

## **REQUIREMENTS SPECIFICATION for Modification Proposal P178**

### **Reduction in the BSC withdrawal timescale for Parties who have settled the vast majority of their trading debts**

**Prepared by: Settlement Standing Modification Group (SSMG)**

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#### **PURPOSE OF THIS DOCUMENT**

The primary purpose of this document is to specify the SSMG's requirements for the requisite changes to **Central Registration Agent** (CRA), **Funds Administration Agent** (FAA) and **BSCCo** systems, documentation and/or processes in sufficient detail to allow the BSC Central Service Agent, FAA and BSCCo to perform an impact assessment in respect of P178.

For the purposes of the impact assessment, estimates should be provided of the required effort to implement P178 as:

- a) A stand-alone development project managed by BSCCo; and
- b) A change delivered as part of a scheduled release managed by BSCCo.

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## SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as BSACo and the SSMG have been able to assess, the following parties/documents are potentially impacted by Modification Proposal P178.

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

\*P178 has no direct impact upon Parties' systems, processes or documentation, but may have an indirect impact on Parties through their Funding Shares and ability for Non-Supplier Trading Parties to achieve an earlier withdrawal from the Balancing and Settlement Code (see Section 3.4).

## 1 INTRODUCTION

### 1.1 Modification Proposal

Modification Proposal P178 'Reduction in the BSC withdrawal timescale for Parties who have settled the vast majority of their trading debts' was raised by Uskmouth Power Company Limited ('the Proposer') on 4 October 2004. The defect identified by, and the solution proposed within, the Modification Proposal were previously considered by the Settlement Standing Modification Group ('SSMG') as Issue 12.

The current criteria for withdrawal from the Balancing and Settlement Code ('the Code') are contained in paragraph A5.1.3. One of these criteria is that a BSC Party ('Party') may not withdraw if (as at 1700 hours on the day which is 2 Business Days prior to the Withdrawal Date) the Final Reconciliation Settlement Run ('RF') has not been carried out in relation to its last Settlement Day, or if the corresponding Payment Date has not yet passed.

Since Parties may not withdraw until RF, they must therefore wait approximately 14 months<sup>1</sup> to withdraw even if all the other criteria in A5.1.3 have been met (e.g. the Party has no outstanding sums payable, no Default capable of remedy and no registered Meters or BM Units).

The Proposer of P178 argues that the current requirement to remain a Party until RF is unnecessary, inefficient and results in unwarranted legal liabilities and administrative costs for Non-Supplier Trading Parties who are no longer active in the market and who have settled the vast majority of their trading debts at an earlier point in the reconciliation timetable.

P178 therefore proposes that a Non-Supplier Trading Party may withdraw from the Code at any point after the 2nd Reconciliation Run ('R2'),<sup>2</sup> providing that it meets all other withdrawal criteria and leaves a cash 'withdrawal deposit' with the FAA to cover its estimated Reconciliation Charges up to RF.

For further information regarding the defect identified by P178, please refer to the P178 Assessment Consultation document (Reference 1).

### 1.2 Process followed to date

The P178 Initial Written Assessment (IWA, Reference 2) was presented at the BSC Panel ('the Panel') Meeting held on 14 October 2004, where the Panel determined that P178 should be submitted to a two-month Assessment Procedure by the SSMG. To date, the SSMG has held one meeting on 26 October 2004 to discuss P178. The P178 Assessment Report is due to be presented to the Panel at its meeting on 9 December 2004.

### 1.3 Requirements Specification overview

This Requirements Specification provides a relatively high-level view of the **CRA**, **FAA** and **BSCCo** system, process and/or documentation changes required to give effect to P178, as agreed by the SSMG at its meeting of 26 October 2004.

Please note that P178 is being simultaneously issued for BSC Agent impact assessment and industry consultation. More detail regarding the SSMG's initial assessment of the merits of the Proposal against the Applicable BSC Objectives can be found in the P178 Assessment Consultation document.

<sup>1</sup> 291 Business Days after the Party's last trades.

<sup>2</sup> Approximately 3 months or 81 Business Days after the Party's last trades.

## 2 PROPOSED MODIFICATION

### 2.1 Solution overview

The solution developed by the SSMG for the Proposed Modification is that any Non-Supplier Trading Party (including those in insolvency or administration) would be able to withdraw from the Code at any time following the Payment Date for the R2 run relating to the Settlement Day on which the Party last traded – providing that the Party met all other withdrawal criteria (see below) and left a cash ‘withdrawal deposit’ with the FAA to cover its estimated Reconciliation Charges up to RF.

