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for energy consumers

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Dear Mr Gath

The Authority's¹ decision on changes to the Data Transfer Service Agreement

This is our decision² to consent to the proposed changes to Schedule 4 and Schedule 8 of the Data Transfer Service Agreement (DTSA).

Background

The Data Transfer Service (DTS) provides a managed file transfer service that allows participants to share data safely and efficiently. The transfer of data is vital to support business-critical processes, such as settlement and change of supplier.

Historically the DTS has only been used by the electricity industry. However, recently ElectraLink has also provided a commercial data flow service to some gas suppliers. This additional commercial data flow is called the 'Notification of Old Supplier Information' (NOSI) and is used to facilitate the change of gas supplier.

Last year the Supply Point Administration Agreement (SPAA) was amended to require all domestic gas suppliers to use the DTS for the exchange of NOSI data flows.³ As a result, ElectraLink proposed to incorporate the NOSI as a regulated service under the DTS (rather than a commercial service). The incorporation of NOSI as a regulated service under the DTS has several consequential impacts for the DTSA. This includes consequential changes to the Schedule 4 and Schedule 8 of the DTSA.

Any changes to Schedule 4 and Schedule 8 of the DTSA must be approved by us, before they can take effect.

- Schedule 4 of the DTSA outlines the constitution of the DTS User Group. The User Group is a forum for representing the views of DTS Users on any matter relating to the DTS. The DTSA gives the DTS User Group powers to approve and reject changes to some sections of the DTSA.
- Schedule 8 of the DTSA outlines the 'DTS Charging Principles'. The DTS Charging Principles set out how charges for the use of DTS will be determined.

¹ The terms "the Authority", "we", "us" and "our" are used interchangeably in this document.

² This letter also includes the reasons for our decision as required under section 49A of the Electricity Act.

³ More information on this SPAA Change Proposal can be found here:

https://www.spaa.co.uk/Lists/General%20Documents/CP%2015_296.zip

The change request

On 20 December 2016, we received a request to approve changes to Schedule 4 and 8 of the DTSA. The proposed changes have been reviewed and approved by the DTS User Group. The proposed changes to Schedule 4 and 8 of the DTSA can be found in Appendix 1.

Schedule 4 – Constitution of the Data Transfer Service User Group

Schedule 4 sets out who sits on the DTS User Group. It describes who can vote, as well as detailing administrative arrangements regarding meetings.

The proposed changes add a member to the DTS User Group that is appointed by gas-only suppliers. The proposed modification states how the new gas-only supplier will be elected. The proposed modification also makes several minor changes to Schedule 4 (eg amending paragraph references).

The majority of DTS Users supported the change. One DTS User raised concerns that all members of the DTS User Group would vote on changes that only affected gas-only suppliers. ElectraLink stated under the current approach, all members of the DTS User Group voted on all matters.

Schedule 8 – Charging Principles

Schedule 8 outlines what charges DTS Users will incur and how these charges will be calculated. The proposed changes to Schedule 8 separate the costs associated with providing the DTS to gas and electricity suppliers. This is aimed at ensuring that there is no subsidy between gas and electricity suppliers. The approach used to calculate the Gas Supplier Charges and Electricity Supplier Charges is the same.

The majority of DTS Users supported the change. Three DTS Users raised detailed questions about how DTS Charges would be calculated and what the impact on DTS Charges would be. ElectraLink noted that the actual DTS Charges are stated in the DTS Handbook. ElectraLink provided additional information on how charges would be calculated to address the points raised by DTS Users.

Our decision

We consider the proposed changes to Schedule 4 to be beneficial to the operation of the DTS User Group. We consider that the proposed changes will ensure that the DTS User Group remains representative of DTS regulated service users. We consider it appropriate that the DTS User Group continues to manage change collectively and note that DTS Users can bring some issues to us for determination.

We also support the proposed changes to Schedule 8 of the DTSA seeking to ensure that DTS Users pay cost reflective charges and that there is no subsidy between gas and electricity DTS Users. We note that if any DTS User is unhappy with the charges that it incurs, the DTSA allows for DTS Users to request an audit of DTS charges, and DTS Users are able to refer DTS charging disputes to us for determination.

