

INITIAL WRITTEN ASSESSMENT for Modification Proposal P197 'SVA Qualification Processes Review'

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This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.²

P197 seeks to implement changes to the SVA Qualification Processes as recommended by the SVA Qualification Review Group. The existing SVA Qualification requirements date back to 1998 when risks associated with new entrants were different than they are today. Under P197 the introduction of a single set of tests that are applicable to both BSC and MRA requirements would be introduced, thus eliminating the 'double testing' that currently takes place. A self-assessment form would also need to be completed in order to determine the amount and type of testing required.

BSCCO'S RECOMMENDATIONS

On the basis of the initial assessment BSCCo recommends that the Panel:

- **DETERMINE that Modification Proposal P197 should be submitted to the Assessment Procedure;**
- **AGREE the Assessment Procedure timetable such that an Assessment Report should be completed and submitted to the Panel for consideration at its meeting of 13 April 2006;**
- **DETERMINE that the P197 Modification Group be formed from members of the Volume Allocation Standing Modification Group; and**
- **AGREE the Modification Group Terms of Reference.**

¹ ELEXON Ltd fulfils the role of the Balancing and Settlement Code Company ('BSCCo'), pursuant to Annex X-1 of the Balancing and Settlement Code (the 'Code').

² The current version of the Code can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>.

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as BSCCo has been able to assess, the following parties/documents are potentially impacted by Modification Proposal P197.

Please note that this table represents a summary of the full initial impact assessment results contained in Annex 2.

Parties	Sections of the BSC	Code Subsidiary Documents
Distribution System Operators <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input type="checkbox"/>	B <input checked="" type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Interconnectors <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input checked="" type="checkbox"/>
Licence Exemptable Generators <input type="checkbox"/>	D <input type="checkbox"/>	Party Service Lines <input type="checkbox"/>
Non-Physical Traders <input type="checkbox"/>	E <input checked="" type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Suppliers <input checked="" type="checkbox"/>	F <input checked="" type="checkbox"/>	Communication Requirements Documents <input checked="" type="checkbox"/>
Transmission Company <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents		Core Industry Documents
Data Aggregators <input checked="" type="checkbox"/>	H <input type="checkbox"/>	Ancillary Services Agreement <input type="checkbox"/>
Data Collectors <input checked="" type="checkbox"/>	I <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
Meter Administrators <input checked="" type="checkbox"/>	J <input checked="" type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
Meter Operator Agents <input checked="" type="checkbox"/>	K <input checked="" type="checkbox"/>	Distribution Codes <input type="checkbox"/>
ECVNA <input type="checkbox"/>	L <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	M <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
BSC Agents		Grid Code <input type="checkbox"/>
SAA <input type="checkbox"/>	N <input type="checkbox"/>	Master Registration Agreement <input checked="" type="checkbox"/>
FAA <input type="checkbox"/>	O <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
BMRA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	Q <input type="checkbox"/>	BSCCo
CDCA <input type="checkbox"/>	R <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
TAA <input type="checkbox"/>	S <input type="checkbox"/>	BSC Panel/Panel Committees
CRA <input type="checkbox"/>	T <input type="checkbox"/>	Working Practices <input checked="" type="checkbox"/>
SVAA <input type="checkbox"/>	U <input type="checkbox"/>	Other
Teleswitch Agent <input type="checkbox"/>	V <input type="checkbox"/>	Market Index Data Provider <input type="checkbox"/>
BSC Auditor <input checked="" type="checkbox"/>	W <input type="checkbox"/>	Market Index Definition Statement <input type="checkbox"/>
Profile Administrator <input type="checkbox"/>	X <input checked="" type="checkbox"/>	System Operator-Transmission Owner Code <input type="checkbox"/>
Certification Agent <input checked="" type="checkbox"/>		Transmission Licence <input type="checkbox"/>
Other Agents		Market Entry Co-ordinator <input checked="" type="checkbox"/>
Supplier Meter Registration Agent <input checked="" type="checkbox"/>		
Data Transfer Service Provider <input checked="" type="checkbox"/>		

