

January 2002

Modification P35: 'Qualified' ECVNAs Requirements Specification

Document Reference	028AAR
Version no.	1.1
Issue	FINAL
Date of Issue	3 January 2002
Reason for Issue	Issued for Consultation
Author	ELEXON

I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	19/10/01	Mandi Francis		
0.2	19/12/01	Mandi Francis		
1.0	21/12/01	Trading Development		
1.1	03/01/02	Trading Development		

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0.1	22/10/01	Chris Rowell		Trading Strategy
0.1	22/10/01	CNMG		
0.2	19/12/01	As for 0.1		
0.2	19/12/01	EPMG		
0.2	19/12/01	Dave Warner		Trading Strategy
1.0	21/12/01	Trading Strategy		
1.1	03/01/02	Trading Strategy		

Version	Date	Approver	Signature	Responsibility
1.0		Chris Rowell		Trading Strategy
1.1		Chris Rowell		Trading Strategy

Version	Date	Authorisation	Signature	Responsibility
1.0		Peter Davies		
1.1		Peter Davies		

b Distribution

Name	Organisation

c Change History

Version 0.1 issued for initial internal review and Contract Notification Modification Group review.

Version 0.2 issued for further review internally and by the Contract Notification and error Processing Modification Group.

Version 1.0 issued for industry impact assessment.

Version 1.1 issued for industry Consultation (amended to incorporate comments from the impact assessment).

d Changes Forecast

e Related Documents

Reference 1	P35 Modification Proposal 'Qualified ECVNAs'
Reference 2	P35 Modification Proposal Initial Written Assessment (IWA035)
Reference 3	Panel Paper 31/012 'Interim Report P35: 'Qualified ECVNAs'
Reference 4	Definition Report Modification Proposal P35 'Qualified ECVNAs' (MDR035) 15 November 2001 V1.0
Reference 5	BSC Procedure 11 'Volume Allocation and Settlement Run Queries' v3.0
Reference 6	Modification Report: Modification P1 'Extension of the Definition of ECVA Systems Failure for permitting post Gate Closure Notification' (MR001, V1.0, 31 st August 2001)
Reference 7	BSC Procedure 71 'ECVNA and MVRNA Registration, Authorisation and Termination' v3.0
Reference 8	Modification Proposal P44 'Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test' Requirements Specification (001MAR) 11 December 2001, V2.0

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1 INTRODUCTION

1.1 Background and Scope

At its meeting of 20 September 2001, the BSC Panel reviewed the Initial Written Assessment of Modification Proposal P35 'Qualified ECVNAs', raised by Automated Power Exchange (APX) (Reference 1).

The Proposal seeks to introduce the concept of Energy Contract Volume Notification Agents (ECVNAs) who have met certain standards of independence, performance and auditability and are therefore granted 'Qualified' status. The Modification Proposal asserted that this 'Qualified' status would enable notifications received by the ECVNA by Gate Closure to be considered firm for Settlement purposes. The Modification Proposal also requires that 'Qualified ECVNAs' be subject to performance monitoring with appropriate penalties, including removal of 'Qualified' status levied for non-performance.

The Initial Written Assessment for Modification Proposal P35 (Reference 2) was presented at the BSC Panel meeting of the 20 September 2001. It was determined that further definition of the Modification Proposal was required. ELEXON subsequently met with the Proposer to further define the Modification Proposal.

The intent of the Modification Proposal is to introduce 'Qualified' Energy Contract Volume Notification Agents (ECVNAs), who, in the event of an ECVNA failure, will be able to submit notifications received by them to the Energy Contract Volume Aggregation Agent (ECVAA). The Modification Proposal requirement is that data received by 'Qualified' ECVNAs be considered firm for settlement purposes. This more detailed definition of the Modification Proposal enables the procedures required to support the Modification to effectively adopt those existing to support ECVAA System Failures and the resolution of Trading Queries / Disputes. Such additional definition was provided to the BSC Panel meeting of the 18 October 2001 via a Panel Paper (Reference 3), and was included in the Definition Report for Modification Proposal (Reference 4) which was considered at the Panel meeting of 15 November 2001.

The Contract Notification Modification Group (CNMG) met on the 15 October 2001 to finalise and agree the definition. This definition was further refined by the P35 Modification Group (a combination of the Contract Notification and Error Processing Modification Group) at their meetings of 26 November 2001, 5 December 2001 and 19 December 2001. This Requirements Specification reflects the discussions and outcome of these meetings.

1.2 Definition Overview

The Modification Proposal refers to 'Qualified' ECVNAs, however, the term 'Qualified' has a very specific meaning under the Code. Therefore it has been determined that such ECVNAs be referred to as **Privileged ECVNAs** for the purposes of this Requirements Specification (it should be noted that this may be amended in the legal drafting to a more representative label).

To summarise the definition, the ECVNA requiring Privileged status will be required to request Privileged status at the point of registration¹ with ELEXON, and where it does so, ELEXON will provisionally grant the ECVNA such Privileged status. ELEXON will manually hold and maintain the register of such Privileged Notification Agents. Privileged status will be granted to notification agents who can guarantee and prove the independence and auditability of their notification systems.

¹ This is the process referred to in BSCP 71 'ECVNA and MVRNA Registration, Authorisation and Termination' (Reference 6), for 'registering' the Party Agent in the BSC Central Systems in preparation for them submitting Notifications.

It is envisaged that ELEXON (or derogated party) will make a site visit to verify the auditability and independence of the notification agent systems. This will be undertaken:

1. Either on the initial application for Privileged status;
2. Or on receipt of, but prior to processing the first claim made by the notification agent in respect of this Modification Proposal (i.e. every initial claim submitted will involve a verification visit);
3. And / or at any time after the first claim, at the discretion of the Performance Assurance Board (PAB).

Once granted Privileged status, these ECVNAs will continue to operate as currently. However, in the event of any 'Incident' i.e. a failure (other than that covered by the Code provisions for ECVA System Failure, which will utilise the existing provisions and procedures (this is intended to encompass Modification P1 (Reference 6) if it is approved and implemented)) of the ECVNA notification systems preventing them from submitting notifications received by them to ECVA in time for the associated Gate Closure, the Privileged ECVNA will be able to raise a PMR / Trading Query with ELEXON².