Another of the current withdrawal criteria in A5.1.3 is that a Party may not withdraw from the Code if (at 1700 hours on the day which is 2 Business Days prior to its Withdrawal Date) the final determination has not been carried out in respect of BSCCo Charges for the BSC Year in which the Party’s last Settlement Day fell, or if the due date for payment of any resulting amounts has not yet passed. In order that a Non-Supplier Trading Party could withdraw after the R2 Payment Date for its last Settlement Day, this criteria would be amended by P178 to a requirement for the Party to have paid only those BSCCo Charges accrued by its Withdrawal Date.<sup>3</sup>

### 2.2 Eligibility for, and timing of, early withdrawal

The P178 shortened withdrawal process would be available to any Party, on a voluntary basis, where (at 1700 hours on the day which is 2 Business Days prior to its Withdrawal Date) it met the following withdrawal criteria:

- The Party was a Non-Supplier Trading Party as defined in paragraph M2.3A.7 of the Code (new P178 requirement);
- The Payment Date for the R2 run relating to the Party’s last Settlement Day had passed (P178 amendment of existing requirement in A5.1.3 to wait until the RF Payment Date);
- The Party had lodged a cash withdrawal deposit with the FAA (new P178 requirement);
- The Party had paid all BSCCo Charges accrued by its Withdrawal Date (P178 amendment of existing requirement in A5.1.3 to wait until the end of the BSC Year);
- The Party had paid all outstanding sums accrued and payable by that Party, whether or not due for payment or the subject of a dispute, but which may exclude the Base Monthly Charge if so determined by the Panel (existing A5.1.3 requirement);
- The Party had no registered Metering Systems or BM Units, except for Base BM Units (existing A5.1.3 requirement);
- The Party had no outstanding Default capable of remedy, excluding where the Party was in Default solely by virtue of its insolvency or being in administration (existing A5.1.3 requirement);
- The Party was not subject to any Licence condition and/or Exemption condition requiring it to remain a Party (existing A5.1.3 requirement); and
- If the Party was an Interconnector Administrator or Interconnector Error Administrator, a replacement Interconnector Administrator or Interconnector Error Administrator had been appointed (existing A5.1.3 requirement).

No other criteria would be applied.

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<sup>3</sup> Please note that the SSMG is also considering a potential Alternative Modification under which the Withdrawing Party would be required to pay upfront those BSCCo Charges which it would have incurred during the remainder of the BSC Year (potentially including Base Monthly Charges). More detail can be found in the P178 Assessment Consultation document.

The earliest eligible Withdrawal Date of a Non-Supplier Trading Party under P178 would therefore be 3 Business Days after the R2 Payment Date for its last Settlement Day.<sup>4</sup> Such Parties could either choose to withdraw at this point or on any other subsequent calendar day prior to the RF Payment Date.

### **Definition of Non-Supplier Trading Party**

The Code's existing definition of Non-Supplier Trading Party in M2.3A.7 is a Trading Party which (at the time of its last Settlement Day) is not:

- a) a Supplier; or
- b) a Subsidiary Party in a Metered Volume Reallocation Notification (MVRN) where the Lead Party in the MVRN was a Supplier where the percentage value is greater than zero.

### **Note regarding Parties in insolvency/administration**

Currently, if a Party is in Default under H3.1.1(g) as a result of its insolvency or being in administration this does not of itself prevent that Party from withdrawing from the Code. A Non-Supplier Trading Party which was in insolvency or administration, but which met all other withdrawal criteria, would therefore be able to use the P178 shortened process to withdraw following the R2 Payment Date.

## **2.3 Calculation of withdrawal deposit**

The SSMG has agreed to progress four potential options, as outlined below, for calculating the amount of cash withdrawal deposit which should be lodged by a Non-Supplier Trading Party withdrawing after R2.

Please note that Deposit Options 1-3 require calculations to be carried out by **BSCCo**, whilst Deposit Option 4 requires **Panel** and **BSCCo** involvement.

### **Deposit Option 1**

BSCCo would carry out an annual calculation of each Non-Supplier Trading Party's average R2-RF gross decrease in Credited Energy Volumes (i.e. increase in Imports/decrease in Exports) over the previous 12 months, as a percentage of each Party's RF volumes. An average X% increase across all Non-Suppliers would be calculated.

