



Making a positive difference
for energy consumers

Paul Gath
ElectraLink Ltd.
Ground Floor
Grafton House
2/3 Golden Square
London W1F 9HR

Direct Dial: 020 7901 7159
Email: Andrew.burgess@ofgem.gov.uk

Date: 11 August 2015

Dear Mr Gath,

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

This is our decision 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 in the electricity sector to share data safely and efficiently. Energy companies use the DTS to support business-critical processes, such as settlement and change of supplier.

The DTS is governed by a multi-party contract called the Data Transfer Service Agreement (DTSA). The DTSA Governance Review Working Group (DGRWG) was formed as a sub-group of the DTS User Group to undertake a governance review of the DTSA. Following this review the DGRWG recommended a suite of changes to the DTSA. These recommendations include changes to Schedule 4 and Schedule 8. 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 Data Transfer Service User Group. The User Group is a forum for representing the views of Users on any matter relating to the Data Transfer Service. 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 Data Transfer Service will be determined.

The change request

On 7 July 2015, we received a formal 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.

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

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 and how the voting system works as well as detailing administrative arrangements regarding meetings.

Changes to this group have been proposed to reflect the current makeup of the industry. These include a new member appointed by Green Deal Providers, a non-voting member appointed by the Master Registration Agreement Service Company and an extra member appointed by the Distributors. Of the five supplier members, it is proposed that one will be reserved for a small supplier representative, and of the four distribution seats one will be reserved for an independent distribution network operator.

Other changes to this schedule include the ability to appoint a proxy voter, the ability of the User Group to ensure that all parties' interests are considered even when absent, as well as other procedural changes which bring the DTSA in line with current working practice.

Schedule 8 – Charging Principles

Schedule 8 outlines what charges users will incur and how these charges will be calculated. Changes to Schedule 8 have been proposed to better reflect how DTS charges are currently charged.

Schedule 8 currently implies that Service Standing Charges,² Traffic and Local Traffic Charges³ and Additional Service Charges⁴ will be calculated based on specific costs identified by the Service Provider. The proposed modifications would clarify that the Service Standing Charges and Traffic and Local Traffic Charges are based on an apportionment of the total charges, rather than specific costs. The proposed changes ensure that Schedule 8 accurately reflects the way that DTS charges are currently calculated.

The proposed modifications clarify that 10% of the aggregate charges for Service Standing Charges, Traffic Charges and Additional Service Charges shall be applied as a contribution to the Service Controller's administrative costs. This reflects the existing arrangements and does not represent a change in practice.

The proposed modifications clarify that Service Standing Charges, Traffic and Local Traffic Charges and Additional Services Charges will be based on charges or invoices "in each year". This does not represent a change to existing practice.

The proposed modifications also make several minor changes to Schedule 8 (eg amending paragraph references).

Our decision

We consider all the proposed changes to Schedule 4 to be beneficial to the operation of the DTS User Group. We welcome efforts to ensure the User Group is representative of the industry, including seeking to ensure that smaller parties interests are represented.

We consider that the changes to Schedule 8 clarify how certain DTS charges are calculated. This will help improve the transparency of DTS charges. 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.

² Charges for gateways used to transfer data.

³ Charges for transferring messages across the Data Transfer Network or for messages entering and leaving the gateway (without travelling across the Data Transfer Network).

⁴ Customised or additional reports generated in relation to the Data Transfer Service at an additional separate Charge to the relevant user

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 (5) Members appointed by the Suppliers;
- (B) ~~three~~four (4) 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 (1) Member appointed by the Green Deal Providers;
- (D) one (1) Member appointed by the BSC Co;
- (E) one (1) non-voting Member appointed by MRASCo; and
- ~~(F)~~ (1) Member appointed by those Users that are not Distributors, Suppliers, parties to a Settlement Agreement, or otherwise represented in categories (A) to ~~(E)~~ 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, provided that:

(A) in respect of the Members appointed by the Suppliers pursuant to paragraph 2.1(A):

- (1) one of the Members shall be the Contract Manager of a User who is a Supplier with 250,000 or fewer customers (a "Small Supplier") unless no Contract Manager of a User who is a Small Supplier is available to be a Member, in which case the Suppliers may appoint a Contract Manager of a User who is a Supplier with more than 250,000 customers (a "Large Supplier") in place of the Contract Manager of a Small Supplier; and
- (2) one of the Members shall be the Contract Manager of a User who is a Large Supplier unless no Contract Manager of a User who is a Large Supplier is available to be a Member, in which case the Suppliers may appoint a Contract Manager of a User who is a Small Supplier in place of a Contract Manager of a User who is a Large Supplier.

(B) in respect of the Members appointed by the Distributors pursuant to paragraph 2.1(B):

- (1) one of the Members shall be the Contract Manager of a User who is an independent distribution network operator (an "iDNO") unless no Contract Manager of a User who is an iDNO is available to be a Member,

in which case the Distributors may appoint a Contract Manager of a User who is a distribution network operator (a "DNO") in place of a Contract Manager of a User who is a iDNO; and

(2) one of the Members shall be the Contract Manager of a User who is a DNO unless no Contract Manager of a User who is a DNO is available to be a Member, in which case the Distributors may appoint a Contract Manager of a User who is an iDNO in place of a Contract Manager of a User who is a DNO.

2.3 The User Group Member referred to in the category in paragraphs 2.1(~~C~~) and 2.1(E) 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 2.1(~~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(~~D~~).

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 2.1(F) 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 ~~appointer~~[appointer](#) 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.

