

DEMAND ESTIMATION SUB COMMITTEE

Minutes

Monday 19th September 2005

10 Old Bailey, London

Attendees

Tim Davis	(TD)	Joint Office of Gas Transporters
Dennis Rachwal	(DR)	Joint Office of Gas Transporters
Sallyann Blackett	(SAB)	xoserve
Jacqueline Clark	(JC)	Scottish Power
Sandra Spence	(SS)	Scottish Power
Michael Potter	(MP)	EON UK
Thomas Bradbury	(TB)	Ofgem
Steve Taylor	(ST)	BGT
Peter Osbaldstone	(PO)	National Grid Gas Transmission
Anthony Giles	(AG)	SSE

1. Status Review

The minutes from 25th July 2005 were accepted.

Arising from the minutes it was agreed that the meeting venue should alternate between London and Birmingham.

The Committee reviewed the 2005/6 workplan as tabled and circulated after 25th July 2005 and did not request any changes.

Three documents should be considered in conjunction with these minutes

- a) "Model Smoothing – Investigative Analysis" – circulated to DESC 16th Sept 05.
- b) "Model smoothing and trends presentation 19th Sept 05", accompanying these minutes.
- c) "NDM sample update presentation 19th Sept 05", accompanying these minutes.

2. Annual re-evaluation of model smoothing and investigation of trends

xoserve (SAB) presented the background to model smoothing and included reference to the Investigative Analysis document. The Committee considered the following aspects:

2.1 Predictive Ability Assessment. Using the assumption that the 2005/06 models are accurate, the Committee agreed that smoothed models were on the whole no worse than single year models.

2.2 Volatility Assessment. The Committee agreed that, as expected, smoothed models were associated with significantly lower year-on-year volatility.

2.3 Model Smoothing - Trends. The Committee agreed that there was no consistent pattern or trend to suggest that any approach other than averaging was appropriate.

2.4 Model Smoothing – Number of Years. The Committee agreed that there were no strong grounds for changing from the prevailing approach of averaging over three years.

3. Prospective model smoothing for 2006

The Committee agreed with the Transporters proposed way forward that the current averaging approach to model smoothing over three years continues to be appropriate and fit for purpose.

4. NDM sample count assessment

xoserve (SAB) presented an update on the NDM Datalogger Sample Count. Working from a baseline of NDM dataloggers at 1st July 05 (using current AQs) she advocated that a more reflective active sample count should exclude instance of any of the following; Supply Point no longer NDM; Supply Point no longer firm; no datalogger read received in the last month (arguing that historically such sites never reactivate); Supply Point ID not valid on or not live on Sites and Meters database. The latter two categories would be actively addressed by xoserve Supply Point Administration team, but nevertheless from a demand estimation perspective it was more reflective to exclude these from a snap shot assessment of the datalogger sample count.

The next stage of assessment was comparison with the targets for numbers of samples for each segment of the population. SAB explained that the targets in this analysis were those agreed between xoserve and Transporters rather than explicit UNC obligations. The deficit in the higher EUC bands arose in part from the recent change in the Seasonal Normal Composite Weather Variable (SNCWV) – AQs reduce so some sites shuffle down to lower EUC bands. She advocated that the following factors should be considered in seeking to address the deficit in larger EUC bands; sample size was already a high proportion of population; bands 5 to 9 only account for 11% of NDM throughput and their actual demand had recently decreased by 9%; sampling was more critical for the more weather sensitive lower band; data from bands 1 and 2 was obtained from a complementary population of about 4200 data-recorders. Nevertheless SAB reported that Transporters have just completed a programme to install 120 additional loggers. SAB stated the target sample numbers for high bands might be higher than needed for statistical analysis.

In discussion it was agreed that whilst there are presently no NDM sample points within iGTs it was likely that routine monitoring of scaling factors and reconciliation did not indicate a need to change from this.

Action xoserve (SAB) to investigate the target sample numbers required to maintain analysis at levels of aggregation used in the Spring 2005 analysis.

5. Consideration of longer-term developments

The 3rd June 05 meeting of DESC identified items for consideration for potential longer-term developments and this meeting reviewed these items.

5.1 Decline in datalogger based sample – see item 4 above.

5.2 Analysis of sample size relative to the population

Action xoserve (SAB) to present sample size as a percentage of the population for each segment and compare to the previous year.

5.3 Effects of AQ reduction on the EUC banding sample points – see item 4 above. Also the recent change in SNCWV may mask actual demand drift.

5.4 Differentiation of domestic and small business consumers. It was agreed that the percentage of business consumers in EUC band 1 was likely to be small, say 3%, however there was some potential for marginally improved NDM modelling in this area. The Committee agreed that the Market Sector Flag was unlikely to quickly and easily facilitate this – there is some ambiguity in the definition of domestic and even if this were not so, data gathering and entry would be onerous. A seemingly more promising route for identifying whether there were any differences in behaviour arises from the population of datarecorder and datalogger sample points.

Action xoserve (SAB) to investigate the feasibility of comparing domestic datarecorder and business datalogger sample points for EUC band 1.

Even if this does prove feasible it was recognized that substantial analysis and cost justification would be needed to change from the present modelling method, and that analysis may show no significant difference that would merit such a change.

5.5 Potential split of 732-2196 MWh band –. SAB reported that, following on from previous DESC meetings, a high level IT impact assessment had been requested. This would allow a decision to be made if the analysis in Spring 2006 confirmed that such a split was recommended analytically.

Action xoserve (SAB) to report after Spring 2006 analysis whether or not the analysis confirms a potential need for splitting the 732-2196 MWh band.

In discussion it was agreed that the monitoring of scaling factors and reconciliation was a useful mechanism for gauging the need for model development work. Also DESC may need to give consideration to the impact if the Pricing consultation to increase the ratio of capacity to commodity charge is agreed.

6. Publication of Demand Estimation Sub-Committee Documents

The Committee considered and agreed to move from hardcopy mail-out of documents to web publication with an e-mail alert for new publications.

Action xoserve (SAB), in conjunction with the Joint Office, to confirm that documents can be released to an open web site (or alternatively the requirement for password protection) and to notify details of the change.

7. Schedule of Planned Future meetings

14 November 2005	11:00am, 51 Homer Road, Solihull (Columbus Room)
12 December 2005	London
23 January 2006	Birmingham/Solihull
5 June 2006	London
24 July 2006	Birmingham/Solihull