It will be the responsibility of the Privileged ECVNA to provide to ELEXON the circumstances of the failure and to verify the notifications which require submission to ECVA. On receipt of the claim from the Privileged ECVNA, ELEXON will verify that the ECVNA has Privileged ECVNA status (from the register referenced above) and will then verify the grounds for the failure. ELEXON will provide the notifications requiring submission to ECVA for input.

It should be noted that it is expected that this process will utilise the internal ELEXON procedures in place for dealing with partial ECVA System Failures (BSC Section P 5.2.3). It should also be noted that it is expected that for the majority of such ECVNA failures the failure will be short term and thus limited to restoration of the data for one Settlement Period only (as a consequence of the resolution of the historical overwrite issue). However, in any case, the duration of such failures has been limited to four hours³. This failure is to be referred to as an 'incident' which has an associated 'claim'.

If ELEXON deem the claim to require further investigation, then ELEXON may request access to the Privileged ECVNA for investigation / audit purposes. It is intended that the request and subsequent granting of the Privileged status include express permission for ELEXON to undertake, at their absolute discretion, whatever investigation is deemed necessary to verify the authenticity of claims received.

The Modification Proposal also asserts that the Privileged ECVNA should meet defined performance standards, with appropriate penalties for non-performance, including removal of Privileged ECVNA status. The intent of this is to 'allow' a Privileged ECVNA to submit a certain number of claims within a specified period before revoking the Privileged status, thus incentivising performance and robustness of the notification agent systems and incentivising the notification agent to maintain high levels of data accuracy.

Thus performance monitoring in this area is limited to the monitoring of the number and extent of the claims being handled for a Privileged ECVNA. All claims in excess of the [x] allowed in the [y] period, will be rejected (until the Privileged ECVNA comes back into 'credit' for submission of claims). Also any claim investigated and found to be unjustified will be rejected, but will count towards the Privileged ECVNAs [x] total and when that Privileged ECVNA next submits a claim, it is expected that this claim will be investigated via site visit to ensure that it is valid. This process avoids the necessity for

² It will be a PMR raised with the ELEXON Helpdesk for Incidents raised with ELEXON prior to the Initial Settlement (SF) Run, and via a Trading Query for Incidents raised with ELEXON after the Initial Settlement (SF) Run. However, the exact timing constraints for submissions of claims is under review in this Requirements Specification.

³ However, it is effectively going to be a four and a half hour period to allow recovery for Gate Closures that are close to any failure time – thus giving the notification agent some small leeway.

cumbersome performance monitoring processes and negates the requirement for any revocation (and subsequent re-granting) of the Privileged status.

1.3 Purpose and Structure of Document

The primary purpose of this document is to specify the requirements for the requisite changes to Central Services (if appropriate), BSC Parties and Party Agents and to the Balancing and Settlement Code (the Code), Code Subsidiary Documents and Core Industry documentation, in sufficient detail to enable all impacted BSC Agents, Parties, Party Agents and documentation owners to provide an impact assessment of the changes required to support this Modification Proposal.

In particular the main purpose of this document is to specify ELEXON's (representing the P35 Modification Group) requirements for any requisite change to ELEXON and Central Services functionality in sufficient detail to allow the BSC Central Service Agent and ELEXON to provide an initial high level assessment of the following:

- An assessment of the cost of any changes to the contractual baseline.
- An assessment of the elapsed time required to implement the changes.
- A proposed testing strategy for the changes.
- A proposed release and acceptance strategy (e.g. whether to phase the implementation to provide a quick solution to urgent operational issues).

For the purposes of this assessment, the BSC Central Service Agent should assume that the changes will be implemented as a standalone development project managed by ELEXON.

The document is structured as follows:

- Section 2 specifies the required functionality and the associated industry changes to support the changes defined within the Modification Proposal.
- Section 3 specifies ELEXON's requirements for involvement in the design and testing process.

1.4 Glossary

The following acronyms have been used throughout this document:

BSC	Balancing and Settlement Code
CNMG	Contract Notification Modification Group
CRA	Central Registration Agent
DA	Disputes Administrator
ECVAA	Energy Contract Volume Aggregation Agent
ECVNA	Energy Contract Volume Notification Agent
EPMG	Error Processing Modification Group
SAA	Settlement Administration Agent
URS	User Requirements Specification

2 REQUIREMENTS SPECIFICATION FOR THE MODIFICATION PROPOSAL – 'QUALIFIED ECVNAs'

2.1 Requirements Specification Overview

This Section of the Requirements Specification provides the definition of the changes required to support the implementation of the solution to Modification Proposal P35 (Reference 1), as defined within that Modification Proposal, and further clarified by the interim report to the Panel (Paper 31/012, Reference 3), the Definition Report in respect to this Modification Proposal (Reference 4) and by the Contract Notification Modification Group (CNMG) at their meeting of the 15 October 2001 and by the P35 Modification Group (a combination of the CNMG and Error Processing Modification Group (EPMG)) at their meetings of 26 November 2001, 5 December 2001 and 19 December 2001.

2.2 Context of Privileged ECVNA Status

Where an ECVNA has requested and been granted Privileged ECVNA status, in accordance with Section 2.3, the ECVNA will be able to submit claims to ELEXON, in accordance with Section 2.4, thus enabling the Privileged ECVNA to submit notifications received by the Privileged ECVNA in time for Gate Closure, but which the Privileged ECVNA has failed, for whatever reason, to provide to the ECVA in time for the associated Gate Closure. Claims submitted under the provisions of the Privileged ECVNA status will be processed by ELEXON, and the data provided to ECVA for input.

For the avoidance of doubt, it should be noted that the existing mechanisms for raising Trading Queries are not impacted, nor amended by the introduction of this new process, as this new process is intended to introduce a new subset of Trading Queries relating to Privileged ECVNAs only. For example, Privileged ECVNAs who are prevented from submitting notifications to ECVA under the provisions of the ECVA System Failure, as defined in the Code, Section P (5), will be expected to utilise the process for recovery defined in this area, not the process defined here for criteria specific to Privileged ECVNAs.