At the time of a Non-Supplier's withdrawal, BSCCo would then scale the average X% to the individual Party using the number of Settlement Days remaining until RF, the Party's Generation Capacity (GC) at its last day of trading<sup>5</sup> (incorporating associated Credit Assessment Load Factors and multiplied by 24 hours to give a day figure), and the Credit Assessment Price (CAP).

The deposit amount left by the Withdrawing Party can therefore be expressed as follows:

*X%\*remaining Settlement Days\*GC(at Party's last day of trading, with associated CALF)\*24h\*CAP*

Or as:

*% multiplied by MW, converted to MWh, multiplied by £/MWh*

The absolute value of the calculated deposit figure would be used.

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<sup>4</sup> Approximately 3 months or 85 Working Days after the Party's last trades.

<sup>5</sup> Section M2.3A.6 defines a Non-Supplier Trading Party's last day of trading as being 'the earliest date on which there are no Energy Contract Volume Notifications or Metered Volume Reallocation Notifications in force in respect of which the Non-Supplier Trading Party is a Contract Trading Party and there is no credited Energy in either the Production or Consumption Account of such Non-Supplier Trading Party'.

NB: the value of CAP may be revised by the Panel from time to time under Section M1.4 of the Code, and is currently set at £21.15/MWh (inclusive of VAT).

## **Deposit Option 2**

BSCCo would carry out an annual calculation of the average £ per day gross increase in R2-RF Reconciliation Charges payable by each current Non-Supplier Trading Party over the previous 12 months. This would then be converted into a £X/MWh/day figure for each Party using its current registered GC value (incorporating associated CALF and multiplied by 24 hours).

At the time of a Non-Supplier's withdrawal, BSCCo would then scale the average £X/MWh/day to the individual Party using the number of Settlement Days remaining until RF, and the Party's GC at its last day of trading (incorporating CALF and multiplied by 24 hours).

The deposit amount left by the Withdrawing Party can therefore be expressed as follows:

*£X/MWh/day\*remaining Settlement Days\*GC(at Party's last day of trading, with associated CALF)\*24h*

The absolute value of the calculated deposit figure would be used.

## **Deposit Option 3**

This option would only be based on the historic behaviour of the individual Withdrawing Party, and would therefore require no annual calculation to be undertaken by BSCCo.

At the time of a Non-Supplier's withdrawal, BSCCo would calculate the Party's estimated gross increase in payable Reconciliation Charges between R2-RF, using that Party's historic charges over the previous 12 months. This would be a variation of the Code's existing calculation in M2.3A for P152.<sup>6</sup> Under P178, this calculation would be adapted to take into account only the Settlement runs remaining until RF (so if a Party withdrew following the R3 Payment Date, the calculation would be performed for the RF run only).

The deposit amount left by the Withdrawing Party would therefore be as follows:

$$\sum_{x \in \{3, F\}} NRxP * \frac{\sum_{Rx(j)} \max(RxC_j, 0)}{RxP}$$

RxSP is the count of all Settlement Periods falling any time up to a year before the date on which the Non-Supplier Trading Party in question ceased trading for which the Rx Reconciliation Run has been performed or if this number is less than 1440 (30 days) then 1440.

$\Sigma Rx(j)$  represents summation over all Settlement Periods falling within a year before the date on which the Non-Supplier Trading Party in question ceased trading for which the Rx Reconciliation Run has been performed or if the number of Settlement Periods in this sum is less than 1440, then the summation over the last 1440 Settlement Periods for which the Rx Reconciliation Run has been performed.

RxCj represents the Reconciliation Charges (as defined in N 6.4.3) payable by the Non-Supplier Trading Party (summed across its accounts) due to the Rx Reconciliation Run in the relevant Settlement Period.

NRxSP represents the count of all Settlement Periods up to and including the date on which the Non-Supplier Trading Party ceased trading for which the Rx Reconciliation Run has not been performed.

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<sup>6</sup> Modification Proposal P152 'Reduction of Credit Cover for a Trading Party in Default which has ceased trading and which has paid all accrued Trading Charges'. P152 allows a Non-Supplier Trading Party, which is in Default solely by virtue of being in insolvency or administration, to reduce its Credit Cover to the estimated amount required for its future Reconciliation Charges.

