Funds Administration Agent User Requirements Specification

Synopsis:	The Funds Administration Agent is responsible for effecting the transfer of funds between Payment Parties for trades made in the Balancing Mechanism and for imbalance settlement. This document describes the detailed requirements of this service.
Version:	25.1~~0~~
Effective Date:	~~23 February 2012~~
Prepared by:	ELEXON Design Authority

© ELEXON Limited 2012

AMENDMENT RECORD

Effective Date	Version	Details of Change
03/06/2010	24.0	Document modified and rebadged for implementation of P249
23/02/2012	25.0	February 2012 Release, CP1352
	25.1	June 2015 Release, P307

Intellectual Property Rights and Copyright

The copyright and other intellectual property rights in this document are vested in ELEXON or appear with the consent of the copyright owner. These materials are made available for you for the purposes of your participation in the electricity industry. If you have an interest in the electricity industry, you may view, download, copy, distribute, modify, transmit, publish, sell or create derivative works (in whatever format) from this document or in other cases use for personal academic or other non-commercial purposes. All copyright and other proprietary notices contained in the document must be retained on any copy you make.

All other rights of the copyright owner not expressly dealt with above are reserved.

No representation, warranty or guarantee is made that the information in this document is accurate or complete. While care is taken in the collection and provision of this information, ELEXON Limited shall not be liable for any errors, omissions, misstatements or mistakes in any information or damages resulting from the use of this information or action taken in reliance on it.

TABLE OF CONTENTS

1. INTRODUCTION 5

1.1 MANAGEMENT SUMMARY 5
1.2 PURPOSE 5
1.3 STATUS 6
1.4 RELATED DOCUMENTS 6

2 REQUIREMENTS CATALOGUE 7

2.1 FUNCTIONAL REQUIREMENTS 7
2.1.1 Produce Draft Payment Calendar 7
2.1.2 Manage Credit Cover 8
2.1.3 Calculate Energy Credit Cover 9
2.1.4 Establish Credit Cover Provided 10
2.1.5 Monitor Credit Cover Provided 10
2.1.6 Recalculate ECC 11
2.1.7 Declare Defaults 12
2.1.8 Utilise Credit Cover 13
2.1.9 Maintain BSCCo Bank Accounts 14
2.1.10 Manage Banking Communication Links 15
2.1.11 Calculate Payments 16
2.1.12 Generate Advice Notes 17
2.1.13 Produce Statements 18
2.1.14 Produce Bank Reports 19
2.1.15 Manage Non-Payments 20
2.1.16 Manage Excess Payments 21
2.1.17 Initiate Payments to Creditors 21
2.1.18 Manage Short-Term Borrowing Arrangements 22
2.1.19 Maintain Bank Contact Standing Data 23
2.1.20 Generate Confirmation Notices 24
2.1.21 Maintain BSC Party Standing Data 25
2.1.22 Maintain Base Rates 26
2.1.23 Maintain VAT Information 27
2.1.24 Maintain Income Tax Rates 27
2.1.25 Produce Quarterly Statements 28
2.1.26 Produce BSCCo Quarterly VAT Statements 29
2.1.27 Monitor Bank Credit Ratings 30
2.1.28 Calculate Reserve Account Interest 30
2.1.29 Establish Outstanding Liabilities and Credit Cover 31
2.1.30 Maintain Tax Quarter 31
2.1.31 Generate Combined Advice Notes 32
2.1.32 Produce Default Statements 33
2.1.33 Generate Combined Confirmation Notices 34
2.1.34 Monitor Thresholds 35
2.1.35 Produce Ad-Hoc Statements 36
2.2 INTERFACE REQUIREMENTS 36
2.2.1 Issue Draft Payment Calendar 36
2.2.2 Obtain Approval of Payment Calendar 37
2.2.3 Issue Agreed Payment Calendar 37
2.2.4 Receive Credit Policy 38
2.2.5 Obtain Credit Ratings 39
2.2.6 Request Credit Cover 39
2.2.7 Issue Credit Call Request 40
2.2.8 Issue Acceptance of Credit Limit 40
2.2.9 Issue Confirmation of ECC 41
2.2.10 Obtain Credit Cover 41
2.2.11 Obtain Base Rate Details 42
2.2.12 Obtain VAT Rates 42
2.2.13 Obtain Income Tax Rates 43
2.2.14 Issue Credit Cover Default Notice 43

© ELEXON Limited 2012

2.2.15 Receive ECVAA Exception Report 44
2.2.16 Obtain BSC Party Bank Details 45
2.2.17 Issue Advice Notes 46
2.2.18 Issue Statements 47
2.2.19 Issue Bank Reports 48
2.2.20 Receive Payment Confirmations 49
2.2.21 Receive Non-receipt Notifications 50
2.2.22 Issue Payment Default Notice 51
2.2.23 Issue Confirmation Notices 52
2.2.24 Issue Quarterly Statements 53
2.2.25 Issue VAT Quarterly Statements to BSCCo 54
2.2.26 Receive Credits & Debits 55
2.2.27 Receive Revised Credits & Debits 56
2.2.28 Receive Extra Settlement Determination Data 57
2.2.29 Issue Payment Date Exception Report 57
2.2.30 Pay Reserve Account Interest 58
2.2.31 Obtain Tax Quarters 58
2.2.32 Issue Combined Advice Notes 59
2.2.33 Issue Default Statements 62
2.2.34 Issue Combined Confirmation Notices 63
2.2.35 Issue Ad-Hoc Statements 66
2.3 NON-FUNCTIONAL REQUIREMENTS 67
2.3.1 Audit Requirements 67
2.3.2 Security Requirements 68
2.3.3 Operational Control 69
2.3.4 Euro Compliance 71
2.4 SERVICE REQUIREMENTS 71
2.4.1 Backup and Recovery Requirements 71
2.4.2 Archiving Requirements 72
2.4.3 Resilience Requirements 73
2.4.4 Volumetric Requirements 74
2.4.5 Reports on FAA Performance 75
2.4.6 Problem Management 76
2.4.7 Invest Credit Cover 76

3 PROCESS OVERVIEW 77

3.1 PROJECT CONTEXT 77
3.2 HIGH LEVEL DATAFLOWS AND EVENTS 78
3.2.1 Advice Notes & Supporting Documentation 78
3.2.2 Combined Advice Notes & Supporting Documentation 78
3.2.3 Initial Debits/Credits 78
3.2.4 Revised Debits/Credits 79
3.2.5 Payment Instructions 79
3.2.6 Payment Calendar Interface 79
3.2.7 Credit Limit 79
3.2.8 Energy Credit Cover 80
3.2.9 BM Unit Details 80
3.2.10 Credit Policy 80

4 USER ROLES & ACTIVITIES 81

APPENDIX I ASSUMPTIONS 83

APPENDIX II LOGICAL DATA STRUCTURE 86

APPENDIX III GLOSSARY OF TERMS 89

© ELEXON Limited 2012

1. INTRODUCTION

1.1 Management Summary

The Funds Administration Agent (FAA) is one of the suite of services provided to support the operation of the Balancing and Settlement Code (BSC).

The FAA role is critical to the successful operation of the BSC, effecting the transfer of funds between Payment Parties, for trades made in the Balancing Mechanism (BM) and for imbalances between contracted and actual production or consumption.