It should also be noted that it is intended that any party determine the most appropriate mechanism for data recovery in ECVA according to the specific circumstances, and utilise only that mechanism, i.e. it is not expected that the party attempt to utilise an alternative mechanism if the original fails / gets rejected. Therefore it is expected that there be some sort of check within ELEXON to ensure that this is the case.

2.3 Requesting and Receiving Privileged ECVNA Status

2.3.1 Process for Requesting and Receiving Privileged ECVNA Status

On, or at any time after, successful completion of interface testing and registration within the Central Registration Agent (CRA), an Energy Contract Volume Notification Agent can apply to ELEXON for Privileged ECVNA status.

The ECVNA requesting the Privileged ECVNA status should submit a request form to ELEXON, accompanied by a covering letter on Company Stationery.

The request should contain:

- The company details of the requesting ECVNA;
- A statement to the effect that the ECVNA believes they have systems and processes in place of a sufficient quality that the ECVNA can fulfil its obligations under the Code and is suitable for Privileged ECVNA status; and

- An undertaking that the systems meet ELEXON's requirements (these will be detailed for clarity in the request form) in this area. These requirements will be based around electronic timestamping, and auditability of receipt of agreed notifications. It is expected that these requirements will be developed by ELEXON, in conjunction with the Performance Assurance Board (PAB) and will be accompanied by a clarification note discussing the requirements to ensure that parties understand the requirements and therefore the implications of the undertaking.

The request should also contain a statement of understanding to the effect that requesting and being granted Privileged ECVNA status is effectively authorisation enabling ELEXON (or other ELEXON derogated body) access to the ECVNAs premises, systems and records for the purpose of verification and audit of any claims raised under the express provisions of the terms relating to the Privileged ECVNA status.

The request should contain a statement to the effect that the requesting ECVNA has either:

- Never been granted Privileged status previously, either under the current Company name, or any previous incarnation of that company; or
- The details and dates of any previous periods where the requesting ECVNA, or any previous incarnation of that ECVNA has had such status.

On receipt of such a request, ELEXON will verify that the requesting ECVNA is:

- A registered ECVNA (i.e. has successfully completed Interface Testing and has been registered in CRA); and
- Has signed the undertaking indicating that they have met ELEXON's requirements with regards to the independence and auditability of their notification systems.

Where the requesting ECVNA meets these criteria, then ELEXON will either confirm the granting of the Privileged ECVNA status to that ECVNA, or initiate a site visit for the purpose of verifying the auditability and independence of the notification agents systems (bearing in mind that a site visit on initial application is not the preferred approach of the P35 Modification Group, but is included here for completeness).

Where the requesting ECVNA either does not meet these criteria, or fails the verification on the site visit, then ELEXON will reject the request for Privileged status, stating the reason(s) for rejection (again, note the comment above).

Where ELEXON grants the requesting ECVNA such Privileged status, then ELEXON will log this status against the ECVNA for future verification on receipt of claims. ELEXON will also place a notice on a specific part of the BSC (ELEXON) website⁴ stating that the requesting ECVNA has been granted Privileged ECVNA status and providing the effective from date of the status.

2.3.1.1 P35 Modification Group Discussion and Rationale

The P35 Modification Group (the Group) looked at the most appropriate mechanism for ensuring that all notification agents could utilise the process defined by Modification Proposal P35. The Group initially looked at the independence criteria from the perspective of applying it to individual notification agents wishing to submit claims. However, this approach appeared to preclude usage of this process by self-notifiers, as they could not be considered to be independent to the counterparties affected by the claim and it was clear from the responses to the consultation in the Definition phase (provided in the Definition Report (Reference 4)) that many parties considered this to be discriminatory.

⁴ This will require the implementation of a new area on the BSC Website in the Market Data area for reporting on Privileged ECVNAs status, defined in Section 2.5.

Therefore the Group looked at the process and tried to define a mechanism that would enable all notification agents, regardless of any affiliation to the affected counterparties, to utilise the process defined by Modification Proposal P35, whilst limiting opportunity for potential abuse / manipulation.

Therefore the Group concentrated on what guidelines / constraints should be put in place to meet the objective of enabling all notification agents to use this process. The Group determined that the key here would be the proof of the receipt, by the Privileged ECVNA, of the notification / trade, as agreed by the counterparties, in time for provision onwards to the ECVA. Therefore the Group agreed that the independence and auditability of the ECVNAs systems provided the key and it was determined that notification agents' systems were required to meet certain standards of independence and auditability, i.e. provide, as far as is deemed necessary by ELEXON, incontrovertible proof of receipt of agreed trades and the time of receipt.

The Group then reviewed the possibilities for enforcing these requirements. Three options were proposed:

1. A site visit by ELEXON (or derogated body) on the initial application for privileged status, to ensure that the notification systems of the applicant Privileged ECVNA comply with the ELEXON independence and auditability requirements, which has to be passed before the Privileged status would be granted; or
2. A site visit by ELEXON (or derogated body) on receipt of any initial claim made by the Privileged ECVNA, to ensure that the notification systems of the applicant Privileged ECVNA comply with the ELEXON independence and auditability requirements, which has to be passed before the claim is accepted; and
3. A site visit by ELEXON (or derogated body) on receipt of any claim made by the Privileged ECVNA, to ensure that the notification systems of the applicant Privileged ECVNA comply with the ELEXON independence and auditability requirements, which has to be passed before the claim is accepted.

The Group discussed option 1 and agreed that this was not the preferred approach, on the basis that this 'front loads' the process. The Group argued that it might be a significant amount of time between the application for Privileged status and the submission of any claim, therefore it seemed more appropriate to require that the application for Privileged ECVNA status include the detail of the requirements the notification systems need to meet, and a signed undertaking from the Applicant Privileged ECVNA that their systems meet such requirements, and that any site visit to verify the undertaking be performed on receipt of the initial claim by the Privileged ECVNA.

Therefore the Group agreed that a signed undertaking (as described above) on the application for Privileged status, plus combination of option 2 and 3 would provide the least onerous, and most effective approach for ensuring the authenticity of claims, as ELEXON would receive the confirmation from the site visit that the systems were in accordance with ELEXON requirements, and could therefore form a judgement on the authenticity of future claims based upon the submissions received, and where ELEXON doubt such authenticity, it is within their power to initiate a site visit to investigate. Consequently the potential for any claim to be investigated should ensure that the Privileged ECVNA does not abuse the process.