3A Proxy Voting

3.1A If a voting Member is unable to attend a meeting of the User Group, the Member is entitled to appoint another Member or the Chairman as his proxy to vote on his behalf at that meeting. The Member acting as a proxy shall have one vote for the Member for whom he acts as a proxy in addition to his own vote. The Member acting as a proxy may only vote on behalf of the Member for whom he acts as a proxy as directed by that Member in advance of the meeting. Any appointment of a proxy shall be effected by notice in writing executed by the appointing Member, setting out the appointing Member's direction to his proxy in relation to the relevant vote(s) and delivered to the Secretary in advance of the relevant meeting of the User Group or tendered at that meeting. Execution by a proxy 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.

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, save that the Member appointed pursuant to paragraph 2.1(E) will not have a 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.

4.8 If:

- (A) there is no Contract Manager of a User who is a Small Supplier appointed as a Member in the category described in paragraph 2.1(A), at least one of the Members in such category appointed shall be responsible for considering the interests of the Small Supplier population;
- (B) there is no Contract Manager of a User who is a Large Supplier appointed as a Member in the category described in paragraph 2.1(A), at least one of the Members in such category appointed shall be responsible for considering the interests of the Large Supplier population;
- (C) there is no Contract Manager of a User who is an iDNO appointed as a Member in the category described in paragraph 2.1(B), at least one of the Members in such category appointed shall be responsible for considering the interests of the iDNO population;
- (D) there is no Contract Manager of a User who is a DNO appointed as a Member in the category described in paragraph 2.1(B), at least one of the Members in such category appointed shall be responsible for considering the interests of the iDNO population; and
- (E) the Green Deal Providers do not appoint a Contract Manager of a User who is a Member in the category described in paragraph 2.1(CD), the Member appointed pursuant to paragraph 2.1(F) shall be responsible for considering the interests of the Green Deal Provider population.

5. The Chairman and Deputy Chairman

- 5.1 Subject to ~~paragraphs 5.2 and 5.3,~~ paragraph [5.23], 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. 5.2The User Group shall elect annually from their number a person to act as~~ the Service Controller shall appoint a Deputy Chairman who shall act as Chairman.

- ~~5.3~~5.2 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~~quarterly and 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.* other times as agreed by the User Group. A list of dates for the next four meetings shall be circulated by the Secretary at the end of each meeting.

7.3 The venue for meetings will generally be the offices of the Service Controller. If a different venue is required for any reason the Service Controller will propose an alternative venue *in England, Scotland or Wales.*

7.4 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 The quorum for a meeting shall be met if the Members present at the meeting are together entitled to cast at least seven (7) votes (taking into account any votes such Members are entitled to cast as alternatives or proxies for other Members in accordance with paragraph 3 and 3A).

~~7.5~~7.6 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~~indicate his (i) approval; or (ii) disapproval ~~of the minutes of each meeting within 5 Working Days of receipt of the minutes.~~
~~A~~(together with supporting comments) of the minutes at the User Group meeting immediately following the meeting to which the minutes relate and 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~~meeting referred to in paragraph 10.2 at which the minutes were discussed, 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

11.1 The office of a Member shall be vacated forthwith if:

~~11.1(A)~~ he resigns his office by notice delivered to the Secretary; or

~~11.2 he fails, in person or by alternate, to attend 2 consecutive meetings of the User Group; or~~

~~11.3(B)~~ the User for which he is the Contract Manager ceases to be a User.

11.2 In the event that the Member fails to attend two (2) or more consecutive meetings of the User Group in person or by sending an alternate in accordance with paragraph 3 or a proxy in accordance with paragraph 3A, the Service Controller will contact the Member to discuss the reasons for non-attendance and agree the next steps, which may include the nomination of an alternate, or the resignation of the Member.

~~11.A.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.

~~11.A.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.

~~11.A.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) 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) to (C) shall continue to serve as representatives of Users in each of the amended categories (A) 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~~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 ~~4.25.2~~ 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 ~~(ii)~~ above shall be calculated on the basis of an apportionment of the total charges, excluding any charges which relate to Additional Services, invoiced or to be invoiced by the Network Service Provider to the Service Controller in each year. Charges in category (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 respect of the relevant Additional Service(s) in each year. The appropriate share~~ in category (iv), ~~above to be applied to each Charge in categories (i) to (iii), shall be calculated as 10% of the aggregate Charges calculated under each of categories (i) – (iii) and shall be~~ 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~~Service Controller 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. Supplier Charges

1. In addition to User Charges, Suppliers will also pay Supplier Charges that will enable the Service Controller to recover the costs of setting up and continuing to provide the Data Transfer Service (for clarity, excluding any costs associated with the Service Controller's provision of Data Analysis Services in accordance with Schedule 9).
2. Supplier Charges will be levied monthly in arrears based on the Unit Charge and the Units attributed to a Supplier in relation to the preceding month.

3. The total amount to be recovered from all Suppliers in any year will be the aggregate of:
 - (i) any charges from the Network Service Provider to the Service Controller not recovered as a User Charge;
 - (ii) any operating costs of the Service Controller 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 and an appropriate rate of return.

4. The total Charges across all 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:

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

where:

P_s is the revenue to be recovered from Suppliers to cover Network Service Provider charges;

P is the total estimated charge from the Network Service Provider for the year of account;

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

P^1 is the adjustment necessary to reflect the difference between estimated and actual costs for previous years.

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

where:

C_s is the revenue to be recovered from Suppliers to cover the costs of operating the Service Controller function;

C is the estimate of the total Service Controller operating costs for the year of account;

C^1 is any adjustment necessary to reflect the difference between estimated costs and actual costs for previous years; and

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

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.

6. The Unit Charge for 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.

7. 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.

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.