The principal business processes involved can be summarised as follows:

- Dispatch of Advice Notes (prior to Modification Proposal P214), combined Advice Notes (combining all Trading Charges, Default charges and Ad-Hoc Charges in a given Advice Note Period),and supporting documentation detailing the results of each day's settlement calculations;
- Production and maintenance of the Payment Calendar;
- Transfer of funds between Payment Parties as per the agreed Payment Calendar, subject to the application of the Advice Note Threshold Limit or time threshold; and
- Implementation and management of the credit cover policy of the BSCCo as applied to Trading Parties.

1.2 Purpose

The purpose of this document is to provide a complete specification of the set of business requirements that the FAA service must satisfy for all of its user types. These include the BSC Parties, the BSCCo and its various agents.

The requirements that have been identified have been divided into four categories:

Functional Requirements
Requirements relating to a specific business activity.

Interface Requirements
Requirements for the exchange of data between the FAA, the BSC Services and the external participants.

Non-Functional Requirements
Requirements relating to activities such as security, audit and system housekeeping.

Service Requirements
Service delivery requirements of the FAA service, including performance and volumetric issues.

These requirements are detailed in Section 2.

© ELEXON Limited 2012

1.3 Status

This document replaces all previous drafts and takes into account comments received on previous drafts of this document.

This document is produced in conjunction with the FAA Interface Definition and Design document. To aid the readers of both documents all requirements within the requirements catalogue have been referenced identifying both the source of the requirements within the FAA Service Description and the interface identification numbers stated within the FAA Interface Definition and Design document.

1.4 Related Documents

Name	Description
Service Description	Service Description for the Funds Administration Agent
BSC Business Model	BSC Business Model

Name	Description
FAA Interface Definition & Design Part 1	Interface Definition for the FAA Service
FAA Interface Definition & Design Part 2	Interface Definition for the FAA Service
NETA Interface Definition & Design Part 1	Interface Definition and Design, Part 1 – Interfaces with BSC Parties and their Agents
NETA Interface Definition & Design Part 2	Interface Definition and Design, Part 2 – Interfaces to other Service Providers
SAA URS	Settlement Administration Agent User Requirement Specification

© ELEXON Limited 2012

2 REQUIREMENTS CATALOGUE

2.1 Functional Requirements

2.1.1 Produce Draft Payment Calendar

Requirement ID: FAA-R001 as amended by MP61 and P214	**Status:** M	**Title:** Produce Draft Payment Calendar	**Source:** FAA SD 4.3.2 RETA Sch 4 SAA SD 2.8, AI SAA BPM 3.2, 4.27
Mechanism: Manual User driven process	**Frequency:** Annually		**FAA Interface Ref:** FAA-I018

Requirement:

A draft Payment Calendar will be produced in December each year which details the Settlement Runs to be processed during the payment period 1st April to 31st March (inclusive) Calendar parameters will be entered into the system including the following:

- Average credit period for initial settlement dates
- Reconciliation periods i.e. the number of working days between the Initial Settlement Run and each of the four scheduled Reconciliation Settlement Runs
- Number of working days between Notification Date and calendar Payment Date
- Maximum number of runs per calendar Payment Date
- Minimum notification period
- Maximum notification period

The system will produce a draft payment calendar based on the entered parameters.
A Settlement Calendar will be produced as required in consultation with BSCCo for Post-Final Settlement Runs.

© ELEXON Limited 2012

2.1.2 Manage Credit Cover

Requirement ID: FAA-R002	**Status:** M	**Title:** Manage Credit Cover	**Source:** FAA SD 5.1 RETA Sch 4
Mechanism: Manual User entered standing data	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I027 FAA-I031	

Requirement:

The system will store credit cover provision details for each BSC Party. Credit cover provision will be permissible by either, or both, of the following means:

- Cash Deposit
- Letter of Credit

Full details of allowable means of provision will be provided in the Credit Policy.

The FAA will monitor the credit ratings for each Bank issuing a Letter of Credit on behalf of a BSC Party. This exercise will be carried out off-line utilising the FAA's Bloomberg software.

The FAA will monitor the expiry dates of the Letters of Credit and not later than 10 working days before any outstanding Letter of Credit is due to expire, procure from the BSC Trader appropriate credit cover for a further period of not less than 12 months.

The FAA will, on receipt of notification from BSCCo that a BSC Party's credit cover has been reduced, amend that Party's credit cover provision details accordingly.

© ELEXON Limited 2012

2.1.3 Calculate Energy Credit Cover

Requirement ID: FAA-R003 as amended by CRs 033 & 038	**Status:** M	**Title:** Calculate Energy Credit Cover	**Source:** FAA SD 5.2 RETA Sch 4
Mechanism: Manual User entered parameters	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I012 FAA-I027 FAA-I031	

Requirement:

The system will calculate the energy credit cover (ECC) for each BSC Party utilising the following variables:

- The BSC Party's Credit Cover (CC), i.e. the total credit cover principal (£) held in the Reserve Account plus the outstanding value (£) of any Letters of Credit.
- Credit Assessment value received from the BSCCo i.e. Credit Assessment Price (CAP).
- Energy Credit Cover Formula defined in the BSCCo Credit Policy.

© ELEXON Limited 2012

2.1.4 Establish Credit Cover Provided

Requirement ID: FAA-R004 as amended by CR 033	**Status:** M	**Title:** Establish Credit Cover Provided	**Source:** FAA SD 5.3 RETA Sch 4
Mechanism: Manual 'off-line' user process	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I004 FAA-I013 FAA-I019 FAA-I027 FAA-I031	
Requirement: The FAA will check that the Bank's credit rating is acceptable, that the Letter of Credit details are correct or that the cash deposit provided is as requested.			

2.1.5 Monitor Credit Cover Provided

Requirement ID: FAA-R005	**Status:** M	**Title:** Monitor Credit Cover Provided	**Source:** FAA SD 5.5 RETA Sch 4
Mechanism: Manual Telephone and confirmatory letter	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I013 FAA-I031	
Requirement: The FAA will notify the BSCCo and the BSC Party if the credit cover provided ceases to comply with the BSCCo credit policy.			

© ELEXON Limited 2012

2.1.6 Recalculate ECC

Requirement ID:	Status:	Title:	Source:
FAA-R006 as amended by CR 033, CP 519 and P142	M	Recalculate ECC	FAA SD 5.6 FAA SD 5.3.1 RETA Sch 4
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual User entered variables User driven calculation process	On-going as applicable	FAA-I012 FAA-I013 FAA-I027 FAA-I031 FAA-I035 FAA-I036	

Requirement:

If any of the values utilised to calculate a BSC Party's Energy Credit Cover (ECC) alter, the revised values are used to recalculate the ECC. Information required to recalculate Energy Credit Cover is as follows:

- The BSC Party's Credit Cover (CC), i.e. the total credit cover principal (£) held in the Reserve Account plus the outstanding value (£) of any Letters of Credit.
- Credit Assessment value received from the BSCCo i.e. Credit Assessment Price (CAP).
- Energy Credit Cover Formula defined in the BSCCo Credit Policy

If the credit cover in place covers the new value of ECC, the values are accepted and no further action is required. If the credit cover in place is not sufficient, a Credit Call request is made to the BSC Party requesting the provision of additional credit cover or the resubmission of Credit Limit values.

