

UNC Workgroup 0453 Minutes Project Nexus – Demand Estimation

Tuesday 13 August 2013

via teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Andy Miller	(AM)	Xoserve
Angela Love	(AL)	ScottishPower
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Ed Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Gareth Evans	(GE)	Waters Wye Associates
John Edwards	(JE)	Wales & West Utilities
Jonathan Kiddle	(JK)	EDF Energy
Jon Dixon	(JD)	Ofgem
Julie Varney	(JV)	National Grid Transmission
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Naomi Anderson	(NA)	EDF Energy
Steve Mulinganie	(SM)	Gazprom
Tabish Khan	(TK)	British Gas
Tim Davis	(TD)	Joint Office

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the previous meeting were accepted.

1.2 Review of Actions

No outstanding actions to be considered.

2. Review Legal Text Update

CW advised that the legal text had been considered at the DESC meeting on 10 July and that development remains ongoing with the intention being to publish revised legal text shortly following this meeting.

Demand Estimation Sub-Committee discussion paper

In providing the background to the preparation of this paper, CW explained that the main principle is to be consistent with the intentions established within UNC Modification 0331 'Demand Estimation Section H Changes to Processes and Responsibilities' – in short, the main discussion points relate to where the most appropriate place would be for the DESC algorithm(s) (and potentially any future Regression Analysis model(s)) to reside, the choice being either within the Uniform

Network Code (UNC) or the Demand Estimation Methodology document which would be a UNC related document.

There followed an very extensive debate over the merits of each possible option, with views remaining divided – the Transporters (and especially National Grid Distribution as proposer of Modification 0453) believing that any changes to the algorithm would be better managed under the governance of the UNC, whilst other parties (including the DESC membership) believe that the algorithm would be better placed (in the transitional period anyway) falling under the governance of the Demand Estimation Methodology document with referral to UNCC for approval. Those in support of the second option also noted that the future regression analysis model(s) could be enshrined within the UNC at a later date.

The main concerns related to the most appropriate governance regime to manage amendments to the allocation algorithm:

- Some parties present were happy to allow DESC to manage the process and preferred the approach recommended by DESC with the algorithm placed in a UNC related document. It was noted that this would also be supported by a governance process allowing industry parties an opportunity for consultation, prior to any changes being made.
- Whilst other parties wanted the algorithm to be set out in the UNC, preferring the usual approach to governance, with modifications being raised to make changes so that the commercial impacts would/could be explored in addition to the technical issues.

In addition, AM advised that regardless of which governance method was adopted, costs would be incurred should there be change central systems as the algorithm is hard coded into the system.

CW remained of the view that development of the legal text should continue based upon the principle that the algorithm would be going into Code and should the industry subsequently move toward introducing a regression analysis model solution, then a separate modification would be required in future – care is needed to avoid potentially delaying development of the 0453 legal text. One solution put forward was to consider varying modification 0453 to take into account the DESC members concerns / views.

Some concerns were voiced about the timing of any changes should the industry want to move to a regression model as the proposed window of 12 to 18 months may cut across Nexus implementation and any impacts would need to be clearly understood.

In the end, and baring in mind the forthcoming (dedicated) legal text review meeting scheduled to take place at Ofgem on 16 September, it was agreed to include further discussion on the matter at the Project Nexus meeting scheduled to take place on 10 September. A new action was placed against CB, MJ and NA to invite the DESC membership to the 10 September Project Nexus meeting and to ask them to prepare a presentation outlining the principle differences between the current algorithm and the proposed regression analysis model solutions and provide their views on the appropriate governance route.

In closing, CW reiterated that development of the legal text for Modification 0453 would continue as envisaged to ensure that it is ready for consideration on the 16th which may or may not, be influenced by the outcome of the further discussions undertaken on the 10th. MD also advised that Xoserve would have to continue the logical system developments (plan) based on Modification 0453 (and associated legal text) as it currently stands.

New Action 0453 08/01: CB, MJ and NA to invite the DESC membership to the 10 September Project Nexus meeting and to ask them to prepare a presentation outlining the principle differences between the current algorithm and the

proposed regression analysis model solutions and provide their views on the appropriate governance route.

4. Any Other Business

None.

5. Diary Planning

The following meetings are scheduled to take place:

Meeting	Date	Location
Project Nexus Workgroup (including 0432, 0434 and 0453 Workgroups)	10/09/2013	To be confirmed.
Project Nexus Workgroup (including 0432, 0434 and 0453 Workgroups)	30/09/2013	To be confirmed.
Project Nexus Workgroup (including 0432, 0434 and 0453 Workgroups)	22/10/2013	To be confirmed.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0453 08/01	13/08/13	2.	To invite the DESC membership to the 10 September Project Nexus meeting and to ask them to prepare a presentation outlining the principle differences between the current algorithm and the proposed regression analysis model solutions and provide their views on the appropriate governance route.	CB/MJ/NA	Pending