

<h1>NETA Change Form</h1>		ELEXON Reference
		P142
Title		Version No.
Minor Refinement to Allow a level 2 Default Cure Period in Defined Circumstances		0.2
		LogicaCMG Reference
		ICR534
Type of Assessment	Date CP Received	Date IA Issued
DLIA	28/10/03	29/10/03
Brief Summary of Change		
<p>Before Credit Default and Credit Rejection occurs, allow parties who have fallen into level 2 credit default outside of normal business hours AND who have NOT breached 100% of their credit cover percentage, a 2 hour window to post additional funds upon recommencing the next business day.</p> <p>This DLIA is against the P142 Requirements Specification v1.0 dated 3 October 2003 [P142AS]. This version 0.2 of the DLIA adds an alternative solution as requested by ELEXON in the email titled 'Reassessment of P140 and P142' dated 28 October 2003</p>		
LogicaCMG's Proposed Solution		
Original Solution		
<p>For the original automated solution, three options are proposed in the P142 Requirements Specification. The principle difference between each solution is in operational responsibility and timing. The work involved for each option would therefore be the same and is as follows:</p> <ol style="list-style-type: none"> 1. Amend credit check to manage the Level 2 cure period 2. Amend text in credit default email that is sent out 3. Amend ECVN and MVRN loaders to check for Level 2 Cure period 		
<i>Notes</i>		
<ol style="list-style-type: none"> 1. We cannot guarantee at present that an ECVA-A-I006 file can be processed within 5 minutes of receipt. Option 1 is not therefore viable with latest submission time to FAA of 10.55am. The current requirement for processing of an ECVA-A-I006 (in ECVA-A-F002) is 15 minutes from receipt, implying a latest submission time to ECVA-A of 10.45am. The time by which the Party needs to submit a new Credit Limit is further constrained by FAA's processing and the transmission time between systems 2. The Credit Default Details form will not be changed for this modification. The Level 2 credit default process will remain an automatic process. The Level 2 Cure period will be initiated and cancelled by the Credit Checker and the end time cannot be edited through the form 3. We assume that if CCP becomes >100% or CCP becomes <=90% then the Level 2 Cure period will be cancelled. Note that this could happen before the start of the next business day or in the 2 hour window on that day. The party will be exposed to immediate level 2 credit default if CCP then becomes >90% again at the start of the next business day 4. The main difference between options 1 and 2 is in the responsibility for timely update of ECC. In option 1, if the ECC update is submitted to FAA by 10.55, then 		

responsibility for applying the update before the 11.01 credit check lies with FAA and ECVAA. In option 2 it is the party's responsibility to submit the update to FAA with enough time to get to ECVAA before 11.01. This is essentially an operational issue and does not materially affect the solution

5. For option 3 the process would be that the Cure Period is effectively 3 hours from the start of the next working day. A Party would not enter Level 2 default until both the 2 hour external Cure Period and the 1 hour internal processing time have elapsed. Again, this does not materially affect the solution
6. A possible interpretation of the requirement for option 3 is that a manual flow is required from FAA to ECVAA stating that a credit limit update has been received within the cure period. This would start a further 1 hour timer to allow the ECC update to be processed by FAA and ECVAA. In practice this manual process would probably take longer than the automatic flow from FAA and would add considerable complexity to ECVAA. On this basis and with guidance from Richard Hall, the requirement has not been interpreted this way
7. There is a statement that the P142 process should not apply if the Level 1 Query Period overlaps an entire business day. If the Level 1 Query Period end time has not been set (requires manual intervention) when $90\% > CCP \leq 100\%$ then the decision cannot be made. The simplest solution is to make the decision point for entering the Level 2 Cure the later of the Query Period end time and the $90\% > CCP \leq 100\%$ breach. The party cannot enter Level 2 default the end of the Query Period, because authorisation cannot be given. Similarly, if the Authorisation flag is already set when the breach occurs then the Query Period will have elapsed, and the criteria can be assessed. Note this implies that emails indicating the existence and duration of a Level 2 cure period could be delayed until the end of the Level 1 Query Period

Alternative Solution

After discussion with the ELEXON lead analyst, an alternative solution is also proposed, which involves ELEXON managing the level 2 cure period.

Currently, ECVAA provides information to ELEXON by automated email through the CP703 implementation, including:

- 80% CCP breach
- 90% CCP breach
- Level 1 Query Period End
- Level 1 Cure Period

The alternative solution would be to additionally notify ELEXON by automated email whenever a Party breaches the 100% CCP threshold and authorisation is not already set.