## **Deposit Option 4**

The Panel would set a withdrawal deposit amount, which could be reviewed by the Panel from time to time as required. Potentially, this could be a variation of Deposit Options 1, 2 or 3 where the Panel has the ability to review and amend the calculation as required.

### **Note on deposit options**

Please note that the SSMG is currently consulting on whether the fixed amount under Options 1 and 2 should be calculated using an average across all Non-Supplier Trading Parties or a higher-than-average amount.

The SSMG is also consulting on whether a standard minimum deposit amount should be set under Options 1-2 to cover non-physical traders, or under Option 3 to cover any Party which had not traded during the previous 12 months.

For further detail regarding the different options, including sample analysis and the SSMG's initial view of the merits of each option, please refer to the P178 Assessment Consultation document.

## **2.4 Administration of withdrawal deposit**

The **FAA** would hold the withdrawal deposit as 'pre-payment' towards any Reconciliation Charges payable by the withdrawn Party as a result of future Reconciliation Settlement Runs in respect of each of the Party's Settlement Days for which the RF Payment Date had not yet passed.

At the Payment Date for each Settlement run, in relation to each Settlement Day, the FAA would therefore debit the Party's withdrawal deposit with the following:

- Amount payable by the Party in respect of Reconciliation Charges for the Settlement Day as a result of that Reconciliation Settlement Run;
- Applicable VAT; and
- Applicable interest.

Where a Settlement run resulted in Reconciliation Charges being payable to the Party, these would be credited to the deposit at the relevant Payment Date along with any applicable VAT and interest.

No Advice Notes would be issued to the Party following its Withdrawal Date; however the FAA would still be required to issue Confirmation Notices in order to comply with its legal obligation to issue VAT invoices.<sup>7</sup> A final statement detailing the FAA's debits from/credits to the deposit would also be provided to the Party following the RF Payment Date for its last Settlement Day, along with any remaining deposit money.

If any surplus deposit could not be returned to the Party, due to it having wound up its operations (and therefore no longer constituting a legal entity), this money would be redistributed to all remaining Parties via their Default Funding Shares.<sup>8</sup>

Please note that the withdrawal deposit would be entirely separate to any Credit Cover which a Party might have lodged prior to its withdrawal from the Code.

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<sup>7</sup> Please note that, if Pending Modification Proposal P170 is implemented, this obligation would still apply in respect of any Party which held zero-rated VAT status (Modification Proposal P170 'Amendments to the Balancing and Settlement Code (Code), and to the systems and processes that support it, to allow compliance with the changed application of VAT to Trading Charges').

<sup>8</sup> Although a Withdrawing Party may transfer its physical assets (e.g. Meters or BM Units) to another Party, the Code does not provide for transfer of any future financial rights or liabilities which may accrue to the Party as a result of a Reconciliation Settlement Run.

## 2.5 Ratchet process

If the withdrawal deposit proved to be insufficient to cover the Reconciliation Charges payable by the Party, an additional deposit amount would be requested by the **FAA** (the 'ratchet request').

The SSMG is considering three potential options for calculating this additional 'ratchet' amount as follows:

- **Ratchet Option A:**

$$\text{Party's original deposit amount} * \frac{\text{no. of months remaining until RF}}{\text{no. of months between Party's Withdrawal Date & RF}}$$

- **Ratchet Option B:**

Deficit amount \* number of months remaining until RF

- **Ratchet Option C:**

A set multiple of the deficit amount (e.g. 5, 10).

For further detail regarding these options, including the SSMG's initial view of the merits of each, please refer to the P178 Assessment Consultation document.

Under paragraph A5.3.3 (b) of the Code the Party would remain liable for the additional amount, and BSCCo would seek to pursue the Party for any non-payment of a 'ratchet request'. If the shortfall amount could not be recovered from the Party, due to it having wound up its operations (and therefore no longer constituting a legal entity), this money would be recouped from all remaining Parties via their Default Funding Shares.

## 3 IMPACT OF PROPOSED MODIFICATION

The following sections relate to the requirements for the Proposed Modification implementation solution.

### 3.1 Impact on BSC documentation

#### 3.1.1 Impact on Balancing and Settlement Code

The following sections of the Code have been identified as potentially impacted by the Proposed Modification.