2.3.1.2 Notification Agent System Verification and Audit Requirements

The Modification Group agreed that a Performance Assurance Framework should be defined and put in place in order to provide the requirements of the notification agent system. However, the Modification Group agreed that at a high level, the requirements from the notification agent system, in order for that notification agent to be granted Privileged status, would be as follows:

- On receipt of agreed trades / settled intent between counterparties, the notification agent system timestamps such trades in a mechanism that is verifiable;
- Such timestamped trade files are then logged / stored in a manner that is verifiable;
- That such timestamping of received files is tamperproof;
- That such storage of files means that the files are tamperproof in storage;
- All relevant notification agent processes for receipt and creation of such files are verifiable / auditable; and
- That the application of these requirements to the specific notification agent system(s) means that any claim will / can be supported by the relevant evidence to support the value of any agreed trade and the receipt of it by the notification agent in time for submission for the relevant Gate Closure.

2.3.2 Amendments to the Balancing and Settlement Code

BSC Section J 'Party Agents' Paragraph 6 'Registration' requires amendment to Section 6.3 to reflect the registration requirements of the Privileged ECVNA status and to reflect the definition of the additional steps of the registration process in BSC Procedure 71.

BSC Section X ANNEX X-2 requires addition of a new definition for 'Privileged ECVNA'.

Amendments to other Sections of the Code may be required to support the audit and verification provisions of ELEXON with regards to the Privileged ECVNA.

2.3.3 Amendments to BSC Procedures

BSCP71 'ECVNA and MVRNA Registration, Authorisation and Termination' requires additional steps in the registration process defined in Section 3.7, as follows:

The steps defined below follow directly on from those already detailed.

Ref	When	Action	From	To	Information Required	Method
3.7.7	On or after successful registration	ECVNA requests Privileged ECVNA status from BSCCo by provision of Form BSCP71/10 and a covering letter.	ECVNA	BSCCo	Completed Form BSCP71/10. Covering Letter on Company Stationery	Letter / Fax
3.7.8	Within 2WD of 3.7.7	BSCCo verifies that the requesting ECVNA is successfully registered and has provided a completed undertaking regarding their systems used in the notification process. Where this is the case, BSCCo will reject the request using Form BSCP71/10 indicating the reasons for rejection.	BSCCo	ECVNA	Countersigned Form BSCP71/10 detailing reasons for Rejection	Letter / Fax
3.7.9	At the same time as 3.7.8	If BSCCo successfully verifies the requesting ECVNA, then BSCCo confirms the Privileged ECVNA status using Form BSCP71/10. BSCCo will log the Privileged	BSCCo	ECVNA	Countersigned Form BSCP71/10	Letter / Fax

		ECVNAs status for future verification.				
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A new form, BSCP71/10 is required to be added to BSCP 71, Section 4, as follows:

4.10 BSCP71/10 Privileged ECVNA Status Request Form

Privileged ECVNA Status Request Form

BSC Co Log No. _____/____/____

(Form completed by company applying for Privileged ECVNA status with BSCCo)

To: _BSCCo

Contact Name in BSCCo: _____ Date: ____/____/____

Company Name: _____

Address: _____

Postcode: _____ Telephone: _____ Fax: _____

- This completed Form (BSCP71/10) provides confirmation that this Company, acting as an ECVNA, has systems and procedures in place, of a sufficiently high quality for this Company, when acting as an ECVNA, to be considered to be a Privileged ECVNA;
- This completed Form (BSCP71/10) provides the details of the relevant ECVNA systems utilised for notification purposes and provides confirmation of the independence and auditability of such systems and confirmation that such systems meet ELEXON requirements for such independence and auditability;
- It is understood that, in requesting and being granted Privileged ECVNA status, this provides the requisite authority for BSCCo to gain access to premises, systems and records for the purposes of verification and audit of Trading Queries raised by this ECVNA under the provisions of Privileged ECVNA status; and
- This completed Form (BSCP71/10) provides confirmation that either:
 - This Company, acting as an ECVNA, Parent, Subsidiary or Affiliate of this Company, acting as an ECVNA, has never been granted Privileged status before the date of this Form (BSCP71/10); or
 - This Company, acting as an ECVNA, Parent, Subsidiary or Affiliate of this Company, acting as an ECVNA, has been granted Privileged status prior to the date of this Form (BSCP71/10) (details of the Companies, and dates of Privileged ECVNA status should be attached on a separate sheet).

Signed: _____ Name: _____

Position: _____ Date: _____

From: _BSCCo

Your above request for Privileged ECVNA status has been **ACCEPTED / REJECTED**

Details of reasons for Rejection are as follows:

The requesting ECVNA is not registered in CRA.

The notification systems of the Applicant ECVNA do not meet ELEXON independence and auditability requirements (details attached).

2.3.4 Amendments to Other Code Subsidiary Documents

None identified at this time.

2.3.5 Amendments to Core Industry Documentation

None identified at this time.

2.3.6 Amendments to ELEXON Procedures, Systems and Documentation

ELEXON will be required to amend procedures to include the process defined at 2.3.1.

ELEXON will also be required to amend the BSC website to include a new area in the Market Data section to report on Privileged ECVNA status, documentation pertaining to the BSC website will also require amendment to reflect the additional functionality. These requirements are covered in more detail in Section 2.5.

2.3.7 Amendments to BSC Agent Procedures, Systems and Documentation

None identified at this time. The amendments required to support the implementation and operation of these additional registration requirements and processing are limited to the requesting ECVNA and to ELEXON. It is not expected that there be any impact on any BSC Agent system, procedure or the associated documentation.

2.4 Privileged ECVNA Claims

2.4.1 Process for Submitting and Resolving Claims under the Provisions of the Privileged ECVNA status

2.4.1.1 Claims

Once the Privileged ECVNA status has been granted, the Privileged ECVNA is able to submit claims under the (new, proposed) provisions of the Code. It is intended that there be introduced and implemented a new type of Trading Query pertaining to Privileged ECVNAs. This is to be referred to as a claim for the purposes of this Requirements Specification.

