



delivered by  correla

Demand Estimation Sub Committee

NDM Algorithms Update - Gas Year 2023/24

8 October 2024

Background

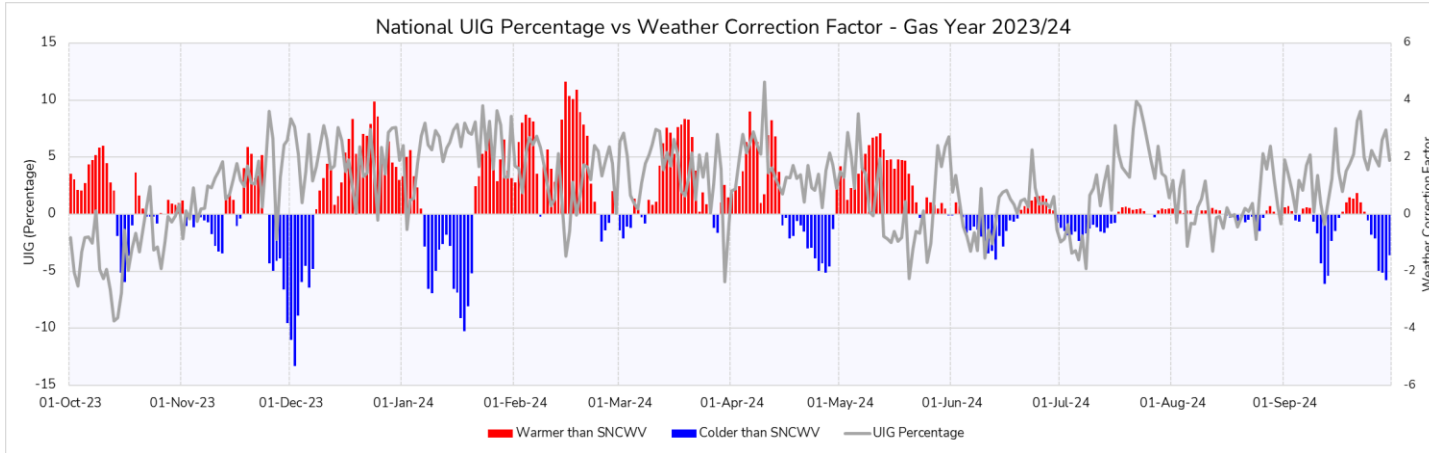
- During the second half of Gas Year 2021/22, a trend was evident of significant overallocation of NDM demand by the Demand Estimation process
- This had been caused predominantly by AQs not reflecting the latest 'base level demand', due to the step change in behaviour caused by increase in wholesale gas prices
- At the start of Gas Year 2022/23 and ahead of the upcoming winter, DESC discussed potential options to mitigate the NDM over allocation, including applying factors to the Annual Load Profile (ALP). At the 5th October 2022 meeting DESC concluded that this was not the correct approach and focus should be on the root cause i.e. AQ and not the demand profiles
- DESC confirmed in October 2023 the topic should **continue** to be kept as a standard agenda item during Gas Year 2023/24 so the UIG levels and associated metrics could be monitored and discussed, especially as the market potentially looks to correct itself post energy price crisis

Objective

- Review latest Unidentified Gas (UIG) levels and trends for Gas Year 2023/24 and any other related data items e.g. Annual Quantities (AQs)

Analysis – Gas Year 2023/24: UIG Review

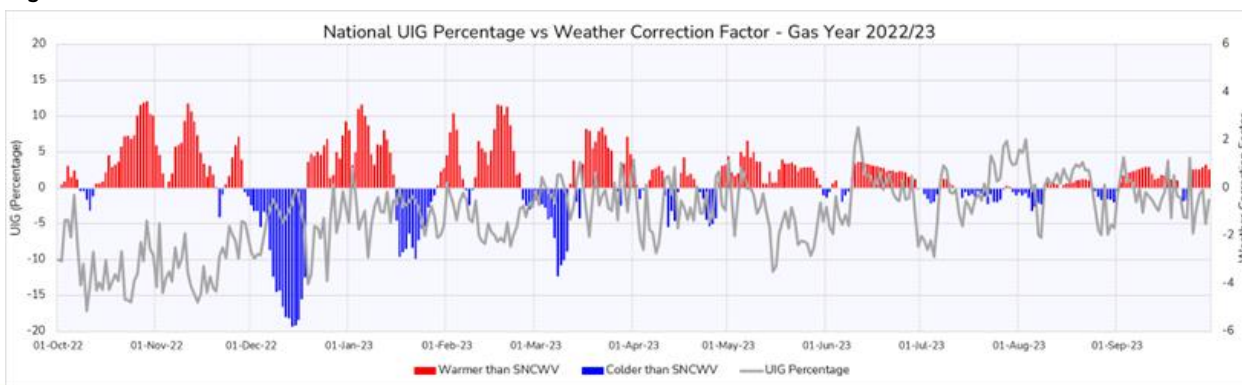
Fig.1 National UIG – Gas Year 2023/24



- Fig.1 shows the extended period of significant **over allocation** for the NDM population stopped around November 2023
- UIG in Gas Year 2023/24 is now at more expected levels.
- Note: Instances of negative UIG can be more likely over the summer when demand levels drop