Code Section	Potential Impact of Proposed Modification P178
Section A 'Parties and Participation'	The introduction of a shortened withdrawal process for Non-Supplier Trading Parties will be required, along with the appropriate eligibility criteria (see Section 2.2).
Section D 'BSC Cost Recovery and Participation Charges'	Changes may be required relating to the suppression of future BSCCo Charges for a Party which withdraws after R2.
Section M 'Credit Cover and Credit Default'	Potential changes to P152 calculation in M2.3A, if this is used to calculate the P178 withdrawal deposit amount under Deposit Option 3.

<b>Code Section</b>	<b>Potential Impact of Proposed Modification P178</b>
Section N 'Clearing, Invoicing and Payment'	Changes will be required to reflect the FAA processes for lodging, drawing from and returning the withdrawal deposit by the FAA. Changes will also be required for the FAA to suppress the issuing of Advice Notes for a Party which withdraws after R2.
Annex X-1 'General Glossary'	Changes may be required to define any new terms, such as the withdrawal deposit.

### **3.1.2 Impact on Code Subsidiary Documents**

The following Code Subsidiary Documents have been identified as potentially being impacted by the Proposed Modification.

<b>Item</b>	<b>Potential Impact of Proposed Modification P178</b>
BSCP65 'Registration of Parties and Exit Procedures'	Potentially extensive changes would be required to reflect the new shortened withdrawal process for Non-Supplier Trading Parties.
BSCP301 'Clearing, Invoicing and Payment'	Changes would be required to reflect the FAA processes for lodging, drawing from and returning the withdrawal deposit.
FAA Service Description	See above.

### **3.2 Impact on Core Industry Documents**

No Core Industry Documents have been identified as potentially being impacted by the Proposed Modification.

### **3.3 Impact on other configurable items**

The following configurable items have been identified as potentially impacted by the Proposed Modification.

<b>Item</b>	<b>Potential Impact of Proposed Modification P178</b>
FAA URS	Potential impact on the FAA User Requirements Specification, if FAA is required to calculate and request the 'ratchet' amount.
EPFAL IDD Part 1	Potential impact on the EPFAL <sup>9</sup> Interface Definition and Design, to reflect any new FAA interfaces.

### **3.4 Impact on Party/Party Agent systems, processes and documentation**

#### **3.4.1 Parties**

P178 has no direct impact on any Party systems, processes or documentation.

However, under P178, a Non-Supplier Trading Party would be able to achieve an earlier withdrawal from the Code than under the existing timescales – providing that the Party met the eligibility criteria

<sup>9</sup> EPFAL is the company which provides the FAA agent service.

outlined in Section 2.2, including the requirements to lodge a refundable withdrawal deposit and have paid all BSCCo Charges accrued by its Withdrawal Date.

Where a Party's withdrawal deposit was not sufficient to cover its actual Reconciliation Charges, and a subsequent 'ratchet' request for an additional deposit remained unpaid, this could result in the shortfall amount being recovered via all Parties' Default Funding Shares.

If any surplus deposit could not be returned to the Party, due to it having wound up its operations (and therefore no longer constituting a legal entity), this money would be redistributed to all remaining Parties via their Default Funding Shares.

Any BSCCo Charges (excluding Specified BSC Charges) which would normally have been payable by or to the withdrawn Party between its Withdrawal Date and RF (i.e. the Party's Main Funding Shares for the remaining months of that BSC Year, or any adjustments as a result of a final determination of BSCCo Charges at the end of the BSC Year in which the Party's last Settlement Day fell) would be recovered or redistributed as necessary via all Parties' General Funding Shares on a default basis.<sup>10</sup>

### **3.4.2 Party Agents**

P178 has no impact on any Party Agent systems, processes or documentation.

## **3.5 Impact on BSC Systems and processes**

### **3.5.1 FAA**

The FAA would be responsible for the administration of the withdrawal deposit and any necessary 'ratchet' request as detailed in Sections 2.4 and 2.5. The FAA would not be involved in the calculation of the original deposit amount, which would be undertaken by BSCCo as outlined in Section 2.3.

Parties may already lodge cash to cover their Trading Charges under an informal process managed by the FAA, and it is assumed that the P178 process would be an extension of this existing ability. However, the P178 process would need to be formalised in FAA documentation (see Section 3).

It is assumed that manual processes would be used by the FAA to administer the P178 withdrawal deposit as far as practicable.

### **3.5.2 CRA**

Under P178, the dates of the R2 and R3 Reconciliation Settlement Runs for the Withdrawing Party's last day of trading would need to be added to the details provided by the CRA to BSCCo as part of the withdrawal checklist (this information is currently only provided in relation to RF).