There is an issue in this area, in that only BSC Parties can raise Trading Queries / Trading Disputes, and therefore notification agents who are not BSC Parties cannot raise these claims. This could potentially involve including special provisions in the Code to enable Volume Notification Agents to submit claims under the provisions of this Modification only. However, the appropriateness of this approach is currently under legal review by ELEXON's legal advisors.

It was proposed by the P35 Modification Group that where the ECVNA was not a BSC Party, that the affected parties should be responsible for submitting the claim. However, the Group noted that under certain circumstances it would be possible for at least one of the affected counterparties to have been 'accidentally' advantaged by the ECVNA's failure to notify and therefore not to be 'minded' to raise the claim. The other consideration in respect to the claim being the responsibility of the party to raise, is that the counterparties affected by the ECVNA failure would have recourse to compensation from the ECVNA for the ECVNA's failure, and would therefore not wish to bother with the additional requirements of raising and then supporting any claim.

Therefore the Group determined that it was not appropriate to place the responsibility for the submission of the claim onto the affected parties and agreed that the most appropriate way forward would be for all ECVNAs to be enabled in some way to submit these claims themselves, even where they are not currently a BSC Party.

Privileged ECVNAs will be able to submit a claim where, for any reason, notifications received by that Privileged ECVNA prior to Gate Closure fail to be passed on to ECVA by the Privileged ECVNA in time for the associated Gate Closure. These failures will be referred to as 'Notification Agent Incidents' to differentiate them from Trading Disputes raised under the existing provisions of the BSC, Section W 1.3. It is intended to introduce this terminology into the Code.

Therefore, where such an Incident occurs, the affected Privileged ECVNA can submit a claim detailing the reason for the Incident and providing evidence as to the cause of the Incident and, most importantly, sufficient evidence to enable ELEXON to authenticate, verify and potentially audit the time of receipt of notifications to ensure that they were received with the Privileged ECVNA prior to Gate Closure for the associated Settlement Period(s), and in time for the ECVNA to have submitted these to the ECVA by Gate Closure.

An individual claim is to be limited to 4 hours, therefore if the failure spans a period in excess of this, even if it is related to one incident, it should be raised in as many claims as is appropriate, such that no claim exceeds an individual 4 hour period. It should be noted that one claim can encompass an unlimited number of individual notifications (provided that the appropriate proof of receipt is provided for all notifications). The rationale behind this is that a notification agent system failure for a self-notifier may only affect one or two notifications, whereas a similar failure for an exchange will affect as

many parties as have chosen to notify in that period, potentially a large amount, therefore, in recognition of this aspect, the Group chose to limit the claim time period but leave the notification numbers unconstrained.

The Group, in setting the time constraint, took into consideration the potential downtime of a system resulting from a failure, and believed that 4 hours was sufficient time for any failure to be identified and corrected, or identified and switched to support systems / processes (i.e. where the failure is material, it is expected that the majority of ECVNAs have supporting notification systems / mechanisms).

A claim may be submitted to ELEXON at any time, but under the provisions of the Code, the claims can be dealt with differently depending upon when they are submitted, as follows:

- Any claim submitted by at least 3 WD prior to the scheduled date for the Initial Settlement Run (i.e. ensuring submission of the amended Account Bilateral Contract Volume data to the Settlement Administration Agent in time for use in the Initial Settlement Run) should be raised as a PMR with the ELEXON Helpdesk; and
- Any claim submitted after this time may be raised as a Trading Query under the provisions of Section W of the Code.

The Privileged ECVNA and the affected Counterparties should have sufficient chances to check the data, via verification of the on the day Acknowledgements and Negative Acknowledgements, the end of day ECVAI-1014 'Notification Report', the ECVAI-1022 'Forward Contract Report', and the output from the Initial Interim Information Run.

Any claim must have an estimated materiality in excess of £500. This accords with the statement in BSC Procedure 11 5.18 which states that "... *the Disputes Administrator will not process any disputes with a materiality or estimated materiality less than £500.*" There is no compelling reason to change such a materiality criteria.

For the avoidance of doubt, all claims raised under the provisions of the Privileged ECVNA, i.e. relating to Incidents, will have amended data provided to the next Settlement Run. Under no circumstances will a Trading Query raised by a Privileged ECVNA relating to an Incident require an Ad Hoc Settlement Run. Any request by the Privileged ECVNA Raising Party for an Ad Hoc Settlement Run will be disregarded by ELEXON and the claim will be processed according to the process defined here. It should be noted that this may require an associated amendment to the Code.

2.4.1.2 Timescales for Submitting Claims

The Group reviewed the potential for placing time constraints on the submission of claims. The basis of this was deemed to be that any notification agent should be aware, relatively quickly, of any failure and should therefore be able to determine what restoration is required. However, there is the potential for any failure to affect the ability of the ECVNA to identify 'omitted' / incorrect notifications and therefore parties / the ECVNA will be expected to utilise the ECVAI-1014 (end of day notification summary from the ECVAI) and ECVAI-1022 (Forward Contract Report - although it is recognised that within day trades may not be present in this summary).

The Group reviewed the following options for submission constraints:

1. By the end (17:00) of the business day following the Settlement Day;
2. By the end (17:00) of the fifth business day following the Settlement Day;
3. In time for the Initial Settlement Run (i.e. by three business days prior to the scheduled date of the run); and

4. Any time after the Initial Settlement Run.

The Group believed that any claim should be restricted to the period immediately following the settlement day, given that the information should be available to verify what should have been submitted at the end of the affected Settlement Day. However, the Group agreed that, in any event, the claim should be submitted to ELEXON in time for submission to the Initial Settlement (SF) Run. However, the Group recognised that the Code allows Trading Queries to be raised at any time, but believed that it was not appropriate to allow such claims to be made after the Initial Settlement Run, as such claims affect other parties cashflows (via the Residual Cashflow Reallocation Cashflow). Therefore the Group supported restricting claims to the period prior to the Initial Settlement Run to avoid changing cashflows in later settlement runs (and in which case there will be no requirement for a Trading Query to be raised (see previous discussions)).