If a Minimum Eligible Amount Notification for a Trading Party is received from the ECVAA the Minimum Eligible Amount Data will be stored. In the event of a request being received from the Party within 2 business days to reduce Credit Cover, the ECC will be recalculated as either the Minimum Eligible Amount or a higher amount as advised by the Trading Party.

~~If notification that a BSC Party has qualified for a Level 2 Credit Default Cure Period has been received from BSCCo (by email) by 09:00 hours on a Working Day[1], and funds have been received from that BSC Party to increase its credit cover by 11:00 hours on that Working Day, the ECC shall be recalculated and the ECVAA shall be notified by 12:00 hours on that Working Day.~~

[1] ~~Note that the Level 2 Credit Default Cure Period shall expire at 12:00 hours on that Working Day~~

© ELEXON Limited 2012

2.1.7 Declare Defaults

Requirement ID: FAA-R007	**Status:** M	**Title:** Declare Defaults	**Source:** FAA SD 6.1 RETA Sch 4
Mechanism: Manual Telephone and confirmatory letter	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I007 FAA-I013 FAA-I019 FAA-I027 FAA-I031	

Requirement:

If the credit cover in place does not meet the Required Credit Cover, the FAA will inform the BSCCo that the BSC Party is in Credit Default. If the BSC Party has failed to make a payment that has been notified in accordance with the Balancing and Settlement Code, the FAA will inform the BSCCo that the BSC Party is in Payment Default.

Information provided to the BSCCo will include:

- BSC Party Name
- BSC Party Identifier
- Nature of Default (Credit Default or Payment Default)
- Action Taken

The FAA will take the appropriate action, which may involve demanding payment of any credit or payment default amounts by drawing on a cash deposit or a Letter of Credit.

With specific regard to payment defaults, the FAA will make a judgmental decision as to whether the non-payment is accidental or wilful. A wilful non-payment will be deemed a payment default and the appropriate action taken.

Utilising the Borrowing Account will cover the shortfall resulting from an accidental non-payment. If an accidental default is outstanding for more than three business days, it will be deemed a payment default.

© ELEXON Limited 2012

2.1.8 Utilise Credit Cover

Requirement ID:	Status:	Title:	Source:
FAA-R008	M	Utilise Credit Cover	FAA SD 6.1 RETA Sch 4

Mechanism:	Frequency:	FAA Interface Ref:
Manual User driven process	On-going as applicable	FAA-I007 FAA-I013 FAA-I031 FAA-R014 FAA-R015 FAA-R016 FAA-R017 FAA-R045

Requirement:

If the BSC Party is in Credit or Payment Default, the FAA will draw on the credit cover provided, in line with the BSCCo Credit Policy.

This will include taking one or more of the following actions:

- Transferring the BSC Party's cash deposit from the deposit account to the BSC Clearing Account to make good the deficit
- Drawing on the BSC Party's Letter of Credit requesting that funds are transferred to the BSC Clearing Account to make good the deficit
- Initiating the Scaledown process. This involves reducing the BSC Party creditors' payments on a pro-rating percentage basis on the Scaledown payment date.

The FAA will notify the BSCCo of any actions taken.

The rules regarding the use of credit cover will be defined in the Credit Policy.

© ELEXON Limited 2012

2.1.9 Maintain BSCCo Bank Accounts

Requirement ID:	Status:	Title:	Source:
FAA-R009	M	Maintain BSCCo Bank Accounts	FAA SD 6.1 RETA Sch 4 P249

Mechanism:	Frequency:	FAA Interface Ref:
Manual User entered parameters	On-going	FAA-I008 FAA-I009 FAA-R014 FAA-R015 FAA-R016 FAA-R017 FAA-R045 FAA-F076

Requirement:

The current Clearing account, Reserve account and Collection accounts arrangements will remain in place.
Barclays will act as the BSCCo Clearing Banker and as such will manage the clearing and reserve accounts on behalf of the FAA.
Collection Accounts will be held at the following banks:

- Barclays Bank Plc
- Lloyds Bank Plc
- National Westminster Bank Plc
- HSBC
- Royal Bank of Scotland

The FAA will arrange for BSC debtor payments to be paid into one of the five Collection Accounts. Once funds due have been received, the FAA will instruct the Collection Banks to transfer the monies to the BSC Clearing Account. BSC creditor payments will then be made to the creditor BSC Parties from the Clearing Account.

Mandates will be signed with each of the banks detailing authorised account signatories. All instructions to the banks will be made in accordance with the mandate.

The FAA shall also establish on behalf of the BSC Clearer the means by which to facilitate and manage the transfer of Reserve Account monies between the Reserve Account and Investment Accounts.

© ELEXON Limited 2012

2.1.10 Manage Banking Communication Links

Requirement ID:	Status:	Title:	Source:
FAA-R010	M	Manage Banking Communication Links	FAA SD 8.3 RETA Sch 4
Mechanism: Manual User driven process	**Frequency:** On-going		**FAA Interface Ref:** FAA-I008 FAA-I009 FAA-I016 FAA-I017
Requirement: The Barclays CHAPS and businessmaster software will be utilised to monitor incoming payments, collect direct debits and make payments to BSC Parties. The FAA will manage the Barclays communications link and will ensure adequate contingency arrangements are in place should the link be unavailable.			

© ELEXON Limited 2012

2.1.11 Calculate Payments

Requirement ID:	Status:	Title:	Source:
FAA-R011 as amended by CR 035, MP61 and P214	M	Calculate Payments	FAA SD 9 RETA Sch 4
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual User driven system process	Daily (Per calendar Payment Date)	FAA-I022 FAA-I023	

Requirement:

Data will be sent to the FAA by the SAA as per the approved Payment Calendar. The Initial Settlement Run details for each Settlement Date will be provided in the form of a 'debits and credits' data file from the SAA.

The details included in this report will be an amount per charge type per Payment Party identifier.

The reconciliation data will be provided to the FAA as 'revised debits and credits'. This data file will contain revised amounts per charge type per Payment Party identifier.

The Post Final Data will be provided to the FAA as a debits and credits report from the SAA.

The Calculate Payments process will include the following:

- Calculate reconciliation adjustment amounts payable or receivable by comparing the current reconciliation figures with those advised in the previous Reconciliation Settlement Run or Initial Settlement Run
- Calculating reconciliation interest as applicable
- Calculating VAT amounts payable or receivable using applicable Payment Party VAT rate
- Calculating any reconciliation interest income tax liabilities
- Amalgamating initial or settlement final data with the reconciliation data as per the agreed Payment Calendar
- Calculating any VAT imbalance (surplus/deficit) incurred due to a variation in Payment Party VAT rates
- Accrue VAT imbalances (surplus/deficit) to an escrow Payment Party associated with BSCCo Ltd

Details stored on the system relating to the creation of payments will include the following:

- Settlement Date
- Settlement Code
- Calendar Payment Date
- Payment Party ID
- VAT code
- Amount
- VAT amount
- Total including VAT
- Interest amount

© ELEXON Limited 2012

- Tax amount

When applicable Extra-Settlement Determination ('ESD') data will be provided by the BSCCo in the form of a list, the BSCCo will provide the FAA with a further instruction to recover the ESD amount and calculate interest payable. If, for any reason, the billing data is unavailable, the BSCCo may instruct the FAA to postpone the billing run until the information is available. Once the data is provided to the FAA the billing amounts will be calculated and advised to the BSC traders for payment/receipt. Interest at the BSC Banker's Base Rate will be levied on the payments and receipts from the date on which payment was originally scheduled up to (but not including) the new calendar Payment Date.