For the reasons outlined above, we consent to the changes to Schedules 4 and 8 of the DTSA proposed by the DTS User Group as shown in Appendix 1 of this letter.

Yours sincerely

Andrew Burgess
Associate Partner – Electricity Distribution

Signed on behalf of the Authority and authorised for that purpose

Appendix 1 – Proposed changes to Schedule 4 and Schedule 8 of the DTSA

SCHEDULE 4

Constitution of the Data Transfer Service User Group

1. **Objects**

The purpose of the User Group is to act as a forum for representing the views of Users on any matter relating to the Services, this Agreement, the Data Transfer Handbook, the Data Transfer Network and the Technical Standards, including, where the User Group is given the relevant powers, considering, approving or rejecting Change Requests.
2. **Membership**
 - 2.1 The User Group shall consist of the following number of representatives ("Members") from the following categories, namely:
 - (A) five Members appointed by the Electricity Suppliers;
 - (B) three Members appointed by the Distributors who have received a Distribution Services Direction (as defined in Condition 3 of the Electricity Distribution Licence) from the Authority requiring the procurement of the DTN;
 - (C) one Member appointed by Gas Suppliers that do not also hold an Electricity Supply Licence;
 - ~~(D)~~ one Member appointed by the BSC Co; and
 - ~~(E)~~ one Member appointed by those Users that are not Distributors, Electricity Suppliers, Gas Suppliers, parties to a Settlement Agreement, or otherwise represented in categories (A) to ~~(D)~~ above.
 - 2.2 All Members shall be the Contract Manager of a User or such other person notified by the persons entitled to appoint such Member to the Service Controller and the Secretary.
 - 2.3 The User Group Member referred to in the category in paragraph 2.1 ~~(D)~~ shall not be subject to the election procedures contained in this Schedule.
 - 2.4 From execution of this Agreement until the first election of User Group Members held pursuant to paragraph 2.5, the User Group shall be made up of such persons representing the categories of User Group Members as are described in paragraph 2.1 and as may be proposed from among the signatories to this Agreement and all Accession Agreements from time to time, provided that the User Group Members to be appointed pursuant to this paragraph 2.4 shall be appointed in the same proportions as those set out in paragraph 2.1. The process for such appointment will be that the Users represented by each of the categories in paragraph 2.1(A) to (D) shall agree the persons to be appointed as their respective representatives. If agreement is not possible, then paragraph 2.7 shall apply. The Director shall appoint the representative for Category 2.1~~(E)~~.
 - 2.5 No later than 40 Working Days before 1st of April each User may propose to the Service Controller candidates to be a Member for the forthcoming year within the

category of which the User is a part. The first election for the appointment of User Group Members shall be held no later than 20 Working Days before 1st April 1998. In respect of the Users referred to in the category in paragraph 2.1(A) up to two Members shall retire each year by rotation commencing on 1 April 2006 with each Member serving no more than 3 consecutive years before retiring. In respect of the Users referred to in the category in paragraph 2.1(B) only one Member shall retire each year by rotation commencing on 1 April 1999. The order for rotation shall be determined by that category of Members by agreement or by drawing lots at the first meeting of the User Group. Each Member in the category in paragraphs ~~2.1(C) and (D)~~ shall retire each year. Each retiree may become a candidate in the then current election. No later than 30 Working Days before that 1st April the Service Controller shall notify the list of candidates to those Users that the candidate might represent. Where there is more than one candidate for each category, the Users in that category shall be invited to vote for their favoured nominee within 10 Working Days of being so notified. Each User shall have one vote. Votes not received by that date shall not be valid. The candidates chosen in this way, or where there is only one candidate that person shall be deemed to be the Member for that category of User from 1 April. The Member that the candidate is replacing shall be deemed to retire from that date.