2.4.1.3 Submitting Claims

The Privileged ECVNA will be the Raising Party for all claims⁵. Therefore the Privileged ECVNA will:

- If the claim is to be submitted by the Initial Settlement (SF) Run – i.e. by 3 WD prior to the scheduled date for the settlement run, then the privileged ECVNA should submit a call to the ELEXON Helpdesk detailing the claim, which should be followed up with a fax / postal submission of the supporting information. Any submission should clearly indicate that this claim is being made under the 'Privileged ECVNA' provisions and should provide all supporting information regarding the notifications⁶; or
- If the claim is submitted after the timescales detailed above, the Privileged ECVNA will submit an 'Evidence of Data Anomaly' Form F11/01 from BSC Procedure 11 'Volume Allocation and Settlement Run Queries' (Reference 4) and enclose all requisite evidence required to support the Trading Query.

The 'Evidence of Data Anomaly' Form F11/01 contains:

- A '**Company Name / Id / Role**' field, and the Role should be referenced as '**Privileged ECVNA**'; and
- A '**Query Type**' field, this should be provided as '**OTHER: Privileged ECVNA Incident**'.

This ensures that it is clear on receipt that this Trading Query relates to a claim.

Under both circumstances, the Privileged ECVNA will ensure that there is no misinterpretation by ELEXON as to the intent of the Privileged ECVNA, the Privileged ECVNA will derive and provide the exact figures for input to the ECVA database using a standard proforma provided by ELEXON. ELEXON will not derive or calculate any data amendments and will take the Privileged ECVNA's figures as the de facto statement of changes required.

2.4.1.4 Authorisation by Affected Parties

As any claim made by a Privileged ECVNA will necessarily affect the imbalance position for the counterparties to the affected notifications, an authorisation for the Privileged ECVNA to submit claims, and thereby rectify notifications, is required.

⁵ As flagged previously, this causes an issue regarding the provisions of the Code as to the eligible raising parties for trading queries and it is expected that this be addressed in the legal drafting.

⁶ I.e. the submissions to the ECVNA proving that such notifications were received with the ECVNA in time for submission to the ECVA by the associated gate Closure.

It should be noted that the intent of this Modification is to ensure that what was agreed by Parties and notified to the ECVNA is what will be provided to the ECVA. Therefore, the Privileged ECVNA should be operating under the existing commercial (contractual) framework when submitting claims, as they are notifying what was provided to them by the parties.

Therefore on this basis, the Group considered three ways forward:

1. That the existing notification agent Authorisation process be considered to implicitly cover the circumstances of the claim, and that where an incorrect claim is made, then parties have the same (commercial) recourse as currently, if the ECVNA makes an error in their notifications;
2. That the existing notification agent Authorisation process, although implicitly covering the circumstances of the claims, be amended to explicitly state that it covers claims made. Again parties will have commercial recourse, as they have currently; and
3. That the existing processes are retained, and that any submission of a claim is accompanied by confirmation of agreement to the claim by the affected parties, as detailed below.

To assist in the swift resolution of the claim and to ensure that all Parties affected by the Incident are in agreement with the resolution (as it will affect their settlement liability), the Privileged ECVNA will:

- Where submitting a claim to the ELEXON Helpdesk, the Privileged ECVNA will provide confirmation from the affected parties that they are aware of and support the claim; and
- Where submitting a Trading Query, the Privileged ECVNA will provide a completed Form 'Agreement to Resolution' (BSC Procedure 11 – this will require the introduction for a new form) for all affected Parties and submit this with the 'Evidence of Data Anomaly' F11/01 Form.

The Group agreed that either option 1 or 2 would be the lowest impact, and most appropriate option, as it avoids unnecessary burden on the part of the affected parties at the time of any claim. However, the Group agreed that any process was a trade off between needing to avoid unscrupulous ECVNAs amending settlement data to suit and surmounting the circumstance where a party has been 'accidentally' advantaged by the ECVNAs failure and is unwilling to have their imbalance position amended.

2.4.1.5 Receipt of a Claim

On receipt of a claim relating to an Incident, ELEXON will:

- Ensure that the Authorised Signature is correct;
- Ensure that the Raising Party is a Privileged ECVNA and has a current Privileged ECVNA status;
- Ensure that the Raising Party Privileged ECVNA has not reached $\geq [x] + 1$ claims in the [y] period. Where this is identified as being the $\geq [x] + 1$ claim, then ELEXON will refuse the claim and will log the occurrence on the BSC website against the offending Privileged ECVNA;
- Ensure that all Incident criteria are met, namely that the affected period does not exceed 4 hours, that the estimated materiality is stated to be in excess of £500; and
- Ensure that either the Raising Party has submitted the confirmation from Parties as to their awareness of the claim, or that the Raising Party has completed Form F11/01 and that the Raising Party has submitted completed 'Agreement to Resolution' Forms for all affected Parties,

or was authorised for the affected counterparties on the Settlement Day the claim relates to (this may require provision of proof from the ECVNA)⁷;

Where these checks are successful, then ELEXON may believe that a site visit to verify the claim is required and will therefore refer the claim to the Performance Assurance Board for them to ratify the decision and initiate the site visit.

Where the site visit is successful, or the option to have a site visit was not exercised, then ELEXON will process the claim. However, where any of these checks fail, ELEXON will reject the claim and return it to the Raising Party Privileged ECVNA. The Raising Party Privileged ECVNA may correct the reasons for rejection, if appropriate, and resubmit to ELEXON.

Where the claim is submitted prior to the Initial Settlement Run, then the claim is progressed as a PMR within ELEXON. On receipt of the PMR, ELEXON will:

- Place notification of the claim on the BSC website against the Raising Party Privileged ECVNA, indicating the total number of claims (including this one) raised in the [y] days rolling period;
- If this is the [x] Incident in [y] rolling days, then this will be logged on the BSC (ELEXON) website and it will be indicated on the BSC website that the Privileged ECVNA has reached the Incident limit;
- Log the standard Incident Dispute Administration Charge of [£5000]⁸ against the Privileged ECVNA, for recovery by ELEXON; and
- Provide the data to ECVAAs to request that ECVAAs amend the Account Bilateral Volumes for the affected parties and submit them to the SAA in time for the next Settlement Run.