2.1.12 Generate Advice Notes

Requirement ID: FAA-R012 as amended by P214	**Status:** M	**Title:** Generate Advice Notes	**Source:** FAA SD 10 RETA Sch 4
Mechanism: Manual User driven system process	**Frequency:** Daily (per calendar Payment Date)	**FAA Interface Ref:** FAA-I001 FAA-I022 FAA-I023	

Requirement:

This requirement is retained for the purpose of generating Advice Notes for Payment Dates prior to the P214 implementation date.

Once the Create Payments process has completed successfully, Advice Notes will be generated for the relevant calendar Payment Date. A unique number will be assigned to each Advice Note. Details stored on the system relating to the Advice Notes will include the following as referenced in Section N, part 7.1.2 of the BSC.

The BSCCo will be allocated an Advice Note detailing VAT imbalances.

- Backing sheet number
- Advice Note type (Daily billing, default or dispute)
- Calendar Payment Date
- Payment Party ID
- Pay flag (credit or debit)
- Amount excluding VAT
- Amount including VAT
- Interest amount
- Default Share Amount (only applicable to BSC Parties)
- Scale down amount (only applicable to BSC Parties)
- Tax amount (only printed if non-zero)

© ELEXON Limited 2012

2.1.13 Produce Statements

Requirement ID: FAA-R013 as amended by CR 044, MP61 and P214	**Status:** M	**Title:** Produce Statements	**Source:** FAA SD 10 RETA Sch 4
Mechanism: Manual User driven system process	**Frequency:** Daily (per calendar Payment Date)	**FAA Interface Ref:** FAA-I002 FAA-I022 FAA-I023	

Requirement:

The statements will contain the breakdown of the Trading Charges for Initial Settlement Runs, Reconciliation Settlement Runs and Post-Final Settlement Runs detailed on the Advice Note. A breakdown by charge type will be provided for both the current Reconciliation Settlement Run and the immediately preceding Settlement Run. Detailed interest calculations will be required to support the summary interest lines on the Advice Note.

Statements will be available in both Portable Document Format and ASCII pipe delimited format.

BSCCo costs are not included as a charge on these statements but are invoiced separately.

© ELEXON Limited 2012

2.1.14 Produce Bank Reports

Requirement ID:	Status:	Title:	Source:
FAA-R014	M	Produce Bank Reports	FAA SD 11.1 RETA Sch 4

Mechanism:	Frequency:	FAA Interface Ref:
Manual User driven system process	Daily (per payment date)	FAA-I008 FAA-I009

Requirement:

The system will produce, for a specified payment date, a report detailing all payments due from BSC Parties for each of the Collection Banks and all amounts payable to the BSC Parties from the Clearing Bank.

The Collection Bank report will contain a separate section for each of the Collection Banks. Details will include the following:

- BSC Party Name
- BSC Party Branch Name
- BSC Party Branch Address
- Branch Sort Code
- Account Number
- Advice Note Number
- Net Amount payable

The Clearing Account report will include the following details:

- BSC Party Name
- BSC Party Branch Name
- BSC Party Branch Address
- Branch Sort Code
- Account Number
- Advice Note Number
- Net Amount receivable

© ELEXON Limited 2012

2.1.15 Manage Non-Payments

Requirement ID:	Status:	Title:	Source:
FAA-R015 as amended by CRs 037 and 070	M	Manage Non-Payments	FAA SD 11.2 RETA Sch 4
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual User driven process	On-going as applicable	FAA-I008 FAA-I009 FAA-I017 FAA-I035	

Requirement:

Non-payments and any resulting action taken by the FAA will be detailed off-line, unless the action taken is to Scaledown the shortfall, when a system process to calculate the Scaledown amounts will be initiated.

If a payment is not received on the payment date, the FAA will take the relevant action as per the BSCCo Credit Policy and will inform BSCCo of the action taken. This may include one or more of the following:

- Utilise short term borrowing facility i.e. arrange transfer of funds from the Borrowing Account to the BSC Clearing Account to make good the shortfall of funds.
- Draw on defaulting BSC Party's credit cover. The FAA will notify the Non-paying BSC Debtor of this action and will inform BSCCo if after taking this action any part of the Amount in Default remains outstanding.
- Scaledown. This involves pro-rating the shortfall across all BSC Party creditors for the Scaledown payment date and reducing their payments accordingly. The system will need to store details of BSC parties to be included/excluded in the Scaledown exercise. The FAA will inform Shortfall Creditors and BSCCo when Shortfall Creditors are to be repaid in full or in proportion to their respective Shortfall Amounts.
- Set-Off. Where any Trading Party is in default for any sum due, any payments due to that Party shall be set-off (reduced) by the amount of the default sum until such time as the amount in default is paid or recovered from the Party's credit cover.
- For bad debts, determine for each BSC Party an amount (the 'default share amount'), based on each BSC Party's Monthly Funding Share, to cover the amount in default. The FAA will notify BSCCo, the Panel and each Payment Party when this action is taken.

The FAA will consult with the BSCCo re utilising credit cover or scaling down the creditor payments.
Where appropriate and as instructed by BSCCo the FAA will go straight to scaledown. The detail of this will be included in the BSCP301.
The FAA shall inform BSCCo if a Non-Paying Debtor has failed to pay the Amount in Default on the second Business Day after the Affected Date or an amount in respect of interest and banking charges notified on or before the time of payment.

© ELEXON Limited 2012

2.1.16 Manage Excess Payments

Requirement ID:	Status:	Title:	Source:
FAA-R016	M	Manage Excess Payments	FAA SD 11.3 RETA Sch 4
Mechanism: Manual 'Off-line' process	**Frequency:** On-going as applicable		**FAA Interface Ref:** FAA-I008 FAA-I009 FAA-I016

Requirement:

Reasonable endeavours will be used to ascertain the nature of the excess payment, to calculate the entitlement to such payment and to instruct the BSC banker by 16.00 hours on the Payment Date to credit the reserve account (or any such account as authorised by BSCCo and agreed by the Payment Party) with the excess amount.

2.1.17 Initiate Payments to Creditors

Requirement ID:	Status:	Title:	Source:
FAA-R017	M	Initiate Payments to Creditors	FAA SD 11.4 RETA Sch 4
Mechanism: Manual User driven process	**Frequency:** Daily (per payment date)		**FAA Interface Ref:** FAA-I008 FAA-I009 FAA-I016

Requirement:

The system will produce a report detailing all amounts payable to BSC creditors for a specified payment date. The report details will be manually input into the FAA banking software as a CHAPS (Clearing House Automated Payment System) payment if the amount due is greater than £1000 or as a BACS (Bankers Automated Clearing System) payment if the amount due is less than £1000. The BSC Party creditor payments will be transferred utilising the Barclays software.

Details included in this report will include:

- BSC Party Name
- BSC Party Branch Name
- BSC Party Branch Address
- Branch Sort Code
- Account Number
- Advice Note Number
- Net amount due to Party

The timing of transferring the creditor amounts is dependent on receipt of funds from the Collection Banks. However, the FAA will endeavour to ensure that payments to BSC creditors are made as soon as possible, and in any event, no later than 13:00.