1 DESCRIPTION OF PROPOSED MODIFICATION

1.1 Modification Proposal

P197 was raised on 12 December 2005 by Laing Energy ('the Proposer'). P197 seeks to combine the current Accreditation and Entry Processes into a single streamlined SVA Qualification Process that is coordinated with the Master Registration Agreement (MRA) entry process requirements. The current processes do not allow for the variations in the type of entrant, role or scale of operation, and so P197 seeks to introduce a Qualification Process that is more efficient and relevant to the developing market than the current procedures whilst continuing to negate the risk of a major disruption to key aspects of Settlement. The new SVA Qualification Process Model (Entry Processes, Certification and Accreditation) would be designed taking into account clear distinct processes for initial self-assessment and then testing suited to the Applicant.

The Modification also looks to expand the current re-Certification process to include re-Qualification of Suppliers and Licensed Distribution System Operators (LDSOs). It also recommends some changes to the Removal of Accreditation Process. Finally the Modification looks to expand the Technical Assurance process to include the Technical Assurance of new Parties after six months of operation.

1.2 Description of Existing Arrangements

1.2.1 Accreditation

Accreditation is the process by which ensures that companies are bound to certain aspects of the Balancing and Settlement Code (BSC) and Code Subsidiary Documents. The Accreditation process currently applies to the following organisations: Meter Operation Agents (both Central Volume Allocation (CVA) and Supplier Volume Allocation (SVA); Data Collectors; Data Aggregators; Supplier Meter Registration Agents; Meter Administrators; and the Data Transfer Service Provider. All Party Agents must be Accredited before they can become active in the market. In order to gain Accreditation the company must first submit an application letter. The letter binds Party Agents into Annex B-1, as well as sections J.2 and J.3 of the BSC. The Performance Assurance Board (PAB) will endorse (or reject) the application for Accreditation, only when the Certification requirements are met.

1.2.2 Certification

Certification is the process by which an applicant demonstrates, through a process of self assessment and limited external review that it is able to operate in a compliant manner. Certification applies to the "Agency Systems" i.e. the systems and processes used by Party Agents. The process relies on the Certification Agent/ELEXON providing a report to the PAB in accordance with Balancing and Settlement Code Procedure (BSCP) 531 'Accreditation'. . The report is based on responses by the applicant to all relevant questions in the Self Assessment Certification Return (SACR), and a review of the required supporting evidence as appropriate. The Certification Agent/ ELEXON makes a recommendation to the PAB and at this point the PAB may endorse (or reject) the request. Should a significant change occur to a previously Certified system, the Party Agent is required to undergo re-Certification to ensure that the agency systems and processes continue to meet the Certification Requirements following the implementation of the change.

1.2.3 Entry Processes

The concept of Entry Processes was introduced to provide assurance that new participants wishing to operate in the SVA market were able to complete the required business processes and communicate with the Supplier Hub. There are two entry process BSCP's: One for Supplier Meter Registration Service (SMRS) (BSCP 511 'Entry Process – Supplier Meter Registration Service') and one for Suppliers (BSCP 512 'Entry Process – Supplier'). The process followed under both BSCP's is similar although the testing required will differ depending on the role of the applicant. The Supplier Meter Registration Agent (SMRA) or Supplier initiates the Entry Process by sending an application form to the Entry Process Co-ordinator (EPC), which the EPC accepts if the applicant meets the necessary requirements: The applicant must have developed or be in

the process of developing business systems and procedures which meet the requirements of the relevant sections of the BSC, BSCPs and Party Service Lines. If these conditions are met, then the EPC will produce an entry schedule for the applicant that deals with all entry process activities. The applicant will be required to carry out tests to ensure that they have systems and processes in place to meet their BSC obligations. If the required standards are not met by the applicant then the EPC will state the reasons and advise the applicant on how to meet the entry criteria. Once the applicant has met the required standards the EPC will recommend approval to the PAB.

1.3 Background to the Modification Proposal

A review of the Performance Assurance Framework (PAF) was undertaken in 2001/2002. This review identified process improvements to Certification and Entry Process Testing. These improvements were implemented in March 2004 as part of Approved Modification P99 'Changes to Accreditation and the PARMs Serials and Standards, resulting from the Performance Assurance Framework Review (Phase 1)'. P99 resulted in a more flexible Certification process and a reduced level of Entry Process Testing.