Where the claim is submitted after the Initial Settlement Run, then the Trading Query is accepted by ELEXON, then within 1 WD of receipt of the Trading Query, ELEXON will:

- Log the Trading Query Number (Form F11/01) and acknowledge receipt to the Raising Party Privileged ECVNA, via provision of Form F11/02 'Acknowledgement / Query Status';
- Provide the Raising Party Privileged ECVNA and all the affected Parties indicated by Form 'Resolution Agreement', with agreement to the resolution via ELEXON completing and countersigning the same Form;
- Places notification of the Incident on the BSC website against the Raising Party Privileged ECVNA, indicating the total number of Incidents (including this one) raised in the [y] days rolling period;
- If this is the [x] Incident in [y] rolling days, then this will be logged on the BSC website and it will be indicated on the BSC website that the Privileged ECVNA has reached the Incident limit; and
- Log the standard Incident Dispute Administration Charge of [£5000] against the Privileged ECVNA, for recovery by ELEXON.

⁷ This requirement is dependent upon which option is taken forward from section 2.4.1.4 of this Requirements Specification.

⁸ The administration charge has not been determined at this time, but the Group believe that a single charge that is representative of the costs incurred by ELEXON for administering the claim is appropriate.

Where the Trading Query is accepted by ELEXON, then the process currently defined in BSCP11 and Section W of the Code will be followed.

ELEXON will provide a collated listing of all the claims which have occurred since the last collation for the previous meeting, to each Performance Assurance Board (PAB) meeting for information and audit purposes. On this basis, the PAB may determine that an ad hoc site visit for the purposes of investigating previously submitted claims is required.

2.4.1.6 Definition of [x] and [y]

The Group considered the most appropriate values for [x] claims in [y] rolling period in terms of system reliability. The Group considered that there are 17520 Settlement Periods in a year, and if this Modification were to allow 96 of them for system failure, this would equate to a 99.5% system reliability requirement. The Group considered this to be around what should be expected from a robust system and considered this to be appropriate for incentivising good system performance.

Therefore the Group agreed that:

- [x] should be 12; and
- [y] should be a rolling year.

2.4.1.7 Administration Charge

The Group agreed that it would be appropriate to charge an administration fee for each claim, with the fee aimed at:

- Covering the administration costs of ELEXON (including the cost of amending the data in ELEXON and the costs of any site visit for verification / audit purposes), i.e. targeting the costs correctly; and
- Incentivising data accuracy within the Privileged ECVNA (i.e. a small fee may not create the incentive to maintain good data accuracy, if the ECVNA knows there is only a nominal fee for amending their data).

The Group could not determine what the most appropriate fee would be, but agreed that it should be a single charge representative of the average administration costs incurred by ELEXON, say [£5000] (yet to be determined). This ensures simplicity in the charging, but also ensures that the costs are recovered in full. Therefore the Group believed that it may be appropriate to place a provision in the Code that allows ELEXON to determine the charge, based upon administration costs⁹, from time to time, in agreement with the Panel, and to notify such charge to parties as and when it changes. However, this approach is under review.

2.4.2 Amendments to the Balancing and Settlement Code

Section W 'Trading Queries and Trading Disputes' may require amendment to paragraph 1.3 to add in a definition of a Privileged ECVNA Trading Query / claim and to define the criteria detailed above pertaining to the claim / Trading Query, i.e. that it should not exceed 4 hours, that the Privileged ECVNA is independent to the Counterparties to the affected trade(s) and that it must be raised by a Privileged ECVNA. Section W 4.2 may also require amendment to clarify that Ad Hoc Settlement Runs cannot be requested or run for these sorts of Trading Queries / Disputes.

⁹ This is similar in concept to the charge for registration within ELEXON (Section A) of the Code.

The limitation on the number of claims [x] allowed within a defined rolling period of [y], should also be included in this Section of the Code. The number of claims allowed and the time period within which they are allowed to occur before referral, are to be defined by the Panel / Performance Assurance Board, with agreement from the Authority / Panel and subsequently notified to all Parties.

Section X ANNEX X-2 requires the addition of a new definition of '**Incident**' and a definition of '**Claim**'.

2.4.3 Amendments to BSC Procedures

A new process may be required (and this may require a new BSCP) to detail the pre-Initial Settlement Run process for submitting and resolving claims, and to detail the criteria for accepting / rejecting such claims.

If it is determined that claims can be submitted post Initial Settlement, then BSC Procedure 11 'Volume Allocation and Settlement Run Queries' requires the addition of a new process, as follows:

4.9 Privileged ECVNA Trading Queries

Ref	When	Action	From	To	Information Required	Method
4.9.1	ASAP but where the circumstances of the claim have been identified after the scheduled date of the Initial Settlement Run ¹⁰	Identify an Incident requiring (re)submission of data to the ECVAA after Gate Closure, and raise a Query, clearly indicating that this is being raised under the provisions relating to Privileged ECVNA status: F11/01 Role provided as 'Privileged ECVNA' and Query Type of 'Incident'. Provide information pertaining to, and agreed by, all affected Parties.	Raising Party (Privileged ECVNA)	DA	Completed 'Evidence of Data Anomaly' Form F11/01 All necessary evidence to support the Query; and Completed 'Agreement to Resolution' Form for all affected Parties.	Fax / e-mail
4.9.2	Within 1 WD of 4.9.1	Acknowledge the receipt of the Query, validate for Authorised Signature, verify the Privileged ECVNA status of the Raising Party, and that [x] has not been exceeded in [y].	DA		Internal	
4.9.3	Within 1 WD of 4.9.1	Successful verification: Issue a Log Number Go to 4.9.5	DA	Raising Party (Privileged ECVNA)	Log Number (Form F11/01, retained by the DA) Acknowledgement Form (F11/02)	Fax / e-mail
4.9.4	Within 1 WD of 4.9.1	Unsuccessful verification: Reject the Trading Query.	DA	Raising Party (Privileged ECVNA)	Notification of Rejection and reason(s) for rejection.	Fax / e-mail
4.9.5	Within 1	BSCCo posts the Incident on the	DA	Raising	Completed BSCCo	Fax / e-mail

¹⁰ i.e. the Initial Settlement Run for the Settlement Date that the Trading Query relates to.