- 2.6 If during an election pursuant to Paragraph 2.5 there is a vacancy or vacancies as well as normal retirement, such vacancies will be filled by extension of the balloting process to secure votes for the appropriate number of candidates.
- 2.7 If at any time any category of User shall not have made an appointment and/or shall be in disagreement as to whom to appoint, the Service Controller shall request the Director to make such appointment and the Director shall have the right, until the relevant category of User has decided upon an appointment and notified the Director accordingly, to appoint a Member on behalf of that category of User or to remove any such person appointed by it.

3. Alternates

- 3.1 Each Member shall have the power to appoint any individual to be his alternate and may at his discretion remove an alternate so appointed. Any appointment or removal of an alternate shall be effected by notice in writing executed by the appointer and delivered to the Secretary or tendered at a meeting of the User Group. If his appointer so requests, an alternate shall be entitled to receive notice of all meetings of the User Group of which his appointer is a Member. He shall also be entitled to attend and vote as if a Member at any such meeting at which the Member appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointer as if a Member and for the purpose of the proceedings at the meeting the provisions of this Schedule shall apply as if he were a Member.
- 3.2 Every person acting as an alternate shall have one vote for each Member for whom he acts as alternate, in addition to his own vote if he is also a Member. Execution by an alternate of any Resolution in writing of the User Group shall, unless the notice of his appointment provides to the contrary, be as effective as execution by his appointer.
- 3.3 An alternate shall automatically cease to be an alternate if his appointor ceases for any reason to be a Member.

3.4 References in this Schedule to a Member shall, unless the context otherwise requires, include his duly appointed alternate.

4. Representation and Voting

4.1 The Service Controller and each Member shall be entitled to attend and be heard at every meeting of the User Group. The Director shall be entitled to send a representative to any meeting who shall be entitled to speak but not to vote on any issue.

4.2 The Service Controller may, or if required in writing by four or more Members, shall invite a representative of the Network Service Provider to attend part or all of any particular meeting. That representative shall be entitled to speak but not vote on any issue.

4.3 At any meeting of the User Group, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll of the Members who are present is demanded.

4.4 Each Member present shall have one vote.

4.5 A Resolution of the User Group will be carried by simple majority. In the event of an equality of votes of the User Group, whether on a show of hands or on a poll, the relevant resolution shall not be passed.

4.6 Neither the Chairman nor any Deputy Chairman shall be entitled to a vote in their capacity as Chairman or Deputy Chairman.

4.7 The User Group shall from time to time be entitled to adopt such procedures as it deems fit for the purpose of administering matters brought before it, including how votes that result in an equality of votes should be dealt with.

5. The Chairman and Deputy Chairman

5.1 Subject to paragraphs 5.2 and 5.3, the Service Controller shall appoint a representative to be the Chairman of each meeting of the User Group. The Chairman shall preside at each meeting of the User Group at which he is present. If the Chairman is unable to be present the Deputy Chairman shall act as Chairman.

5.2 The User Group shall elect annually from their number a person to act as Deputy Chairman.

5.3 A User Group Member may ask the Chairman to cease to act as Chairman of a meeting or leave for part of a meeting where the User Group Member wishes to question the behaviour or conduct of the Service Controller. In such circumstances, the Deputy Chairman or his alternate shall chair the meeting while such matters are discussed.

6. The Secretary

6.1 The Service Controller shall have power to appoint and dismiss a Secretary. The Secretary shall be entitled to speak but not vote on any issue at a User Group meeting. The Secretary will be a Member or any other person.

- 6.2 The Secretary's duties shall be to facilitate the User Group and in particular to:
- (A) attend to the requisition of meetings and to serve requisite notice;
 - (B) maintain a register of names and addresses of Members and Alternates as appointed from time to time; and
 - (C) keep minutes of all meetings.