The 2004/05 BSC Review 'Review of the Supplier Volume Allocation (SVA) Arrangements' suggested that while the principles of the PAF have not changed significantly since the SVA Arrangements were first implemented in 1998, the risks associated with the SVA Arrangements have changed considerably since that time. This view arises firstly, because the significant initial implementation risk associated with initiating the SVA arrangements in 1998 does not exist any longer and secondly, considerable experience and expertise has subsequently been gained in the operation of the arrangements.

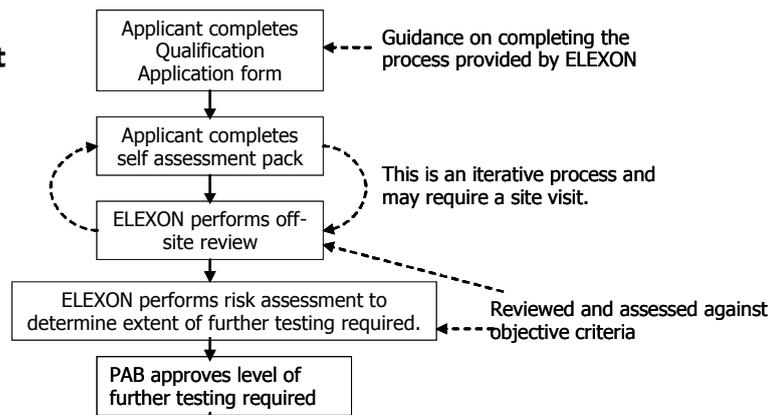
Both of these factors are relevant to the Entry Processes, Accreditation (including Removal of Accreditation) and Certification techniques (the 'SVA Qualification Processes'). The overall approach to qualification that was deemed necessary in 1998 may no longer be necessary or justified.

Based on the conclusions of the BSC Review the Supplier Volume Allocation Group (SVG) agreed to initiate a review of the SVA Qualification Processes. An SVA Qualification Review Group ('the review group') was set up to consider the current processes and a new model was developed (as set out in the diagram overleaf).

1.4 Process Proposed by the SVA Qualification Review

Phase 1: Self Assessment

Satisfactory completion of the self assessment pack. Much of this process could be a joint process with MRASCo.

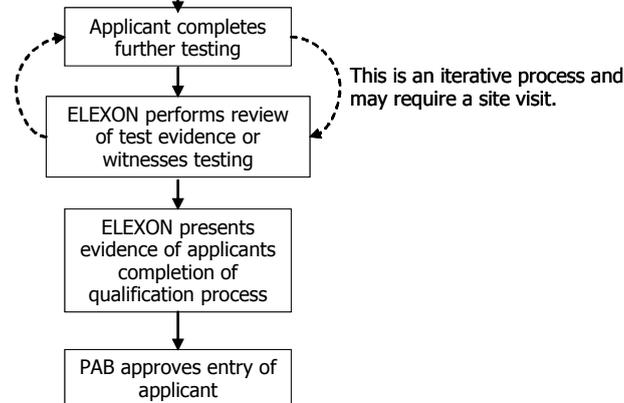


Phase 2: Pre-Entry Testing

The risk assessment would determine the extent of further testing required and the nature of that testing. This would be completed during phase 2.

All applicants will complete a minimum amount of testing

If the results of testing are unsatisfactory the applicant would be required to complete further testing.



P197 proposes to implement this model.

2 AREAS FOR CONSIDERATION IN PROGRESSING MODIFICATION PROPOSAL

An initial assessment of P197 has identified the following areas which BSCCo recommends should be considered further during the progression of the Modification Proposal:

2.1 Detailed Process

Although the SVA Qualification Review Group defined a high level process consolidating Accreditation, Certification and Entry Processes, a more detailed process will be required in order to assess P197 against the Applicable BSC Objectives. The process proposed by P197 has two phases; the first involves self assessment by the applicant which is followed by a risk assessment; the second phase involves the applicant participating in a number of test scenarios where the level of testing required is determined by the results of the risk assessment. In order for the industry to assess the impact of the Modification Proposal it will be necessary for the Modification Group to provide more information regarding the following:

