC responded that AQ recalculation could be used as an approximation for Reconciliation, as both required a meter reading. She stated that statistics were presented to November PAC which showed that around 25% of sites by AQ have not had an AQ recalculation since Nexus go-live, hence are likely not to have had a reconciliation either.

GE stated that some of the outstanding DMs with read rejections are actually having actual consumption data loaded to Gemini, and that the ‘burn down’ chart should be amended to recognise this. FC confirmed that Xoserve had an action from the daily calls to provide this breakdown of the rejecting DMs.

5.2 Consider Whether Current UiG Levels are Acceptable and How Industry Might Need to Adapt Accordingly

JP suggested that it was important to consider what the appropriate levels of volatility should be and that this agenda item should also be included for the next 2 meetings.

JP considered that further work was needed to look at a number of areas identified by Xoserve as factors contributing to UiG levels and volatility, in particular Shrinkage errors, Shipperless/unregistered sites and CSEP/LDZ mapping.

He stated that 01 December 2017, represents a cliff-edge on AQs and DMs and this has not been discussed as part of the UiG daily calls. He asked for views on the Shrinkage amount and whether it is wrong? Transporters are responsible for considering shrinkage issues within the Shrinkage Forum.

CW confirmed that the DNs have UNC obligations to review the Shrinkage Models and noted that due process is being followed.

HC highlighted that the Shrinkage and Leakage Model Review Consultation had recently closed and that DNs were considering 2 consultation responses from Corona Energy and ICoSS. HC confirmed that the DNs are due to provide a final response to the consultation which will be published at:

<https://www.gasgovernance.co.uk/Shrinkage/Consultations> and a report will be provided to Ofgem by 31 December 2017. The next meeting Shrinkage Meeting due on the 19 December 2017 will review the consultation report.

Action 1102: All members to review the Shrinkage consultation document to raise awareness of the issues included within the consultation and to identify any areas that need to be raised before the next Shrinkage Forum on 19 December 2017.

In relation to Shipperless sites, FC reported that there is a Shipperless Sites Workgroup and it was therefore, suggested that an update be provided at the next meeting. <https://www.gasgovernance.co.uk/industryinfo/UnconSites>

Action 1103: All parties to review the Shipperless and unregistered sites presentation pack published on the JO website on 18 October 2017
<https://www.gasgovernance.co.uk/UnconSites/061017>.

FC also agreed to provide an update on CSEP/LDZ mapping at a future meeting.

6. Development of Workgroup Report

Deferred.

7. Review of Outstanding Actions

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>

Update: FC provided an update, confirming that 16k meters have passed validation check before the deadline closed and that those that missed the deadline can continue to provide data, so this action can be closed. **Closed**

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>

Update: JP confirmed that this was only completed at a high level and further work is needed. **Carried Forward.**

1003: Xoserve to provide a guide on validation checks that are currently carried out

Update: FC confirmed this was published as part of daily update on 06 November 2017, so this action can be closed. **Closed**

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

Update: FC confirmed that this was done by energy as the basis and not meter points as the original request was superseded by a requirement for un-reconciled energy, so this action can be closed. **Closed**

1005: Xoserve to provide a breakdown of WAR bands and provide an educational pack on WAR

Update: FC confirmed that a breakdown of WAR Bands has been provided and the education pack will be published next week. **Carried Forward**

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

Update: FC confirmed this work is on-going, so this action can be closed. **Closed**

1007: Xoserve to promote follow up UIG Awareness session (WebEx)

Update: FC confirmed that the Awareness session was held on 03 November 2017, so this action can be closed. **Closed**

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

Update: FC confirmed that this work has been devolved to all parties, so this action can be closed. **Closed**

8. Any Other Business

None.

9. Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
30 November 2017 (10:00 – 12:00)	Teleconference	To be confirmed following the meeting on 21 November 2017 <ul style="list-style-type: none"> AUGE Paper – UIG Calculation Issue: Analysis 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

		<p>at Line- in-the-Sand;</p> <p>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.</p>
<p>13:00 11 December 2017 <i>(following DESC)</i></p>	<p>Solihull</p>	<p>Carry Agenda Items forward; and include</p> <p>Analysis of NDM customer behaviour</p> <p>Update from Shipperless Sites Workgroup</p> <p>Update on Shrinkage</p> <p>Update on CSEP/LDZ mapping</p>

Action Table (as at 21 November 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	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: https://www.gasgovernance.co.uk/desc	Shippers	Closed
1002	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: https://www.gasgovernance.co.uk/tpddocs	Shippers	Carried Forward
1003	25/10/17	2.0	Xoserve to provide a guide on validation checks that are currently carried out	Xoserve	Closed
1004	25/10/17	2.0	Xoserve to confirm how many Meter Points have been reconciled by EUC/WAR band	Xoserve	Closed
1005	25/10/17	2.0	Xoserve to provide a breakdown of WAR bands and provide an educational pack on WAR	Xoserve	Carried Forward
1006	25/10/17	2.0	Xoserve to arrange a daily call to obtain updates on which shippers have provided data	Xoserve	Closed
1007	25/10/17	2.0	Xoserve to promote follow up UIG Awareness session (WebEx)	Xoserve	Closed
1008	25/10/17	2.0	Xoserve to advise if feasible for shippers to pay for external resource to help with data validation	Xoserve	Closed
1101	21/11/17	4.0	British Gas (JB) agreed to provide further analysis of the impact on UiG of incorrect WAR Bands on EUC (update of Paper Titled <i>Percentage of AQ in a Bucket Band instead of a WAR Band</i>).	British Gas (JB)	Pending
1102	21/11/17	5.2	All members to review the Shrinkage consultation document to raise awareness of the issues included within the consultation and to identify any areas that need to be raised with the Shrinkage Forum on 19 December 2017.	All	Pending

Action Table (as at 21 November 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1103	21/11/17	5.2	All parties to review the Shipperless and unregistered sites presentation pack published on the JO website on 18 October 2017 https://www.gasgovernance.co.uk/UnconSites/061017 .	All	Pending