Ref	When	Action	From	To	Information Required	Method
	WD of 4.9.1	BSC Website against the raising Privileged ECVNA. The DA acknowledges agreement to the resolution		Party (privileged ECVNA) Affected Parties	countersigned 'Agreement to Resolution' Form for all affected Parties.	
4.9.6	Within 2 WD of 4.9.1	BSCCo provides the detail of the Trading Query to ECVAA, requesting implementation of the amendments to data within ECVAA, with amended Account Bilateral Volumes provided to SAA in time for the associated Settlement Run	BSCCo (DA)	ECVAA	Data provided by the Raising Party (Privileged ECVNA)	Fax / e-mail

BSC Procedure 11 'Volume Allocation and Settlement Run Queries' (Reference 4) requires other amendments to support this Modification.

BSCP 11, 5.15 and 517 require amendment to include reference to the disputes criteria specific to the Privileged ECVNA and to the standard administration charge, respectively, as follows:

5.15 Disputes Criteria

- ...(ix) The Dispute has arisen under the provisions of Privileged ECVNA status, and is raised by a Privileged ECVNA.

5.17 Dispute Charge

If a Dispute has arisen under the provisions of Privileged ECVNA status, then BSCCo will require the Raising Party (Privileged ECVNA) to pay a standard administration charge of [£5000] / [as determined by BSCCo, and agreed by the Panel, from time to time] towards the cost of the Dispute.

2.4.4 Amendments to Other Code Subsidiary Documents

None identified at this time.

2.4.5 Amendments to Core Industry Documentation

None identified at this time.

2.4.6 Amendments to ELEXON Procedures, Systems and Documentation

ELEXON will be required to amend procedures to include the process defined at 2.4.1.

ELEXON will also be required to amend the BSC website to include a new area in the Market Data section to report on Privileged ECVNA status, and the number of Incidents against each privileged ECVNA. Documentation pertaining to the BSC website will also require amendment to reflect the additional functionality. These requirements are covered in more detail in Section 2.5.

2.4.7 Amendments to BSC Agent Procedures, Systems and Documentation

None identified at this time. The amendments required to support the implementation and operation of these additional registration requirements and processing are limited to the requesting ECVNA and to ELEXON. It is not expected that there be any impact on any BSC Agent system, procedure or the associated documentation **if the existing manual recovery procedure utilised by the ECVAA is continued to be used for the restoration of data.**

However, it should be noted that this is dependent upon the quantity and materiality of claims submitted:

- If the associated level of manual amendment and input is relatively small, then it may be sufficient to retain the existing manual processes.
- However, if the quantity and materiality of such claims is significant, then an automated data recovery process, as proposed by the BSC Central Service Provider as a long term solution for Modification P1 'Extension of the Definition of ECVAA Systems Failure for permitting Post Gate

Closure Notification' may be essential to avoid errors introduced by large volumes of manual data entry, or to avoid over use of resource intensive manual procedures.

However, it is expected that if this Modification were to be implemented, that the manual recovery route would be taken, with a view to monitoring the number and materiality of such Trading Queries to determine whether there is a requirement to move towards an automated solution at a later date. This is similar to the decision reached for Modification P1 (Reference 6).

However, it should be recognised that there is the potential for incurring significant development and implementation costs in the application of an automated process to support this process within the ECVAA BSC Agent.

2.5 Amendments to the BSC Website

A new area on the BSC Website will be required under Market Data solely for the purpose of reporting on Privileged ECVNAs. The following data is required to be reported for each privileged ECVNA:

- Name, address and Participation Capacity: Privileged ECVNA;
- Effective From Date of the Privileged ECVNA status:
 - Incident History – log of the date of each claim;
 - Incident History – Number of claims in the (rolling) period [y]
 - Incident History – Rejected claims, date and reason for rejection

The website should have the capacity to be updated immediately on any change to the above information (on an ongoing operational basis – i.e. on business days only).

An amendment to the Code may be required to reflect the obligation on ELEXON to publish this information, and timescales for such publication provided.

2.6 Other Changes Required

None identified at this time.

3 DEVELOPMENT PROCESS

For the purposes of this assessment, the BSC Central Service Agent should assume that the changes will be implemented as a standalone development project managed by ELEXON.

Notwithstanding, ELEXON recognise that responsibility for design, testing and implementation of the ECVAA system lies with the BSC Central Service Agent, and in order to gain assurance that changes made are consistent with the requirements, ELEXON requires visibility of these processes. The following sections give an indication of the control points required during design, testing and implementation and are supplied to provide a basis on which the Logica Consortium can estimate.

3.1 Design

ELEXON intend that responsibility for the correctness of the design should remain with the BSC Central Service Agent, but that ELEXON should have the opportunity to review it, and identify apparent inconsistencies with the requirements. The following processes are proposed to achieve this:

- ELEXON will review changes to the User Requirement Specifications (URS), and sign the document off once review comments have been addressed.
- ELEXON will review changes to the System Specification and Design Specification, and identify any evident inconsistencies with the URS, but will not sign off the documents.

3.2 Testing

ELEXON intend that responsibility for software testing should remain with the BSC Central Service Agent, but that ELEXON should have some visibility of the process, in order to gain assurance that the integrity of Trading and Settlement is maintained. The following processes are proposed to achieve this:

- As part of the response to this document, the BSC Central Service Agent will provide a statement of their proposed testing strategy. This statement will be reviewed by ELEXON, and should explain how the BSC Central Service Agent will demonstrate that the changes are ready for live operation, and that there is no unplanned impact on pre-existing facilities.
- ELEXON will be provided for information with test plans, test scripts and other test documentation that they may request. ELEXON will review these documents, and identify any evident inconsistencies with the agreed testing strategy, but will not sign them off.
- ELEXON will have the option of witnessing appropriate elements of the BSC Central Service Agent testing.
- The BSC Central Service Agent will provide ELEXON with a test report, summarising the testing carried out, and the results of those tests. The report will also describe any defects found during testing, and the steps taken to resolve them.

3.3 Implementation

ELEXON anticipate the following interaction with the Logica Consortium's implementation process:

- As part of the impact assessment of this document, the BSC Central Service Agent will provide a high-level statement of their proposed implementation approach (describing, for example, whether a phased approach is proposed). ELEXON will review and sign off this high-level implementation strategy.

- Implementation date(s) for the changes described in this document will be agreed in advance by ELEXON and the BSC Central Service Agent.