- **The scope of the self assessment** - the SVA Qualification Review Group agreed that the self assessment pack should include a business scenarios document for the applicant to complete. The applicant would also need to provide supporting evidence such as the results of any internal testing; evidence confirming the existence and application of management processes including problem resolution, change management, configuration control, release management and test management; and local working instructions detailing how the applicant intends to meet its BSC obligations with respect to the processes detailed within the business scenarios document.
- **The process and criteria used for conducting the risk assessment** – the SVA Qualification Review Group agreed that the risk assessment would be based on a set of objective criteria, although these would not be defined in a BSCP. Information that could be taken into account for

the risk assessment would be the answers to the business scenarios document, the intended size of operation, the type of system being used, the applicant's business continuity plans and the applicant's level of operational experience.

- **The level and type of testing required and how this would link to the risk assessment** – the SVA Qualification Review Group agreed that all applicants should undergo a minimum level of testing. The minimum level of testing will need to be defined. The circumstances in which further testing would be required and the types of further testing required will also need to be considered.

Once the Modification Group have agreed the detailed process it will be necessary to consider who would carry out the various roles. The SVA Qualification Review Group suggested that ELEXON should assist applicants going through the SVA Qualification Process and carry out the risk assessment. The Modification Group would therefore need to consider whether this was appropriate in all cases.

At present the PAB is responsible for the Qualification Process undertaken by new applicants, and assesses each application in turn. It is envisaged that that PAB will be more heavily involved in the new process by approving the level of testing required for each applicant, and also approving the results of the testing. Therefore, the role of the PAB within the SVA Qualification Process would need to be re-defined.

Finally, under the current Entry Process, Accreditation and Certification techniques the applicant has the right to appeal any decisions taken by ELEXON (or its subcontractor) to the PAB. Accredited Persons also have the right to appeal any Certification and Accreditation decisions that are made by the PAB to the Authority. It is envisaged that, under the revised SVA Qualifications Process, the applicant would still have the right to appeal any decisions that are made to the PAB by the Authority. The Modification Group would therefore need to determine how an appeals process would work.

2.2 Interaction with the MRA

P197 proposes to align the BSC SVA Qualification Processes with those carried out under the MRA to provide a more streamlined process. This would increase co-ordination between BSCCo and the MRASCo in developing hybrid tests that would meet both BSC and MRA requirements thereby removing any duplication. This approach is intended to reduce the burden of entry testing on applicants. It is worth noting that the BSC includes Qualification requirements for Party Agents as well as Parties. The MRA Qualification requirements are only for Suppliers and LDSO's. Therefore Qualification requirements under the BSC would have to be wide enough to include Party Agents.

The Modification Group would need to consider the process and timescales for communication between MRASCo and BSCCo and also how the joint testing requirements should be governed to ensure a consistent and transparent change process.

2.3 Interaction with the Performance Assurance Framework (PAF) Review

A review of the PAF is currently underway, and is due to last a minimum of 7 months (October 2005- March 2006). This review is being undertaken by a group of industry experts who will investigate the issues with the current PAF, and make proposals. In addition to the SVA Qualification Processes, the PAF includes assurance techniques such as the BSC Audit and Technical Assurance checks. Although P197 will need to be assessed against the current BSC baseline, the Modification Group should be kept informed of the progress of the PAF review and vice versa.

2.4 Re- Qualification

Under the current arrangements, Accredited Party Agents are required to undergo re-Certification following significant changes to their systems. P197 proposes that all Parties who are required to be Qualified, should also be required to re-Qualify under certain circumstances. This would introduce a new obligation on Suppliers and LDSOs. The Modification Group would need to consider the circumstances where re-Qualification is required and also how the process should be initiated. Under the current re-Certification

process the Party Agent is responsible for determining whether a change made to its systems and/or processes warrants re-Certification.

2.5 Impact on Different Types of Party

The Modification Group will need to consider how the proposed measures will affect different types of Party including both new and existing Parties and Party Agents. For example, Central Volume Allocation (CVA) Meter Operators (MOAs) currently undergo the same Accreditation process as SVA MOAs. In addition, CVA MOAs are required to undergo testing in accordance with BSCP 70 'Qualification Testing for Parties and Party Agents'. When designing the business scenarios document the Group should take into account requirements detailed elsewhere.