© ELEXON Limited 2012

2.1.18 Manage Short-Term Borrowing Arrangements

Requirement ID: FAA-R018 as amended by P214	**Status:** M	**Title:** Manage Short-Term Borrowing Arrangements	**Source:** FAA SD 11.5 RETA Sch 4
Mechanism: Manual 'Off-line' process	**Frequency:** On-going as applicable	**FAA Interface Ref:** NA	

Requirement:

The FAA will manage the short term borrowing facility. It is envisaged that this will take the form of a Borrowing Account facility from the BSC Clearing Banker, Barclays Bank Plc.

If a Payment Party fails to make a payment on the due date, or does not make a payment on the due date because the payments are greater than or equal to the positive Advice Note Threshold Limit, or the payments are as negative or more negative than the negative Advice Note Threshold Limit (or the due date is less than the last Payment Date before the next Quarter Date) for the Advice Note Period, the FAA will arrange to transfer the Shortfall Amount from the Borrowing Account to the Clearing Account in accordance with the BSCCo credit policy. Once funds have been received from the Payment Party, the amount will be transferred from the Clearing Account to the Borrowing Account.

Interest on the 'loan' will be calculated in accordance with the BSCCo credit policy and billed to the Payment Party.

Any draw downs on or repayments to this facility will be recorded off line. The calculation and recharging of the interest accrued on the Borrowing Account will be recorded outside of the FTS system. Any excess/shortfall resulting from interest payments/charges will be settled using a separate process outside of the FTS system.

If necessary and if the FAA is satisfied that any Cash Cover provided by the Non-paying BSC Debtor will be paid into the Clearing Account in time to ensure that Cash Cover will be applied to the Amount in Default by close of business on the due date, the FAA will debit the Reserve Account and credit the Clearing Account with a sum being the lesser of the Amount in Default and that Cash Cover.

© ELEXON Limited 2012

2.1.19 Maintain Bank Contact Standing Data

Requirement ID: FAA-R019	**Status:** M	**Title:** Maintain Bank Contract Standing Data	**Source:** FAA SD 11.6 RETA Sch 4
Mechanism: Manual User entered parameters	**Frequency:** BSC Party Registration and on-going as applicable	**FAA Interface Ref:** FAA-I014 FAA-I015	

Requirement:

The system will store details of BSC Party bank details as follows:

- BSC Party Name
- BSC Party Address
- Elected Method of Payment
- Elected Collection Bank (if applicable)
- Bank Name
- Bank Address
- Branch Sort Code
- Account Number
- Bank Contact Details

The details will be entered into the system when the BSC Party commences trading and will be updated upon receipt of written authorisation from the BSC Party.

© ELEXON Limited 2012

2.1.20 Generate Confirmation Notices

Requirement ID:	Status:	Title:	Source:
FAA-R020 as amended by P214	M	Generate Confirmation Notices	FAA SD 11.7 RETA Sch 4
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual User driven system process	Per calendar Payment Date	FAA-I003 FAA-I022 FAA-I023	

Requirement:

This requirement is retained for the purpose of generating Confirmation Notices for Payment Dates prior to the P214 implementation date.

Subsequent to the calendar Payment Date, the FAA will receive bank statements from the Collection Bank and a statement for the Clearing Account and the Borrowing Account. For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, the FAA will reconcile the statement balances against the Expected Cash Report and the Business master reports. Any discrepancies will be detailed and handled outside of the FTS system.

Once the bank accounts have been reconciled, Confirmation Notices will be generated for the relevant calendar Payment Date. A unique number will be assigned to each Confirmation Notice.

For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, a Confirmation Notice will be produced for the BSCCo and each BSC Party who received an Advice Note for the relevant calendar Payment Date.

The produced Confirmation Notice will represent the tax document and will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run.

© ELEXON Limited 2012

2.1.21 Maintain BSC Party Standing Data

Requirement ID:	Status:	Title:	Source:
FAA-R021 as amended by P214	M	Maintain BSC Party Standing Data	FAA SD 6

Mechanism:	Frequency:	FAA Interface Ref:
Manual User entered parameters	On-going as applicable	FAA-I015 FAA-I025

Requirement:

The system will hold contact details for each BSC Party that is a Payment Party. These details will be provided by the BSC Parties on the form BSCP301/4 (a) the Funds Accession Form, and will be manually entered into the system. The details will be maintained by the FAA and updated on an on-going basis as applicable.

Any subsequent amendments to the BSC Parties original details will be accepted upon receipt of form BSCP301/4 (b).(where BSCP301/4(b) is being used to notify a change in VAT status which alters liability of the Party to UK VAT, BSCCo will notify the FAA within one day of receipt of the BSCP301/04(b) to confirm change in VAT status).

The FAA to manage a manual solution whereby any amendments to VAT status are post-dated.

Details stored will include the following:

- Contact Details:
  - BSC Party Name
  - BSC Party ID
  - Contact name
  - Address
  - Telephone number
  - Facsimile number
  - Contact email address (for general queries)
  - Delivery email address (for Advice Notes, Confirmation Notices and related statements)
  - Registered company name
  - Company number
  - Registered address
  - VAT code (standard / zero rated)
  - VAT country code (if applicable)
  - VAT registration number(if applicable)

- Other Details
  - VAT code
  - Dispute pro-rating inclusion/exclusion
  - Scaledown inclusion/exclusion
  - Network details:

© ELEXON Limited 2012

1. Username
2. Password
3. Node name
4. Directory

- Threshold override flag – indicates that the BSC Party as independent of any Advice Note Threshold Limit or time threshold. (For example, the BSC Party may change VAT code, in which case all outstanding funds must be paid to and collected from the BSC Party under the original VAT code.)

The system will also store the Credit Cover formula variables for each BSC Party

2.1.22 Maintain Base Rates

Requirement ID: FAA-R022	**Status:** M	**Title:** Maintain Base Rates	**Source:** NA
Mechanism: Manual User entered variables	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA I028	

Requirement:

The system will store historic and current Clearing Bank Base Rate information. Information stored will include the following:

- Base Rate
- Effective Date

© ELEXON Limited 2012

2.1.23 Maintain VAT Information

Requirement ID:	Status:	Title:	Source:
FAA-R023	M	Maintain VAT Information	**FAA** SD 6.8
Mechanism: Manual User entered variables	**Frequency:** On-going as applicable		**FAA Interface Ref:** FAA I029

Requirement:

The system will store historic and current VAT rates for a number of VAT codes (e.g. standard rate and zero rate). Information stored will include the following:

- VAT Code
- VAT Rate
- Effective Date

The system will maintain only the VAT codes currently assigned to BSC parties (historic VAT codes will not be maintained). Information stored will include the following;

- BSC Party ID
- VAT Code
- VAT Country Code
- VAT Registration Number

2.1.24 Maintain Income Tax Rates

Requirement ID:	Status:	Title:	Source:
FAA-R024	M	Maintain Income Tax Rates	NA
Mechanism: Manual User entered variables	**Frequency:** On-going as applicable		**FAA Interface Ref:** FAA I030

Requirement:

The system will store historic and current Income Tax Rate information.
Information stored will include the following:

- Income Tax Rate
- Effective Date

© ELEXON Limited 2012

2.1.25 Produce Quarterly Statements

Requirement ID:	Status:	Title:	Source:
FAA-R033 as amended by P214	M	Produce Quarterly Statements	FAA SD14
Mechanism: Manual User driven system process	**Frequency:** Quarterly and ad-hoc as requested		**FAA Interface Ref:** FAA-I010

Requirement:

Quarterly Statements will be provided to H.M. Customs & Excise, detailing the following for each BSC Party:

- Settlement period
- BSC Party ID
- BSC Party name
- Settlement Date
- Settlement code
- Calendar Payment Date
- Payment Date
- Description
- Backing sheet number
- Combined Advice Note number
- Combined Confirmation Notice number
- Amount excluding VAT
- VAT amount
- Interest amount
- Income tax amount (only printed if non-zero)
- Total paid or received

The report can be produced in hard or soft copy format and the following variables can be entered:

- Report Type
  1. BSC billing
  2. All
- Start Payment Date
- End Payment Date
- All BSC Parties/Selected BSC Party(ies)

The Quarterly Statements will also be provided to the BSC Parties and confirmation requested as to the accuracy of the details provided.