7. **Meeting**

- 7.1 The first meeting of the interim User Group appointed under paragraph 2.4 shall be called by the Chairman, and will be held in September 1997.
- 7.2 The User Group shall hold meetings on the third Tuesday in the months of May, July, October, and January or at such other times as it may decide. The venue for meetings shall be determined by the Members from time to time but will be in England, Scotland or Wales. A list of dates for the next four meetings shall be circulated by the Secretary at the end of each meeting.
- 7.3 The Chairman or any other four Members may, by giving notice in writing to the Secretary, request the Secretary to requisition further meetings. The notice given to the Secretary shall contain a list of matters to be included in the agenda of the meeting to be convened pursuant to this paragraph. The Secretary shall proceed to convene meetings of the User Group within 10 Working Days of such notice and shall circulate a copy of the agenda which shall contain such items as are contained in the notice of meeting.
- 7.4 A quorum will be Members or alternates with 7 or more votes.
- 7.5 Expenses incurred by attending meetings will be met by the persons attending.

8. **Notice of Meetings**

- 8.1 All meetings shall be convened by the Secretary on at least 5 Working Days notice.
- 8.2 The notice of each meeting shall contain the time, venue and confirmation of date of the meetings and an agenda and any available supporting papers which shall be given to each User.
- 8.3 By notice to the Secretary, any Member may request matters to be considered at a meeting, other than meetings convened under paragraph 7.2, and provided that such notice is given at least 15 Working Days before the date of the meeting, those matters will be included in the agenda for the meeting. If necessary, the Secretary shall circulate a revised agenda to each User as soon as practicable.
- 8.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by a person entitled to receive notice shall not invalidate the proceedings of that meeting.

9. **Proceedings of Meetings**

The User Group may meet for the transaction of business, and adjourn and otherwise regulate its meetings as it thinks fit, but shall at all times act reasonably.

10. **Minutes**

- 10.1 The Secretary shall circulate copies of the minutes of each meeting of the User Group to each Member and all Users as soon as practicable (and in any event within 15 Working Days) after the relevant meeting has been held.
- 10.2 Each Member shall notify the Secretary of his approval or disapproval of the minutes of each meeting within 5 Working Days of receipt of the minutes. A Member who fails to do so will be deemed to have approved the minutes. The approval or disapproval of the minutes will not affect the validity of decisions taken by the User Group at the meeting to which the minutes relate.
- 10.3 If the Secretary receives any comments on the minutes, he shall circulate the revised minutes as soon as practicable following the expiry of the period referred to in paragraph 10.2 incorporating those comments which are of a typographical nature and indicating, where necessary, where Members disagree with certain aspects of the minutes. The Secretary shall then incorporate those aspects of the minutes upon which there is disagreement into the agenda for the next following meeting of the User Group as the first item for resolution.

11. **Vacation of Office**

The office of a Member shall be vacated forthwith if:

- 11.1 he resigns his office by notice delivered to the Secretary;
- 11.2 he fails, in person or by alternate, to attend 2 consecutive meetings of the User Group; or
- 11.3 the User for which he is the Contract Manager ceases to be a User.
- 11A.1 Where a Member vacates his office pursuant to paragraph 11 of this Schedule, then within 5 Working Days of the date of the vacation of office ("Nomination Period") each User from the category of Users which had been represented by the vacating Member in accordance with paragraph 2.1 may propose to the Service Controller a new candidate or candidates to take over the position of the vacating Member for the remainder of the term of appointment of the vacating Member.
- 11A.2 The Service Controller shall notify the Users in the relevant category within 7 Working Days from the end of the Nomination Period of the candidates proposed pursuant to paragraph 11A.1.
- 11A.3 Where more than one candidate is nominated pursuant to paragraph 11A.1 the Service Controller shall conduct a ballot in accordance with the election procedures outlined in paragraph 2.5, mutatis mutandis.

12. **Member Responsibilities**

- 12.1 In the exercise of his powers and the performance of his duties and responsibilities as a Member, a Member shall represent the interests of the category of Users by whom he is for the time being appointed.

12.2 Each Member shall perform his duties in such a way as to enable the Service Controller to perform its role and responsibilities on behalf of all Users and in particular to ensure that it is economically capable of such performance.