The work involved would be:

- Amend credit check to identify a 100% breach and send the new email

Another implementation of the alternative solution was also investigated. This would have a new standalone process running just after the credit check to identify a 100% breach and send the new email. This would involve less regression testing, but would add extra maintenance and configuration requirements as well as splitting the credit default functionality across two modules. Overall there was no cost advantage so this implementation was rejected.

Deviation from ELEXON's Solution / Requirements					
None.					
Operational Solution and Impact					
<u>Original Solution</u> None.					
<u>Alternative Solution</u> Descriptions of the credit default process would be amended to include the additional 100% of CCP message. In all other respects the ECVAA process is unaltered; ELEXON would use the information provided by ECVAA to determine when the Credit Default Authorisation Flag should be set					
Testing Strategy					
Unit	X	Change Specific	X	End to End	
Module	X	Operational Acceptance	X	Participant Testing	
System	X	Performance		Parallel Running	
Regression		Volume		Deployment/ Backout	X
Other:					
<u>Core Business Functionality Testing</u> <ul style="list-style-type: none"> • Regression Scripts RT-01, RT-07, RT-08, RT-09 will be executed 					
<u>Further Regression Testing</u> <ul style="list-style-type: none"> • No further Regression tests will be conducted • Clock Change tests will be conducted • No Performance/Volume tests will be conducted • No Live data tests will be conducted 					
<u>Change Specific Testing</u> A new test script will be developed to handle the P142 functionality					
Validated Assumptions					
None.					
Outstanding Issues					
None.					

Changes to Service							
Services Impacted							
	BMRA	CDCA	CRA	ECVAA	SAA	TAA	Other
Software				X			
IDD Part 1 (Docs)							
IDD Part 1 (S'Sheet)							
IDD Part 2 (Docs)							
IDD Part 2 (S'Sheet)							
URS				X			
SS				X			
DS				X			
MSS				X			
OSM				X			
LWIs				X			
RTP	RT-36 will be updated for future use						
Comms	None						
Other	None						
Nature of Documentation Changes							
Nature / Size of System Changes							
Medium							
Type of Release Costed:	Standalone Patch						
Deployment Issues, eg Outage Requirements:	Outage required.						
Impact on Service Levels:	None.						
Impact on System Performance:	None.						

Responsibilities of ELEXON

- Within reasonable levels, ELEXON will make available appropriate staff to assist LogicaCMG during the development of this change.

Acceptance Criteria

This is assumed to be covered by the acceptance criteria in the "CVA Program – Release Acceptance Criteria" document produced for the Feb03 release.

Any Other Information

None.

Attachments

P142 Price Presentation v0.2

PRICING

Price Breakdown

Item description	Remarks	Price (ex VAT)
Change Specific	Original	£117,841
	Alternative	£51,579
Release Cost	Original	£282,330
	Alternative	£252,933
Total Price	Original	£400,171
	Alternative	£304,511
Project Duration	Original	12 weeks
	Alternative	10 weeks
Operational Price		£0

Rationale

None.

Annual Maintenance Price	Original	£16,498
	Alternative	£7,221

Rationale

The Annual Maintenance Price is derived as 14% of the Change Specific Price of the software changes.

Validity Constraints

- Price excludes provision for indexation of daily rates from 1st April 2004
- Price and duration assume that this change is developed in isolation and the effects of other changes are excluded. **Should this change be considered for the Jun04 Release, the duration could be increased due to the interaction of this change with the P98 credit checker changes.**
- No allowance is included for the final solution being different from the BRS
- Price is for creating DCRs, not a formal documentation issue
- No allowance is included for supporting PwC activities. Any effort will be charged at contracted T&M rates
- No allowance is included for supporting ELEXON assurance activities. Any effort will be charged at contracted T&M rates
- No allowance is included for End to End/Participant Testing activities. Any effort will be charged at contracted T&M rates
- No allowance is included for Walkthrough activities. Any effort will be charged at contracted T&M rates

The offer is based on the following payment schedule:

- LogicaCMG will invoice 30% on receipt of Purchase Order or authorised start of work, 50% on completion of first build phase, 15% on live implementation and 5% on successful completion of the Success Criteria or one month after live implementation, whichever is sooner
- Maintain charges will be invoiced monthly in arrears with part months charged pro rata.

Authorised Signature	Date Signed