2.6 Removal of Accreditation

The removal of Accreditation (RoA) process currently documented in BSCP531, section 4.13 has been initiated on several occasions in the past few years. At present, one of the main criticisms of the process looks at the lack of options available to the PAB to manage a participant's severe non-compliance (under-performance) and the confidential nature of the process (the PAB can only notify market participants once it has determined that the Party Agent's Accreditation should be removed).

The SVA Qualification Review Group proposed two changes to the RoA process:

- Allowing the PAB to notify Parties when a Party Agent's performance has led to the RoA process being initiated. This notification would be given part way through the process and would include information on the reasons for the RoA being initiated and the actions being taken to address the non-compliance.
- Allowing PAB restrict the number / type of new appointments that a Party Agent can take on.

P197 proposes that changes be made to the RoA process as detailed above. The Modification Group would need to consider the appropriateness of these proposals.

2.7 Technical Assurance Checks of New Parties

Currently, new Party Agents are subject to a Technical Assurance check once they have been operating in the market more than six months. The Modification suggests that this is expanded so that all new entrants are subject to a Technical Assurance check once they have been operating in the market for more than six months. The Modification Group will need to consider the appropriateness of this proposal.

2.8 Current Roles

As described in section 2.1.1 the role of ELEXON and the PAB will need to be considered by the Modification Group. In addition, the current Entry Process and Certification techniques require a Certification Agent and a Market Entry Co-ordinator. With the consolidation of these processes, the Modification Group will need to consider whether a new BSC Agent/ Service Provider is required to facilitate the Qualification Process and what the scope of this role should be.

2.9 Costs / Benefits

The Modification Group will need to consider the costs of the current processes and the costs of implementing and operating the revised Qualification Process. When assessing the benefits the Modification Group should consider the transparency and clarity of the new process, together with any potential cost and time savings resulting from the introduction of a more streamlined process.

3 RATIONALE FOR BSCCO'S RECOMMENDATIONS TO THE PANEL

BSCCo believes that further consideration of P197 by a Modification Group is required in order to further consider, and consult upon, the areas raised by this IWA. As the areas for consideration are sufficiently defined, BSCCo recommends that P197 proceeds to the Assessment Procedure.

BSCCo recommends that P197 be submitted to a 3 month Assessment Procedure.

It is estimated that progression of P197 will require:

- 4 Modification Group meetings;
- 1 industry consultation;
- 1 BSC Agent impact assessment;
- 1 Party/Party Agent impact assessment;
- 1 Core Industry Document Owner (MRA) impact assessment;
- 1 BSCCo impact assessment; and
- 1 request for Transmission Company analysis;

The proposed timetable and estimated costs for the progression of P197 are shown in Annex 3. It should be noted that much of the detail of the Proposed Modification will be contained within the Code Subsidiary Documents and other Configurable Items rather than the BSC itself. In order to provide industry with sufficient detail of the proposed change to allow thorough assessment of the impact, significant work will be required at the start of the process to detail the changes required to the Code Subsidiary Documents and other Configurable Items. Should this work highlight additional issues then it may be necessary for the Modification Group to request an extension to the Assessment Procedure.

BSCCo recommends that the P197 Modification Group be formed from members of the Volume Allocation Standing Modification Group, whose areas of expertise include the SVA Qualification Process. Members of the SVA Qualification Review Group and Party Agents will be invited to join the group. Representatives of the PAB and MRASCo will also be invited to attend the meetings.

BSCCo recommends that the areas for consideration raised by this IWA should form the basis of the Modification Group Terms of Reference, along with any additional areas proposed by the Panel.

4 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
EPC	Entry Process Co-ordinator.
LDSO	Licensed Distribution System Operator
MRA	Master Registration Agreement.
MRASCo	MRA Service Company Limited.
PAB	The Performance Assurance Board.
PAF	The Performance Assurance Framework.
RoA	Removal of Accreditation
SACR	Self Assessment Certification Return.