The CRA would also need to retain Party IDs for those Parties who had withdrawn between R2 and RF in order that any Reconciliation Charges accrued during this period could be allocated to the withdrawn Party. It is assumed that this facility already exists due to the need to undertake Post-Final Settlement Runs and Extra-Settlement Determinations, and that P178 would therefore require no additional changes in this area.

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<sup>10</sup> Please note that the SSMG is considering a potential Alternative Modification under which the Withdrawing Party would be required to pay upfront those BSCCo Charges which it would have incurred during the remainder of the BSC Year (potentially including Base Monthly Charges). More detail can be found in the P178 Assessment Consultation document.

### 3.6 Potential changes to BSACo systems, processes and documentation

The following BSACo sections/departments have been identified as potentially impacted by the Proposed Modification.

Section/ Department	Potential Impact of Proposed Modification P178	
	Implementation requirements	Operational requirements
CVA Operations	<p><b>For all deposit options:</b> potential changes to local working instructions to reflect operational requirements (see opposite).</p> <p><b>Deposit Options 1 or 2:</b> responsibility for managing initial calculation of the average Non-Supplier R2-RF decrease in Credited Energy Volumes (Deposit Option 1) or increase in Reconciliation Charges (Deposit Option 2).</p> <p><b>Deposit Option 4:</b> potential involvement (e.g. production of Panel papers) in setting of initial deposit amount.</p>	<p><b>For all deposit options:</b> potential involvement in pursuing any unpaid 'ratchet' request.</p> <p><b>Deposit Options 1 or 2:</b> responsibility for managing annual calculation of average Non-Supplier R2-RF decrease in Credited Energy Volumes(Deposit Option 1) or increase in Reconciliation Charges (Deposit Option 2).</p> <p><b>Deposit Option 3:</b> potential involvement in calculation of deposit per Withdrawing Party.</p> <p><b>Deposit Option 4:</b> potential involvement (e.g. production of Panel papers) in setting of revised deposit. Potential responsibility for requesting analysis to aid Panel in setting revised deposit amount.</p>
Governance & Regulatory Affairs	<b>Deposit Option 4:</b> responsibility for managing Panel's initial setting of deposit amount.	<b>Deposit Option 4:</b> responsibility for managing Panel processes for setting revised deposit amount.

Section/ Department	Potential Impact of Proposed Modification P178	
	Implementation requirements	Operational requirements
Customer Services Management	<p><b>For all deposit options:</b> responsibility for managing necessary changes to BSACo's market exit systems, documentation and processes (e.g. withdrawal checklists, local working instructions).</p> <p><b>Deposit Option 4:</b> potential involvement (e.g. production of Panel papers) in setting of initial deposit amount.</p>	<p><b>For all deposit options:</b> responsibility for managing shortened withdrawal process, including withdrawal checklists.</p> <p><b>Deposit Options 1 or 2:</b> responsibility for requesting calculation of each Withdrawing Party's individual scaled deposit amount at time of withdrawal.</p> <p><b>Deposit Option 3:</b> responsibility for requesting calculation of each Withdrawing Party's individual deposit amount at time of withdrawal.</p> <p><b>Deposit Option 4:</b> potential involvement (e.g. production of Panel papers) in annual setting of deposit. Potential responsibility for requesting analysis to aid Panel in setting revised deposit amount.</p>
Market Monitoring	<p><b>Deposit Options 1 or 2:</b> responsibility for carrying out initial calculation of the average Non-Supplier R2-RF decrease in Credited Energy Volumes (Deposit Option 1) or increase in Reconciliation Charges (Deposit Option 2) using 12 months of historic TOMAS data.*</p> <p><b>Deposit Option 3:</b> responsibility for adapting the existing P152 calculation to apply to either or both of the R3 and RF runs under P178.</p> <p><b>Deposit Option 4:</b> potential involvement in providing analysis to aid Panel in setting initial deposit amount.</p>	<p><b>Deposit Options 1 or 2:</b> responsibility for carrying out annual calculation of average Non-Supplier R2-RF decrease in Credited Energy Volumes (Deposit Option 1) or increase in Reconciliation Charges (Deposit Option 2) using 12 months of historic TOMAS data.* Responsibility for calculating each individual Withdrawing Party's scaled deposit amount at the time of withdrawal.</p> <p><b>Deposit Option 3:</b> responsibility for calculating out each Withdrawing Party's individual deposit amount at time of withdrawal, using 12 months of historic TOMAS data.*</p> <p><b>Deposit Option 4:</b> potential involvement in providing analysis to aid Panel in setting revised deposit amount.</p>

\* Although BSACo's Trading Operations Market Analysis System (TOMAS) does not currently contain 12 months of historic data, the recent termination of data archiving for P152 means that this data would be available for use following implementation of P178.