Fig.2 National UIG – Gas Year 2022/23

Note: UIG for 27th Sept onwards not closed-out at time of publishing



- Fig. 2 - Reminder of UIG levels and weather experienced in Gas Year 2022/23
- Predominantly negative due to NDM over allocation

Analysis – Gas Year 2023/24: AQ Trends

Fig.3 Domestic AQ Trend

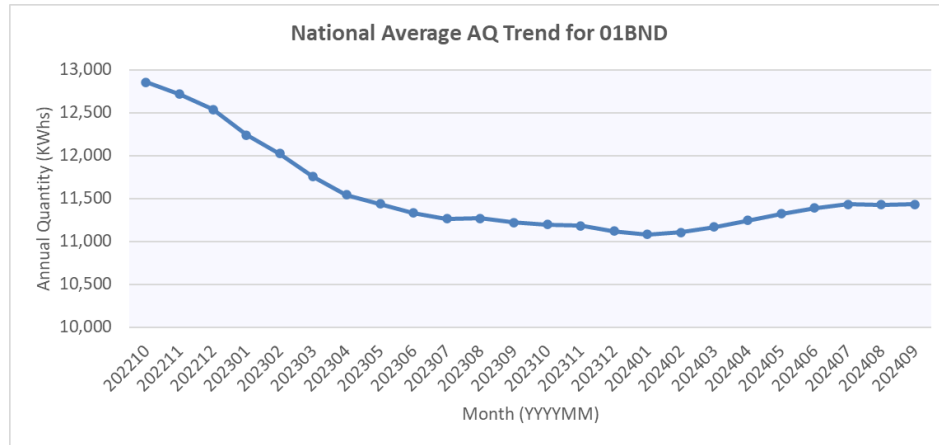
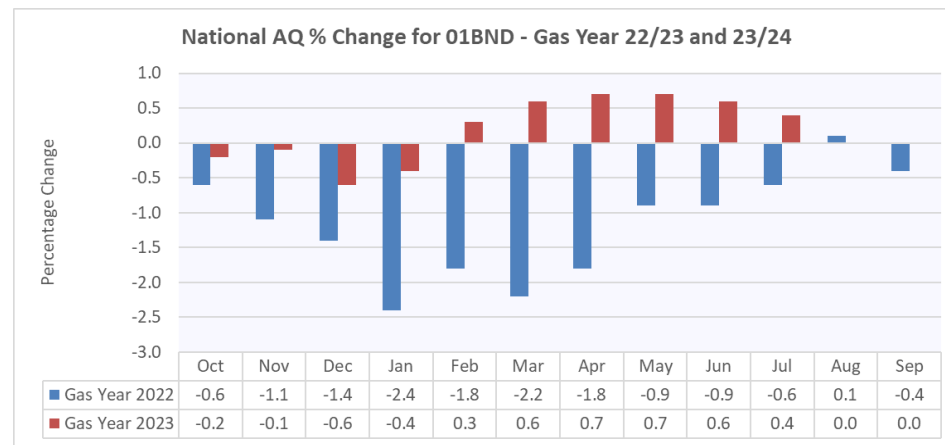