5 DOCUMENT CONTROL

5.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	30/12/05	Geoffrey Sekyere-Afriyie	Kathryn Coffin	For peer review
0.2	03/01/06	Geoffrey Sekyere-Afriyie	Sarah Jones	For technical review
0.3	4/01/06	Geoffrey Sekyere-Afriyie	Sarah Jones	For technical review
0.4	5/01/06	Geoffrey Sekyere-Afriyie	Katie Key	For technical review
0.5	6/01/06	Geoffrey Sekyere-Afriyie	Chris Rowell	For quality review
1.0	6/01/06	Geoffrey Sekyere-Afriyie	BSC Panel	For Panel decision

5.2 References

Ref.	Document Title	Owner	Issue Date	Version
1	SVA Qualification Processes Review Report http://www.elexon.co.uk/documents/modifications/197/P197_-_Attachment_1.pdf	ELEXON	23/11/05	Final/ 1.0

5.3 Intellectual Property Rights, Copyright and Disclaimer

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ANNEX 1 MODIFICATION PROPOSAL

Modification Proposal – F76/01	MP No: 197 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i>	
SVA Qualification Processes Review	
Submission Date <i>(mandatory by originator):</i>	
12 th December 2005	
Description of Proposed Modification <i>(mandatory by originator)</i>	
<p>This Modification proposes changes to the SVA Qualification Processes (Entry Processes, Certification and Accreditation) as recommended by the SVA Qualification Review Group and the Supplier Volume Allocation Group following the review of SVA Qualification Processes. A new SVA Qualification Processes would be designed with the following key features:</p> <ul style="list-style-type: none"> ▪ All applicants would have to complete and submit for review a self assessment document based on business scenarios and management processes; ▪ The level of testing that the new entrant has to carry out would be dependent on the outcome of the assessment of the risk determined by the answers provided to the self assessment document and the outcome of any site visit; ▪ The risk assessment process would be consistently applied for all participants, however there would be recognition of the variations in participant aspirations e.g. market sector, volumetrics. These variations may influence the extent of external assessment of an Applicant’s compliance with the Qualification Requirements; ▪ The Qualification route would be facilitated by ELEXON and approved by the Performance Assurance Board (PAB); and ▪ The Qualification process would be aligned to be consistent with the Master Registration Agreement (MRA) entry process requirements so that documents could be produced containing requirements under the MRA and BSC. Greater co-ordination between BSCCo and MRASCo could occur for Qualification requirements, including the development of hybrid tests to meet the Qualification requirements of the two bodies. <p>This Modification proposes that the Qualification Model included in sections 3.4 and 3.5 of the SVA Qualification Processes Report replaces the current Entry Process and Certification Requirements.</p> <p>This Modification also proposes that the re-qualification requirements for Suppliers and Licensed Distribution System Operators (LDSOs) set out in section 4 of the SVA Qualification Processes Report be adopted.</p> <p>Finally, this Modification proposes that changes are made to the Removal of Accreditation status process as set out in section 5 of the SVA Qualification Processes Report.</p> <p>The SVA Qualification Processes Report is included as attachment 1 to this Modification.</p>	