Section/ Department	Potential Impact of Proposed Modification P178	
	Implementation requirements	Operational requirements
<b>Finance*</b>	<b>For all deposit options:</b> responsibility for managing any necessary changes to BSCLC invoicing systems, documentation and processes (e.g. to suppress BSCLC Charges for a Party following its early withdrawal).	<b>For all deposit options:</b> responsibility (as part of withdrawal checklist) for confirming that Withdrawing Party had paid all BSCLC Charges to date, and potential involvement in pursuing any unpaid 'ratchet' request.
<b>Legal</b>	<b>Deposit Option 4:</b> potential advice to Panel in setting initial deposit amount.	<b>For all deposit options:</b> potential involvement in pursuing any unpaid 'ratchet' request.  <b>Deposit Option 4:</b> potential advice to Panel in setting revised deposit amount.
<b>CVA Programme</b>	Management of P178 implementation project.	None.
<b>Corporate Assurance</b>	Provision of assurance to CVA Programme.	None.

\* Please note that the SSMG is also considering a potential Alternative Modification, under which the Withdrawing Party would also be required to pay upfront those BSCLC Charges which it would have incurred during the remainder of the BSC Year (potentially including Base Monthly Charges). This Alternative will be the subject of a separate BSCLC impact assessment should the Group agree to its progression at its meeting on 24 November 2004.

## 4 DEVELOPMENT PROCESS

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 BSC Central Service Agent, FAA and BSACo can estimate.

### 4.1 Design

BSACo intend that responsibility for the correctness of the design for any necessary BSC System changes should remain with the BSC Central Service Agent or the FAA as appropriate, but that BSACo should have the opportunity to review the design in order to identify apparent inconsistencies with the requirements.

### 4.2 Testing

BSACo intends that responsibility for any necessary software testing should lie with the BSC Central Service Agent or the FAA as appropriate, but that BSACo should have some visibility of the process in order to gain assurance that the integrity of Trading and Settlement is maintained.

### 4.3 Implementation

BSACo has not identified any interaction between the requirements for P178 and the current/planned implementation of any other Approved Modification or Change Proposal.

## 5 GLOSSARY

The following acronyms have been used throughout this document:

Term	
BSACo	Balancing and Settlement Code Company (ELEXON)
BSACo Charges	As defined in D1.1.3 of the Code.
BM Unit	Balancing Mechanism Unit
CRA	Central Registration Agent
FAA	Funds Administration Agent
General Funding Shares	As defined in D1.2.1(d) of the Code.
MVRN	Metered Volume Reallocation Notification
R2	2nd Reconciliation Settlement Run
R3	3rd Reconciliation Settlement Run
RF	Final Reconciliation Settlement Run
Specified BSC Charges	As defined in D3.1 of the Code.
SSMG	Settlement Standing Modification Group

## 6 DOCUMENT CONTROL

### a Authorities

Version	Date	Author	Reviewer	Reason for review
0.1	04/11/04	Kathryn Coffin	Dena Harris	For peer review
0.2	10/11/04	Kathryn Coffin	SSMG	For Modification Group review
1.0	12/11/04	SSMG		For BSC Agent/BSCCo impact assessment

### b References

Ref	Document	Owner	Issue date	Version
1	Assessment Consultation for Modification Proposal P178 'Reduction in the BSC withdrawal timescale for Parties who have settled the vast majority of their trading debts' <a href="#"><u>ELEXON - BSC Panel Meetings 2004*</u></a>	BSCCo	15/11/04*	1.0
2	Initial Written Assessment for Modification Proposal P178 'Reduction in the BSC withdrawal timescale for Parties who have settled the vast majority of their trading debts' <a href="#"><u>ELEXON - BSC Panel Meetings 2004</u></a>	BSCCo	08/10/04	1.0

\* Please note that the P178 Assessment Consultation will be issued on 15/11/04. The consultation document will be available to download from the BSC Website by close of business that day.