13. **TRANSITIONAL PROVISIONS**

Notwithstanding any amendment to categories (A), ~~(B) and (D) to (C)~~ made as a consequence of the coming into force of Part IV of the Utilities Act 2000, for the purposes of the User Group for the period after 1st April 2001 the following provisions shall apply:

13.1 no Member who would not otherwise have been required to retire under the provisions of paragraph 2.5 of this Schedule 4 shall be required to retire; and

13.2 the Members appointed in each of the categories (A), ~~(B) and (D) to (C)~~ shall continue to serve as representatives of Users in each of the amended categories (A), ~~(B) and (D) to (C)~~ respectively

SCHEDULE 8
CHARGING PRINCIPLES

In setting the level of any Charges the Service Controller shall have reference to the following principles:

A. User Charges

1. Each User will be charged:
 - (i) Service Standing Charges relating to one or more Gateway Options that are provided to that User (save that Service Standing Charges shall not apply to a Sharing User in respect of another User's Gateway which it shares pursuant to an authorisation granted by the Service Controller under paragraph 1.10 of Schedule 5 or clause 4.2 of its Local User Agreement);
 - (ii) Charges for Traffic and Local Traffic sent by that User;
 - (iii) Charges for any Additional Services provided to that User from time to time; and
 - (iv) an appropriate share of the Service Controller's administration costs.

Charges in categories (i) to (iii) above shall be calculated on the basis of Charges invoiced or to be invoiced by the Network Service Provider to the Service Controller. The Charges in category (iv), above, shall be calculated as a contribution to the Service Controller's costs for providing the Data Transfer Service.

2. The Service Standing Charges shall be invoiced quarterly in advance.
3. Traffic Charges will be calculated on the basis of the volume of Traffic and Local Traffic as measured on input to a User's Gateway in Kbytes, from the User's side of the Gateway, and shall be invoiced monthly in arrears.
4. Users will pay a Termination Charge on any Gateway terminated within 36 months of the Connection Date. The rate of Termination Charge payable in the event of premature termination of the DTSA is set out in the Schedule of Charges published within the Data Transfer Handbook. The Users agree and acknowledge that these amounts are liquidated damages which represent a true and fair estimate of the probable cost to Electralink of early termination by a User of its participation in the DTSA.
5. Any Service Credits received by the Service Controller under its agreement with the Network Service Provider shall be credited against the total cost of the Service.

B. Electricity Supplier Charges

1. In addition to User Charges, Electricity Suppliers will also pay Electricity Supplier Charges that will enable the Service Controller to recover the costs of setting up and continuing to provide the Data Transfer Service to Electricity Suppliers (for clarity, excluding any costs associated with the Service Controller's provision of Data Analysis Services in accordance with Schedule 9).

2. Electricity Supplier Charges will be levied monthly in arrears based on the Unit Charge and the Units attributed to an Electricity Supplier in relation to the preceding month.
3. The total amount to be recovered from all Electricity Suppliers in any year will be the aggregate of:
 - (i) any charges from the Network Service Provider to the Service Controller in respect of Services provided to Electricity Suppliers which are not recovered as a User Charge;
 - (ii) any operating costs of the Service Controller in respect of Services provided to Electricity Suppliers which are not recovered as a User Charge;
 - (iii) charges consistent with full recovery over a five year period of the costs of procuring and setting up the Data Transfer Service in respect of Services provided to Electricity Suppliers and an appropriate rate of return.

4. The total Charges across all Electricity Suppliers in any year of account will be calculated as:

$$SC = P_3 + C_3 + A_3$$

5. The calculation will follow the principles set out below:

$$P_3 = P + P^1 - P_u$$

where:

P_3 is the revenue to be recovered ~~from Suppliers~~ to cover Network Service Provider charges in respect of Services provided to Electricity Suppliers;

P is the total estimated charge from the Network Service Provider in respect of Services provided to Electricity Suppliers for the year of account;

P_u is the estimate of Network Service Provider charges to be recovered in total as Users Charges from Electricity Suppliers; and

P^1 is the adjustment necessary to reflect the difference between estimated and actual costs for previous years in respect of Services provided to Electricity Suppliers.

$$C_3 = C + C^1 - C_u$$

where:

C_3 is the revenue to be recovered ~~from Suppliers~~ to cover the costs of operating the Service Controller function in respect of Services provided to Electricity Suppliers;

C is the estimate of the total Service Controller operating costs in respect of Services provided to Electricity Suppliers for the year of account;

C^1 is any adjustment necessary to reflect the difference between estimated costs and actual costs for previous years in respect of Services provided to Electricity Suppliers; and

C_u is the estimate of Service Controller Charges to be recovered as User Charges from Electricity Suppliers.