Modification Proposal – F76/01	MP No: 197 <i>(mandatory by BSCCo)</i>
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i>	
<p>There are a number of issues relating to the current SVA Qualification requirements that would be addressed by the substantial changes to requirements proposed in this Modification:</p> <ul style="list-style-type: none"> ▪ The current SVA Qualification requirements date back to 1998 when the risks associated with new entrants were significantly different than they are today. In 1998 when the incumbents' franchise was removed the Settlement arrangements were substantially revised and all Metering Systems had to be transferred to the new systems. This presented a huge implementation risk as all SVA participants were "new entrants". In addition, at this time the degree of Customer churn was not quantified. In contrast, new entrants now are likely to be relatively small and are joining a well-established market and so current Qualification requirements do not reflect the risks posed by new entrants; ▪ There is a significant amount of overlap between the BSC Qualification requirements and the MRA entry process requirements. Applicants have to complete very similar testing for both sets of governance arrangements before they can enter the market. It is desirable to remove this duplication in testing, by the use of a single set of tests that are applicable to both BSC and MRA requirements; and ▪ Current BSC Entry Process testing requires Applicants to complete numerous detailed scripts. These do not include exception conditions and do not allow Applicants to plan how they are going to complete processes required by the BSC. The completion of a self assessment form related to business scenarios would make Applicants think in more detail how they would complete the processes required by the BSC. 	
Impact on Code <i>(optional by Originator)</i>	
<p>Please refer to the first part of section 8 of the SVA Qualification Process Review Report (attached).</p>	
Impact on Core Industry Documents <i>(optional by Originator)</i>	
<p>MRASCo have undertaken a review of the MRA entry process requirements as contained in MRA Agreed Procedure, MAP05 'Agreed Procedure For Entry Assessment and Re-Qualification'. The MAP05 review group have recommended changes to MAP05 which are consistent with the changes proposed to the BSC Qualification requirements included in this Modification. The changes to MAP05 are likely to be implemented separately to this Modification, and so further changes to MAP05 might be required to support any joint documents or testing requirements suggested by this Modification.</p>	

Modification Proposal – F76/01	MP No: 197 <i>(mandatory by BSCCo)</i>
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i></p> <p>Suppliers and LDSOs would be required to undertake re-qualification under this Modification. Currently only Supplier Agents need to undertake re-qualification. Therefore Suppliers and LDSOs would need to develop processes to identify when re-qualification is required and would then need to re-qualify in these circumstances.</p> <p>New entrants to the market would have to follow the revised Qualification requirements and existing participants who already have to complete re-Certifications would be subject to the revised re-Qualification and Removal of Accreditation requirements.</p>	
<p>Impact on other Configurable Items <i>(optional by originator)</i></p> <p>Please refer to the second half of section 8 of the SVA Qualification Process Review Report (attached).</p>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i></p> <p>A revised SVA Qualification Process would better facilitate the applicable BSC Objectives as follows:</p> <p>(c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity</p> <p>Current Entry Process and Certification Requirements may be seen as a barrier to entry as they are unnecessarily onerous on new entrants. The review group believes changing the Qualification Requirements so that they address the current risks that new entrants pose to Settlement as opposed to the ones that were present in 1998 would better facilitate competition.</p> <p>(d) Promoting efficiency in the implementation and administration of the balancing and Settlement arrangements.</p> <p>The streamlined process would make it easier for new entrants to enter the market whilst maintaining a level of assurance applicable to today's market. This would reduce the costs for Applicants, and also central costs (shared by all BSC Parties).</p>	

Modification Proposal – F76/01	MP No: 197 <i>(mandatory by BSCCo)</i>
Details of Proposer:	
Name <i>Glenda Simons</i>	
Organisation <i>Laing Energy Ltd</i>	
Telephone Number <i>01480 402562</i>	
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Details of Proposer’s Representative:	
Name <i>Glenda Simons</i>	
Organisation <i>Laing Energy</i>	
Telephone Number <i>01480 402562</i>	
Email address <i>gsimons@laingorourke.com</i>	
Details of Representative’s Alternate:	
Name <i>As above</i>	
Organisation	
Telephone Number	
Email address	
Attachments: Yes / No <i>(delete as appropriate) (mandatory by originator)</i>	
If Yes, Title and No. of Pages of Each Attachment:	
SVA Qualification Processes Review Report v1.0.doc (16 pages)	

ANNEX 2 INITIAL ASSESSMENT OF IMPACTS OF MODIFICATION PROPOSAL

An initial assessment has been undertaken by BSCCo in respect of all BSC systems, documentation and processes. The following have been identified as being potentially impacted by P197.

a) Impact on BSC Systems and Processes

BSC System / Process	Potential Impact of Proposed Modification
Certification, Accreditation and Entry Process	This modification seeks to amend the current Certification, Accreditation and Entry Process techniques, therefore these processes will be significantly impacted.

b) Impact on BSC Agent / Service Provider Contractual Arrangements

BSC Agent Contract	Potential Impact of Proposed Modification
PwC (BSC Auditor, Certification Agent)	P197 proposes to consolidate the process for Certification and Accreditation with Entry Processes. The role of the Certification Agent will therefore be affected.
Entry Process Co-ordinator	P197 proposes to consolidate the process for Certification and Accreditation with Entry Processes. The role of the Entry Process Co-ordinator will therefore be affected.

