



Moving to 'User Pays' billing for Data Transfer costs and development of the ELEXON Portal to deliver SVAA DTS Flows

Meeting Name BSC Panel

Meeting Date 9 May 2013

Purpose of paper For Information

ELEXON have been looking at a way of ensuring that costs incurred through using the DTN are allocated to those who benefit from the service, this has led to the consideration of charging for the services on a 'user pays' basis.

Summary In conjunction we are currently examining the feasibility of using an alternative mechanism for providing SVAA sent DTS Flows to parties. This involves parties being able to select to receive DTS Flows via the DTN, the ELEXON Portal, or a combination of both.

This paper seeks feedback from the Panel on these changes.

1. Background

- 1.1 This paper seeks feedback from the Panel in two areas, firstly how we charge BSC Parties for Data Transfer Service (DTS) costs and secondly what alternative mechanisms we can use to send DTS Flows to industry.
- 1.2 ELEXON is a significant user of the Data Transfer Network (DTN) which is the communications network for SVA traffic in the Electricity sector, this service is managed by Electralink. Currently DTS charges are based on a 'sender pays' basis whereby users face a 'Charge per MB' for all data they send over the DTN, as well as annual fees for hardware such as Gateways or VPN connections. ELEXON DTS costs are forecast to reach approximately £1.1m in BSC Year 2013/14.
- 1.3 We have reviewed our DTS strategy, and we feel that the current BSC charging methodology which charges all classes of BSC Party for the service does not equitably reflect how BSC Parties use and benefit from the service.
- 1.4 To make this cost recovery process fairer to BSC Parties, we believe charges should be applied on a 'user pays' basis whereby costs are attributed only to those BSC Parties who receive flows from ELEXON (SVAA) and in accordance with their usage. To effect these changes will require a Modification.



- 1.5 During the course of working up a revised charging mechanism, we identified that introducing 'user pays' may alter the charges to some BSC Parties. We are therefore exploring providing an alternative mechanism to the DTN to ensure that all BSC Parties, including those who face higher charges as the result of adopting a new charging methodology can access an alternative mechanism. To adopt a new mechanism would require Panel approval as per BSC Section O.

2. The 'User Pays' Modification

- 2.1 Currently Suppliers and Distribution Businesses receive approximately 95% of the total DTS data traffic (in MB) sent over the DTN by ELEXON (SVAA). At present, the DTN cost is recovered from all BSC Parties via Funding Shares which are charged based on metered volumes.
- 2.2 As the current Funding Shares charging method does not reflect a 'user pays' basis this results in an inequitable cost recovery, for example Generators will be charged despite the fact that they do not receive DTS flows sent by ELEXON (SVAA) via the DTN, where as Licenced Distribution System Operators (LDSOs) receive DTS Flows from ELEXON (SVAA) but incur no charge. Therefore we propose that these DTS costs will no longer be included in the SVA charges that are split among participants based on SVA (Production) and SVA (Consumption) Funding Shares respectively. ELEXON will instead specify a DTN Data Transfer Tariff in units of a 'Charge per MB' for this service – we intend this value to be equal to the value as published annually by Electralink in the DTSA charges schedule. ELEXON will also apportion out the fixed DTN costs (such as Gateway costs) and DTN traffic costs for Supplier Agents (approx. 5% of the total), through the same 'User-Pays' mechanism.
- 2.3 If adopted, each Supplier and LDSO will be charged a monthly amount based on their data transfer usage in MB (delivered in the preceding month) and the DTN Data Transfer Tariff as well as their percentage contribution to the Fixed DTN costs and Supplier Agent DTN Data Transfer charges. An example of how this may work is set out in Appendix 1 of this paper.

3. Delivering DTS Flows through an alternative mechanism

- 3.1 ELEXON have done some analysis on outbound DTS Flows traffic from SVAA and are aware that moving to a 'user pays' charging model will see some BSC Parties face an increased charge.
- 3.2 However in BSC Section O, Section 1.4.2 it states that '*SVA communications shall be sent out by the relevant SVA data parties using the Managed Data Network or an alternative approved method of SVA data transfer.*' Therefore the use of the Managed Data Network (or DTN) is not mandatory and whilst approval would be required from the Panel for ELEXON to use any alternative mechanism, ELEXON feel that this option should be explored because of the potential to exploit significant cost savings which could be realised through a reduction in ELEXONs use of the DTN and therefore the 'Charge per MB' fee.
- 3.3 ELEXON consider that placing DTS Flows on the ELEXON Portal is the viable alternative to delivering flows through the DTN.



- 3.4 Though discussions around the technical solution have not yet concluded we are expecting that this would involve developing a 'Flow Manager' at SVAA which will route the DTS Flows to the DTN, or the ELEXON Portal, depending on the customer's preference – this is important as we would not seek to constrain choice to parties who can choose a combination of the DTN and ELEXON Portal if desired. An outline example of how this process would look can be found in Appendix 2 to this paper.
- 3.5 The ELEXON Portal would then store DTS Flows for subsequent collection by Parties. We currently envisage a 'Trading Party – Role – MPID' folder structure and the transfer would be through secure FTP or comparable process.
- 3.6 This development could be implemented following the approval of a 'user pays' Modification. Doing so would allow any impacted party to move away from the DTN and significantly reduce or even remove their charges under the 'user pays' charging model.

4. Recommendations

- 4.1 We invite you to:
- a) **NOTE** the work being undertaken by ELEXON to consider a 'user pays' Modification and develop our requirements for the alternative delivery mechanism;
 - b) **NOTE** that ELEXON will engage with BSC Parties and relevant Panel Committees over the next 2 months; and
 - c) **NOTE** that ELEXON will provide a further update to the Panel in July.

List of Appendices:

Appendix 1 – DTS 'user pays' Billing Scenario

Appendix 2 – Potential alternative Delivery Mechanism for DTS Flows

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