© ELEXON Limited 2012

2.1.26 Produce BSCCo Quarterly VAT Statements

Requirement ID:	Status:	Title:	Source:
FAA-CP1078 Variation 068	M	Produce BSCCo Quarterly VAT Statements	FAA SD 6.7
Mechanism: Manual User driven system process	**Frequency:** Quarterly and ad-hoc as requested		**FAA Interface Ref:** FAA – I034

Requirement:

Quarterly VAT Statements will be provided to BSCCo detailing the following for each VAT code:

- Payment Date
- Net Inflow
- Net Outflow
- Net Flow
- Output VAT
- Input VAT
- Net VAT

The report can be run as:

- Report Type
  1. BSC Billing
  2. Disputes
  3. Defaults
  4. All
- Start Payment Date
- End Payment Date
- All BSC Parties/Selected BSC Party(ies)

The report can be produced in hard copy. A soft copy will also be made available in the form of a 'tab delimited data file' suitable for loading to MS-Excel

© ELEXON Limited 2012

2.1.27 Monitor Bank Credit Ratings

Requirement ID: CR 039	**Status:** M	**Title:** Monitor Bank Credit Ratings	**Source:** BSC Section M 2.2.1 (b)
Mechanism: Manual FAA Bloomberg Software	**Frequency:** Daily	**FAA Interface Ref:** FAA-I013 FAA-I027 FAA-I031	
Requirement: In order to determine the continued validity of Letters of Credit lodged by BSC Parties, the FAA will monitor the credit ratings of the issuing banks daily.			

2.1.28 Calculate Reserve Account Interest

Requirement ID: CR 034	**Status:** M	**Title:** Calculate Reserve Account Interest	**Source:** BSC Section N 4.6.4
Mechanism: Manual Excel Spreadsheet	**Frequency:** Ad-hoc	**FAA Interface Ref:** FAA-I028	
Requirement: The FAA will calculate interest on amounts held in the Reserve Account. This includes the input and verification of interest rates and the calculation of each BSC Party's proportion.			

© ELEXON Limited 2012

2.1.29 Establish Outstanding Liabilities and Credit Cover

Requirement ID: FAA-R077	**Status:** M	**Title:** Establish Outstanding Liabilities	**Source:** FAA SD 5.3
Mechanism: Email	**Frequency:** As requested		**FAA Interface Ref:** FAA-I0xx

Requirement:

On receipt of notification from the BSCCo that a BSC Party has either:

- requested to withdraw from the BSC; or
- applied for a reduction in credit cover as a Non-Supplier Trading Party in Default which has ceased trading.

The FAA will establish whether a BSC Party has paid all Trading Charges due on the Payment Date for the last Settlement Day on which it traded as well as all previously accrued Trading Charges.

The FAA will issue a report to the BSCCo by 17:00 on the 2nd full Business Day following receipt containing:

- The total of all outstanding liabilities for that BSC Party; and
- A statement of the value of the Credit Cover lodged for that BSC Party.

In the case of a withdrawing BSC Party, the FAA shall re-establish the above information as at 17:00 hours on 2 Business Days before the Withdrawal Date specified in the original notification and issue a report to BSCCo as soon as possible thereafter.

2.1.30 Maintain Tax Quarter

Requirement ID: FAA-R078	**Status:** M	**Title:** Maintain Tax Quarters	**Source:** NA
Mechanism: Manual User entered variables	**Frequency:** On-going as applicable		**FAA Interface Ref:** NA

Requirement:

The system will store the last Payment Date before each Quarter Date.
Information stored will include the following:

- Last Payment Date associated with Quarter Date

© ELEXON Limited 2012

2.1.31 Generate Combined Advice Notes

Requirement ID:	Status:	Title:	Source:
FAA-R079	M	Generate Combined Advice Notes	NA

Mechanism:	Frequency:	FAA Interface Ref:
Manual User driven system process	Following threshold breach, or as manually triggered	FAA-I038

Requirement:

Advice Note data will remain within the system until an Advice Note Threshold Limit is breached, or the system date is greater than or equal to the most recent working date associated with a Quarter Date.

The BSCCo and Payment Parties will receive a combined Advice Note detailing multiple Advice Notes and VAT imbalances. A combined Advice Note is a combination of Trading Charges, Default charges and Ad-Hoc Charges, produced separately prior to the implementation of Modification Proposal P214.

- Combined Advice Note number
- Reason for threshold breach
- Advice Note Threshold Limit
- Backing sheet number that breached Advice Note Threshold Limit (if applicable)
- Advice Note Date
- Payment Date
- Total amount payable/receivable net of tax liabilities, aggregate of Trading Charges, Default charges and Ad-Hoc Charges

  For each Trading Charges Advice Note detail item:
  - Backing sheet number
  - Calendar Payment Date
  - Settlement Date
  - Description
  - Net amount excluding VAT per Settlement Run
  - Total including VAT per Settlement Run

- Trading Charge subtotal including VAT

  For each Default Advice Note detail item:
  - Backing sheet number
  - Calendar Payment Date
  - Affected Date
  - Defaulting Party
  - Amount in Default
  - Description
  - Net amount excluding VAT per Default Share Amount
  - Total including VAT per Default Share Amount

- Default charge subtotal including VAT

© ELEXON Limited 2012

For each Ad-Hoc Charge Advice Note detail item:

- Backing sheet number
- Calendar Payment Date
- Dispute Run number
- Description
- Net Amount excluding VAT per dispute run
- Total including VAT per dispute run

- Ad-Hoc Charge charge subtotal including VAT

2.1.32 Produce Default Statements

Requirement ID: FAA-R080	**Status:** M	**Title:** Produce Default Statements	**Source:** NA
Mechanism: Manual User driven system process	**Frequency:** Following threshold breach, or as manually triggered	**FAA Interface Ref:** FAA-I039	
Requirement: The statements will contain the breakdown of Default charges detailed on the combined Advice Note. A breakdown by Default will be provided. Default statements will be available in Portable Document Format.			

© ELEXON Limited 2012

2.1.33 Generate Combined Confirmation Notices

Requirement ID:	Status:	Title:	Source:
FAA-R081	M	Generate Combined Confirmation Notices	FAA SD 11.7 RETA Sch 4
Mechanism: Manual User driven system process	**Frequency:** Per Payment Date	**FAA Interface Ref:** FAA-I040 FAA-I022 FAA-I023	

Requirement:

Subsequent to the Payment Date, the FAA will receive bank statements from the Collection Account and a statement for the Clearing Account and the Borrowing Account. The FAA will reconcile the statement balances against the 'Expected Cash Report' and the Businessmaster reports. Any discrepancies will be detailed and handled outside of the FTS system.