c) Impact on BSC Parties and Party Agents

New Parties and Party Agents entering the market will be required to undergo a more streamlined SVA Qualification Process and all new entrants may be subject to a Technical Assurance check six months after entering the market. The proposed re-Qualification requirements are an expansion of the current re-Certification requirements; however they are being expanded to include Suppliers and LDSOs. Therefore Suppliers and LDSOs will be impacted by the change as they will need to have processes in place to identify when re-Qualification is required and, when required, they will need to go through the re-Qualification process. Party Agents will be impacted to a lesser extent, however they will need to follow the new process for re-Qualification.

d) Impact on Transmission Company

No impact on the Transmission Company is envisaged.

e) Impact on BSCCo

Area of Business	Potential Impact of Proposed Modification
Internal Working Procedures	The processes carried out by ELEXON in relation to Certification, Accreditation and Entry Processes will be amended.

f) Impact on Code

Code Section	Potential Impact of Proposed Modification
Section B	This section would require changes if there is any change to the powers of the PAB.
Section E	This section may require changes as there may no longer be a requirement to have a Certification Agent, or the function of the Certification Agent may change or be renamed.
Section F	This section may require changes to include any additional requirements to the joint change processes that may need to be

Code Section	Potential Impact of Proposed Modification
	applied when changing any documents shared by BSCCo and MRASCo
Section J	This section would require changes to combine Entry Processes and Certification into a single Qualification Process. Also, enough high level obligations about the process should be included in the Code to allow the process that would be contained in a Code Subsidiary Document to have an adequate hook back into the Code. In addition, this section of the Code would need to be amended if the Technical Assurance process was to be extended to include all Party Agents (e.g. SMRAs).
Section K-1	This section would require changes to incorporate any alignment with the MRA Entry Process.
Section X-1	This section may require change to define Qualification and remove the definitions of Certification and Entry Processes.

g) Impact on Code Subsidiary Documents

Document	Potential Impact of Proposed Modification
BSCP70 'Qualification Testing for Parties and Party Agents'	A small change to this BSCP may be required to draw a distinction between this BSCP which is aimed at the CVA market and the new process which is primarily aimed at the SVA market.
BSCP511 'Entry Processes – SMRS', BSCP512 'Entry Processes – Supplier', BSCP531 'Accreditation'	These documents may need to be merged into one BSCP dealing with Accreditation and Qualification. The business scenarios document would be an appendix to this BSCP (and this would effectively replace the SACR and the Entry Process Test Scripts as these documents would be re-engineered into business requirements).
BSCP535 'Technical Assurance'	This document may need to be updated to reflect any changes in the auditing requirements of new entrants or participants required to re-Qualify and may need to be expanded to include additional Technical Assurance checks.
Certification Agent Service Description	This would have to be amended in line with any change to the Certification Agent's functions.
Communication Requirements Documents	These documents which list the requirements for testing Parties and Party Agents before they can communicate with NETA Central Agents would have to be reviewed and relevant changes made

h) Impact on Core Industry Documents and Other Documents

Document	Potential Impact of Proposed Modification
Master Registration Agreement	The MRA may also require changes to ensure alignment of Entry Processes with the BSC.

i) Impact on Other Configurable Items

Document	Potential Impact of Proposed Modification
Entry Process Guidance Note, Accreditation and Certification Guidance Note, A simple Guide to Market Entry	These documents which are guidance notes contained on the ELEXON (BSCCo) website would need to be reviewed and relevant changes made.

j) Impact on BSCCo Memorandum and Articles of Association

No impact.

k) Impact on Governance and Regulatory Framework

No impact.

ANNEX 3 COSTS AND TIMETABLE FOR PROGRESSION**ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL³**

Meeting Cost	£2,000
Legal/Expert Cost	£0
Impact Assessment Cost	£3,000
ELEXON Resource	Man days 62 £12k

³ Clarification of the meanings of the cost terms in this annex can be found on the BSC Website at the following link:
http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

