

Change Proposal – BSCP40/02

CP No: 1352
Version No: v1.0

Title:

Remove option of postal FAA invoices

Description of Problem/Issue *(mandatory by originator)*

This CP proposes to remove the option for Parties to receive FAA Advice Notes, Confirmation Notices and their associated backing sheets by post. It will leave email as the single mandatory method of despatch for these invoices.

Background: P214 and current rules

Parties currently receive their payment Advice Notes and Confirmation Notices from the Funds Administration Agent (FAA) by both email and post, unless they complete a form in BSCP301¹ to opt out of post and receive emails only.

Approved Modification P214² introduced the use of email for these FAA invoices in 2008. P214 intended to incentivise Parties to opt out of post and thereby deliver time-savings and efficiencies to the FAA. However, this has only been partly successful.

How many Parties still receive postal invoices and why?

Of the 'active' Parties which the FAA invoices for imbalance charges (i.e. excluding Parties in withdrawal or administration) 154 were still receiving postal Advice Notes and Confirmation Notices in January 2011. The cost of this manual processing to the FAA was around 2 hours of effort a day.

Between January and the end of March 2011, ELEXON contacted all of these Parties to encourage them to opt out of post and use email only. As a result, only 36 Parties at the end of March were receiving postal Advice Notes and Confirmation Notices (with most of these being subsidiaries of one of the Big 6). Since then, many new Parties have acceded to the BSC without completing the 'post opt out' part of the Funds Accession Form in BSCP301. This has therefore subsequently increased the total to 56, meaning that the one-off education exercise is not an enduring solution.

The exercise did, however, help clarify the reasons why Parties had/have not opted out. In most cases this is simply due to lack of awareness, or the effort involved in completing the BSCP 'opt out' form (particularly for the larger companies with multiple Party IDs).

However, some smaller Parties who would like to opt out of post feel unable to because they cannot read the electronic email versions of the Advice Note backing sheets. These backing sheets contain the detailed breakdown of Parties' charges. There are three types of backing sheets: those for Trading Charges, those for Default Charges and those for ad-hoc charges. The email backing sheets for both Default Charges and ad-hoc charges are Portable Document Format (PDF) files, and their postal versions are paper printouts of these files. The email Trading Charges backing sheets are in ASCII pipe-delineated format, which can be loaded directly into Parties' own systems. ASCII files are not an easily human-readable format for Parties without such systems. Some smaller Parties therefore continue to receive postal invoices because the posted Trading Charges backing sheets are printouts of a human-readable PDF format.

Why is using post inefficient?

We believe that continuing to post Advice Notes and Confirmation Notices is inefficient, as it involves time and manual effort which the FAA could spend on other activities such as dealing with Parties' queries. Since the implementation of P214, email invoicing has become widely accepted and used.

However, removing post must not disadvantage smaller Parties without the systems to load/read the ASCII backing sheets.

¹ Balancing and Settlement Code Procedure (BSCP) 301 'Clearing, invoicing and payment'.

² P214 'Issues Relating to Funds Administration'.

Proposed Solution:

We propose to discontinue the option of postal Advice Notes and Confirmation Notices, so that all Parties receive these by email only. This requires a CP to amend the relevant Code Subsidiary Documents.

To resolve the backing sheets issue, we propose that both the PDF and ASCII versions of the Trading Charges backing sheets are included in the emails sent to Parties. This will require a change to FAA systems. It will not significantly increase the size of the emails. The backing sheets for Default Charges and ad-hoc charges will continue to be provided in PDF format only.

Post will remain an available emergency back-up option in the event of email failure.

Justification for Change:

We believe that postal invoicing is unnecessary duplication because:

- All Parties already receive Advice Notes and Confirmation Notices by email;
- The posted invoices are delivered after their email versions and, in the case of Advice Notes, potentially after the charges concerned have already been paid;
- The emailed invoices are the official documents (e.g. for VAT purposes), and the postal versions are simply paper copies;
- Any Party wishing to keep paper records can simply print the emailed versions; and
- Automated email despatch involves less potential for human error (e.g. invoices being sent to the wrong Party/address) than manual postage.

Removing the need to provide posted copies will free up FAA resource, increasing the overall efficiency of the process. The BSC Auditor has supported this approach during its review of FAA processes under the recent BSC Audit.

There is a cost in amending FAA systems so that they automatically email both PDF and ASCII Trading Charges backing sheets. However, the efficiency savings from removing post will exceed the total implementation cost of this CP (£29.5k) within 9 months of implementation.

To which section of the Code does the CP relate, and does the CP facilitate the current provisions of the Code?

This CP relates to Section N of the Code. The Code does not specify the method of invoice despatch and refers to the Communication Requirements Document.

Estimated Implementation Costs:

£29.5k, comprising:

- £22.5k FAA costs to amend and test the systems; and
- Approximately £7k (30 man days) in ELEXON effort to manage and test the systems change, and to publicise the removal of post to affected Parties.

Configurable Items Affected by Proposed Solution(s):

The following are impacted:

- BSCP301 (see redlining in Attachment A);
- FAA Service Description (see redlining in Attachment B);
- Communication Requirements Document (see redlining in Attachment C);
- FAA User Requirements Specification (URS) (see redlining in Attachment D); and
- FAA Interface Definition and Design (IDD) Part 1 (see redlining in Attachment E).

Impact on Core Industry Documents or System Operator-Transmission Owner Code:

None.

Related Changes and/or Projects:

None.

Requested Implementation Date:

23 February 2012, as part of the February 2012 Release.

Reason:

This is the next available systems release. There is no need to tie implementation to the start of a financial quarter/year.

This CP will be implemented on a calendar day basis. From the Implementation Date all Advice Notes, Confirmation Notices and related backing sheets will be despatched by email only, regardless of the Settlement Day(s) and Payment Date(s) to which they relate.

Version History:

We raised version 1.0 of this CP on 2 September 2011.

Originator's Details:

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Date: 2 September 2011

Attachments: Yes:

Attachment A – BSCP301 redlining (*11 pages*)

Attachment B – FAA Service Description redlining (*4 pages*)

Attachment C – Communication Requirements Document redlining (*1 page*)

Attachment D – FAA URS redlining (*23 pages*)

Attachment E – IDD redlining (*14 pages*)