Once the bank accounts have been reconciled, combined Confirmation Notices will be generated for the relevant Payment Date. A combined Confirmation Notice will be produced for the BSCCo, and for each BSC Party who received a combined Advice Note for the relevant Payment Date. Combined Confirmation Notices will be uniquely numbered, and will reference the relevant combined Advice Note.

Each produced combined Confirmation Notice will only include Advice Notes from the combined Advice Note that have been reconciled against the 'Expected Cash Report' and the Businessmaster reports. Any Advice Notes not reconciled against the 'Expected Cash Report' and the Businessmaster reports will be treated as non-payments, and handled outside of the FTS system. If non-payments are paid before becoming an Amount in Default, the relevant Advice Note will be included in a new combined Confirmation Notice, referencing the same combined Advice Note, and bearing the same issue date as the original combined Confirmation Notice for that combined Advice Note.

The combined Confirmation Notice will represent the tax document and will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run.

© ELEXON Limited 2012

2.1.34 Monitor Thresholds

Requirement ID:	Status:	Title:	Source:
FAA-R082	M	Monitor Thresholds	N/A
Mechanism: Manual User driven system process	**Frequency:** Daily (per Payment Date)	**FAA Interface Ref:** N/A	

Requirement:

Once the 'Generate Advice Notes' process has completed successfully for a calendar Payment Date, the combined Advice Notes may be generated for the Payment Date, for all Payment Parties, without the restriction of an Advice Note Threshold Limit or time threshold. Combined Advice Notes will be generated for the Payment Date, for all Payment Parties that have an Advice Note not already included on a combined Advice Note.

If immediate combined Advice Notes are not required as above, the following tests are applied to each Payment Party that has an Advice Note not already included on a combined Advice Note:

- The combined value of the Advice Notes not already included on a combined Advice Note for the Payment Party, exclusive of VAT and inclusive of interest, is greater than or equal to a configurable positive Advice Note Threshold Limit;
- The combined value of the Advice Notes not already included on a combined Advice Note for the Payment Party, exclusive of VAT and inclusive of interest, is as negative or more negative than the configurable negative Advice Note Threshold Limit;
- The Payment Date is greater than or equal to the last Payment Date associated with a Quarter Date;
- The Advice Notes not already included on a combined Advice Note include Ad-Hoc Trading Charges, which are specifically marked as independent of any Advice Note Threshold Limit or time threshold;
- The Payment Party is specifically marked as independent of any Advice Note Threshold Limit or time threshold. (For example, the Payment Party may change VAT code, in which case all outstanding funds must be paid to and collected from the Payment Party under the original VAT code.)

If any test is passed, a combined Advice Note is generated for the Payment Party and Payment Date, including all Advice Notes not already included on a combined Advice Note.

© ELEXON Limited 2012

2.1.35 Produce Ad-Hoc Statements

Requirement ID:	Status:	Title:	Source:
FAA-R083	M	Produce Ad-Hoc Statements	NA
Mechanism: Manual User driven system process	**Frequency:** When an Ad-Hoc Charge occurs, or following threshold breach, or as manually triggered	**FAA Interface Ref:** N/A	
Requirement: The Ad-Hoc statements will contain the breakdown of Ad-Hoc Charges detailed on the combined Advice Note. A breakdown by Ad-Hoc Charge will be provided. Ad-Hoc statements will be available in Portable Document Format.			

2.2 Interface Requirements

2.2.1 Issue Draft Payment Calendar

Requirement ID:	Status:	Title:	Source:
FAA-R034 as amended by P214	M	Issue Draft Payment Calendar	FAA SD 4.3.2 RETA Sch 4 SAA SD 2.8, AI SAA BPM 3.2, 4.27
Mechanism: Manual Data File (csv)	**Frequency:** Annually	**FAA Interface Ref:** FAA-I018	

Requirement:

The draft Payment Calendar will be issued to the BSCCo. A CSV data file will be sent in December of each year, and accompanied with details of the Payment Dates associated with the next four Quarter Dates.

The draft Payment Calendar will include the following information:

- Settlement Date
- Settlement code
- Notification Date, the earliest date on which Payment Parties' will receive the combined Advice Note and the date by which the SAA must provide the settlement data to the FAA.
- Calendar Payment Date, the date on which the funds for the various Settlement Runs will be calculated.
- Notification Period
- Payment period

The BSCCo will liaise with the SAA, CDCA etc and provide authorisation that the Payment Calendar is acceptable.

© ELEXON Limited 2012

2.2.2 Obtain Approval of Payment Calendar

Requirement ID: FAA-R064	**Status:** M	**Title:** Obtain Approval of Payment Calendar	**Source:** FAA SD 4.3.2 Reta Sch 4 SAA SD 2.8, A1 SAA BPM: 3.2,4.27
Mechanism: Manual- Fax/Letter/E-mail	**Frequency:** Annually	**FAA Interface Ref:** FAA-I021	
Requirement: Approval of the draft payment calendar issued by the FAA (interface requirement 'Issue Draft Payment Calendar', FAA-R034) by an Authorised signatory from BSCCo Information will include: • Source (BSCCo) • Authorised Signature			

2.2.3 Issue Agreed Payment Calendar

Requirement ID: FAA-R035 as amended by P214	**Status:** M	**Title:** Issue Agreed Payment Calendar	**Source:** FAA SD 4.3.2 RETA Sch 4 SAA SD 2.8, AI SAA BPM 3.2, 4.27
Mechanism: Manual Data File (csv) and hard copy post	**Frequency:** Annually	**FAA Interface Ref:** FAA-I006	
Requirement: Once the BSCCo has approved the draft calendar, an approved Payment Calendar data file will be produced from the system and dispatched to all Payment Parties and the BSCCo, and accompanied with details of the Payment Dates associated with the next four Quarter Dates. The agreed Payment Calendar will detail the following: • Settlement Date • Settlement code • Notification Date • Calendar Payment Date • Notification period • Payment period			

© ELEXON Limited 2012

2.2.4 Receive Credit Policy

Requirement ID:	Status:	Title:	Source:
FAA-R070 as amended by CR 038	M	Receive Credit Policy	FAA SD 5.1 FAA SD A1 RETA SCH 4
Mechanism: Manual Post	**Frequency:** Annually and ad hoc as appropriate		**FAA Interface Ref:** FAA-I031

Requirement:

The BSCCo will issue the Credit Policy to the FAA. This document will define rules for Credit Cover requirements and on-going credit monitoring, credit calls and default proceedings.

The document will also contain parameters utilised by the FAA to calculate ECC.

Parameters received will include:

- Credit Assessment Price (CAP)

The BSCCo may also, from time to time, issue notification to the FAA of the certain circumstances that require special treatment from the FAA. Such notification may include any BSC Party that has:

- ~~Qualified for a Level 2 Credit Default Cure Period[2];~~
- Qualified for a reduction in Credit Cover; or
- Requested to withdraw from the BSC[3].

[2] ~~"Note that this notification shall of necessity always be issued on a non-Working Day; the Level 2 Credit Default Cure Period shall expire at 12:00 hours on the first subsequent Working Day"~~

[3] The proposed withdrawal date will also be included.