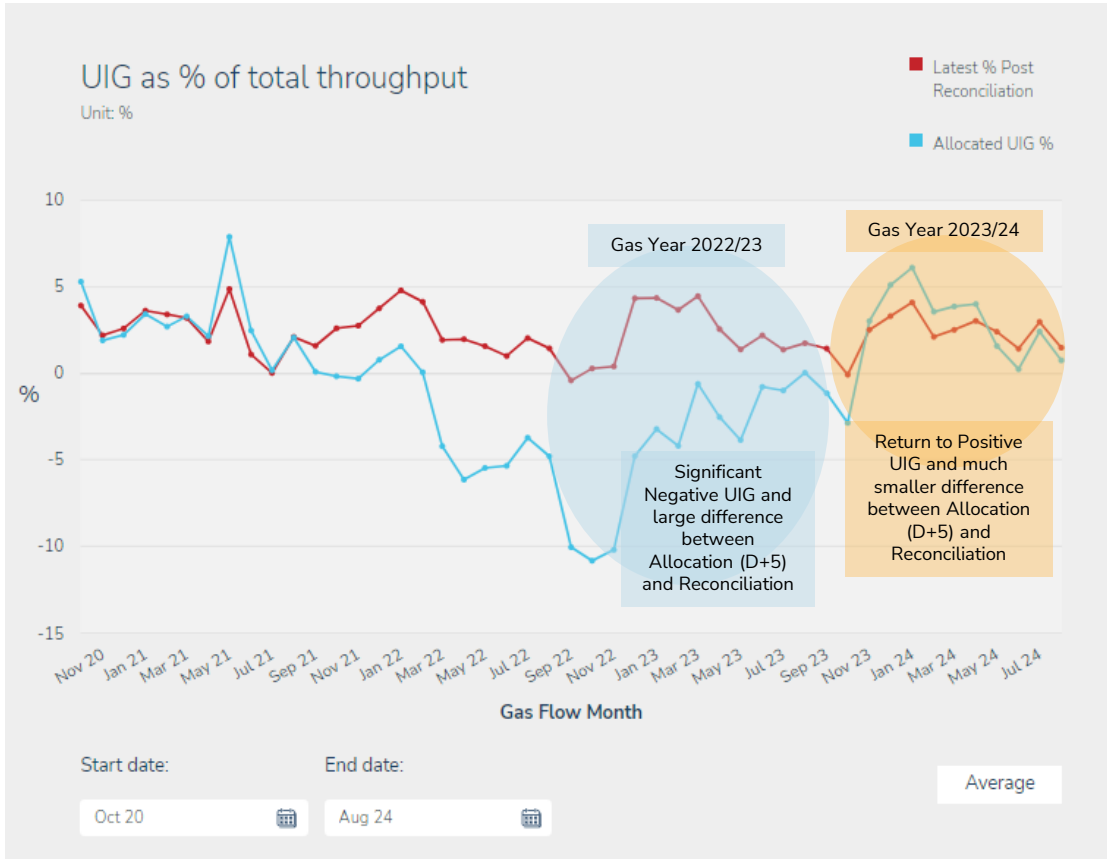
Fig.4 Average AQ % Change



- Fig.3 shows for Gas Year 2023/24, the Average AQ for Band 1 Domestic Non-Prepayment EUC (“01BND”) has now levelled off, with negligible change for August and September
- Fig. 4 shows that the average AQ calculations for Gas Year 2023/24 have increased around 2%. The current average is comparable to May 2023 but still a long way from ‘pre-energy price conservation’ levels
- Reminder: Gas Year 2022/23 Band 1 Domestic Non-Prepayment (“01BND”) the average AQ declined by -14%, Band 1 Domestic Prepayment (“01BPD”) declined by -18% and Band 1 I&C Non-Prepayment (“01BNI”) declined by -5%
- The Demand Estimation team continue to provide the industry a view of the latest Average AQ data/trends following each monthly calculation of Rolling AQs

Analysis – Gas Year 2023/24: Post Reconciliation

Fig.5 Estimated UIG% post Reconciliation



- Information regarding Meter Point Reconciliations processed on the latest Amendment Invoice (AMS) can be viewed on Unidentified Gas home page (see [Reconciliation by Month Report](#) for more detail)
- Fig.5 - Orange shaded area (GY 23/24) on chart confirms that UIG at Allocation (D+5) is now running positive. Estimated view of UIG% post Reconciliation is moving closer to expected 'real' UIG% (c.2-2.5%) – link to online chart [here](#) (up to and incl. August Amendment Invoice)
- Reminder: Blue shaded area (GY 22/23) demonstrates how inaccurate NDM Allocation was (due to unprecedented conservation in the population)

Conclusions – Gas Year 2023/24

- Since November 2023 average UIG (%) for Gas Year 23/24 has returned to positive values – see Fig.6 for comparison to equivalent months in Gas Year 22/23
- The differences between Allocated UIG (D+5) and UIG post Reconciliation for Gas Year 23/24 is much smaller than seen in the second half of Gas Year 21/22 and all of Gas Year 22/23 suggesting current AQ levels used in NDM Demand Estimation are more representative
- Reminder: NDM Algorithm Performance for Gas Year 2023/24 will include a detailed strand of analysis for Unidentified Gas (UIG) and will be presented to DESC during the winter workplan period
- Do DESC wish to retain on its agenda periodic ‘check in’ of key metrics during Gas Year 2024/25 ?

Fig.6 National Average UIG% by Month

Month	Gas Year 22/23 Avg. UIG (%)	Gas Year 23/24 Avg. UIG (%)
Oct	-10.75	-3.11
Nov	-10.52	2.73
Dec	-5.20	4.96
Jan	-3.37	5.94
Feb	-4.39	3.33
Mar	-0.84	3.68
Apr	-2.68	4.00
May	-4.13	1.27
Jun	-0.63	0.39
Jul	-0.88	2.58
Aug	0.09	0.70
Sep	-1.06	3.97