A_s

where A_s is the capital recovery element including an appropriate rate of return on PES investment, based on full recovery over a five year period of the costs of procuring and setting up the Data Transfer Service in respect of Services provided to Electricity Suppliers.

6. The Unit Charge for an Electricity Supplier in any year of account will be calculated as:

$[SC / (\text{Service Controller's forecast of Total Units})] + K$

where K adjusts for any error in estimating Total Units for previous years.

C. Gas Supplier Charges

1. In addition to User Charges, Gas Suppliers will also pay Gas Supplier Charges that will enable the Service Controller to recover the costs of setting up and continuing to provide the Data Transfer Service to Gas Suppliers (for clarity, excluding any costs associated with the Service Controller's provision of Data Analysis Services in accordance with Schedule 9).
2. Gas Supplier Charges will be levied monthly in arrears based on the Unit Charge and the Units attributed to a Gas Supplier in relation to the preceding month.
3. The total amount to be recovered from all Gas Suppliers in any year will be the aggregate of:
 - (i) any charges from the Network Service Provider to the Service Controller in respect of Services provided to Gas Suppliers which are not recovered as a User Charge;
 - (ii) any operating costs of the Service Controller in respect of Services provided to Gas Suppliers which are not recovered as a User Charge;
 - (iii) charges consistent with full recovery over a five year period of the costs of procuring and setting up the Data Transfer Service in respect of Services provided to Gas Suppliers and an appropriate rate of return.
4. The total Charges across all Gas Suppliers in any year of account will be calculated as:
 $SC = P_s + C_s + A_s$
5. The calculation will follow the principles set out below:
 $P_s = P + P1 - P_u$
where:

Ps is the revenue to be recovered to cover Network Service Provider charges in respect of Services provided to Gas Suppliers:

P is the total estimated charge from the Network Service Provider in respect of Services provided to Gas Suppliers for the year of account:

Pu is the estimate of Network Service Provider charges to be recovered in total as User Charges from Gas Suppliers; and

P1 is the adjustment necessary to reflect the difference between estimated and actual costs for previous years in respect of Services provided to Gas Suppliers.

$$Cs = C + C1 - Cu$$

where:

Cs is the revenue to be recovered to cover the costs of operating the Service Controller function in respect of Services provided to Gas Suppliers:

C is the estimate of the total Service Controller operating costs in respect of Services provided to Gas Suppliers for the year of account;

C1 is any adjustment necessary to reflect the difference between estimated costs and actual costs for previous years in respect of Services provided to Gas Suppliers; and

Cu is the estimate of Service Controller Charges to be recovered as User Charges from Gas Suppliers.

As

where As is the capital recovery element including an appropriate rate of return on the Service Controller's investment, based on full recovery over a five year period of the costs of procuring and setting up the Data Transfer Service in respect of Services provided to Gas Suppliers.

6. The Unit Charge for a Gas Supplier in any year of account will be calculated as:

$$[SC/(Service Controller's forecast of Total Units)] + K$$

where K adjusts for any error in estimating Total Units for previous years.

D. Adjustment of Charges

1. The above Charging Principles are based on the assumption that the Service Controller will amend the Charges on an annual basis to reflect a balance between revenues and costs.

2. Without prejudice to the Service Controller's ability to vary charges at any time under Clause 8.4 in accordance with the Charging Principles, following discussions with the Authority, the Service Controller will endeavour to maintain the Charges at consistent levels for periods of longer than one year. The Service Controller will keep the Charges under review with a view to achieving the investment recovery over a five year period.