© ELEXON Limited 2012

2.2.5 Obtain Credit Ratings

Requirement ID: FAA-R066	**Status:** M	**Title:** Obtain Credit Ratings	**Source:** FAA SD 5.1.2 RETA SCH 4
Mechanism: Manual FAA Bloomberg Software	**Frequency:** Ongoing as applicable	**FAA Interface Ref:** FAA-I027	

Requirement:

The FAA shall utilise the Bloomberg Software in order to check appropriate credit ratings for BSC Parties Banks issuing Letters of Credit. The information entered into the NETA Funds Transfer System will include the following:

- Bank Name
- Long Term Credit Rating

The FAA will monitor the Bank credit ratings on an ongoing basis. The information required is:

- Bank Name
- Long Term Credit Rating

As defined by Standard & Poors or Moodys Corporation.

2.2.6 Request Credit Cover

Requirement ID: FAA-R036 as amended by CR 033	**Status:** M	**Title:** Request Credit Cover	**Source:** FAA SD 5.2 RETA Sch 4
Mechanism: Manual – Letter	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I004	

Requirement:

The FAA accept Credit Cover (Cash and/or by Letter(s) of Credit) from BSC Parties. Credit cover may be provided by one or more of the following means:

- Letter of Credit for a specified period
- Cash Deposit

© ELEXON Limited 2012

2.2.7 Issue Credit Call Request

Requirement ID:	Status:	Title:	Source:
FAA-R072	M	Issue Credit Call Request	ECVAA SD 5 ECVAA BPM 3.3, 4.17 RETA SCH 4, B, 3.3, FAA 5.3.3
Mechanism: Manual - Letter	**Frequency:** Ongoing as applicable		**FAA Interface Ref:** FAA-I005

Requirement:

Upon the instruction of BSCCo, the FAA will issue a request for additional collateral from a BSC Party who wishes to continue trading past the agreed credit limit as applicable.

The information sent will include:

- BSC Party Name
- BSC Party Identifier
- Collateral required
- Date required by

2.2.8 Issue Acceptance of Credit Limit

Requirement ID:	Status:	Title:	Source:
FAA-R037 as amended by CR 033 & CR 067	M	Issue Acceptance of Credit Limit	FAA SD 5.3 RETA Sch 4
Mechanism: BSC Party-Manual Telephone and confirmatory letter ECVAA-Electronic	**Frequency:** On-going as applicable		**FAA Interface Ref:** FAA-I019

Requirement:

Once credit cover has been provided, the FAA will calculate the Energy Credit Cover (ECC) value. The FAA will inform the ECVAA, BSCCo and the BSC Party that the values of ECC (MWh) have been accepted.

Information sent will include:

- BSC Party Identifier
- BSC Party Name (Not sent to the ECVAA)
- ECC (MWh)
- Effective Date

© ELEXON Limited 2012

2.2.9 Issue Confirmation of ECC

Requirement ID: FAA-R038 as amended by CR 033	**Status:** M	**Title:** Issue Confirmation of ECC	**Source:** FAA SD 5.3 RETA Sch 4
Mechanism: Manual Telephone and confirmatory letter	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I019	
Requirement: Once credit cover has been provided, the FAA will calculate value for ECC. The FAA will confirm the value of ECC with the ECVAA and the BSC Party. Information sent will include: • BSC Party Name • BSC Party Identifier • Energy Credit Cover (ECC) • Effective Date			

2.2.10 Obtain Credit Cover

Requirement ID: FAA-R039 as amended by CR 033	**Status:** M	**Title:** Obtain Credit Cover	**Source:** FAA SD 5.4 RETA Sch 4
Mechanism: Manual Letter of Credit sent by registered post or courier Cash deposits received by electronic bank transfer	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I013	
Requirement: The FAA will obtain credit cover. The credit cover may be provided in the form of one or more of the following: • Letter of Credit • Cash Deposit			

© ELEXON Limited 2012

2.2.11 Obtain Base Rate Details

Requirement ID:	Status:	Title:	Source:
FAA- R067	M	Obtain Base Rate Details	NA
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual Media	Ongoing as applicable	FAA-I028	

Requirement:

The FAA shall obtain details of current and historic Base Rates and will update the NETA Funds Transfer System accordingly.

Notification of changes to the Base Rate will be obtained from media notification.

The information entered into the system is as follows:

- Base Rate
- Effective Date

2.2.12 Obtain VAT Rates

Requirement ID:	Status:	Title:	Source:
FAA-R068	M	Obtain VAT Rates	NA
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual Media	Ongoing as applicable	FAA-I029	

Requirement:

The FAA shall obtain the details of current rates for VAT Codes and will update the NETA Funds Transfer System accordingly.

Notification of changes to the VAT Rates will be obtained from media notification.

The information entered into the system is as follows:

- VAT Code
- VAT Rate
- Effective Date

© ELEXON Limited 2012

2.2.13 Obtain Income Tax Rates

Requirement ID: FAA-R069	**Status:** M	**Title:** Obtain Income Tax Rates	**Source:** NA
Mechanism: Manual Media	**Frequency:** Ongoing as applicable	**FAA Interface Ref:** FAA-I030	
Requirement: The FAA shall obtain details of current and historic Income Tax Rates and will update the NETA Funds Transfer System accordingly. Notification of changes to the Income Tax Rates will be obtained from media notification. The information entered into the system is as follows: • Income Tax Rate • Effective Date			

2.2.14 Issue Credit Cover Default Notice

Requirement ID: FAA-R040 as amended by CR 033	**Status:** M	**Title:** Issue Credit Cover Default Notice	**Source:** FAA SD 6.1 RETA Sch 4
Mechanism: Manual Telephone call by authorised FAA personnel and confirmatory letter	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I007	
Requirement: The FAA will notify the BSCCo if Credit Cover is utilised to cover non-payment, a BSC Party thereby in Credit Default. Information provided to the BSCCo will include the following: • BSC Party Name • BSC Party Identifier • Nature of Default (Credit) • Shortfall Exposure • Effective Date • Action Taken			

© ELEXON Limited 2012

2.2.15 Receive ECVAA Exception Report

Requirement ID: FAA-R041	**Status:** M	**Title:** Receive ECVAA Exception Report	**Source:** FAA SD 5.6 RETA Sch 4
Mechanism: Automatic Electronic Network	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I024	

Requirement:

The ECVAA will notify the FAA if there has been a problem with any of the information provided by the FAA e.g. if ECVAA has a problem processing the Credit Limit data.

The report will be provided on an ad-hoc exception basis.

Details provided will include:

- Exception Type
- Exception Description

© ELEXON Limited 2012

2.2.16 Obtain BSC Party Bank Details

Requirement ID:	Status:	Title:	Source:
FAA-R042	M	Obtain BSC Party Bank Details and VAT Details	FAA SD 8.2 RETA Sch 4
Mechanism: Manual Letter or completed Funds Accession Agreement	**Frequency:** On-going as applicable	**FAA Interface Ref:** FAA-I011 FAA-I014 FAA-I015	

Requirement:

The FAA will request that the BSC Party complete a Funds Accession Form (BSCP301/4 (a). This will provide the FAA with the following information.

Any changes to BSC party VAT status will be confirmed by BSCCo before VAT information is updated on the FAA.

- BSC Party Name
- BSC Party Address
- BSC Party Contact details
- Elected Method of Payment
- Selected Collection bank
- Bank Name
- Bank Address
- Branch Sort Code
- Account Number
- Bank Contact Details
- Authorised Signatory
- VAT Registration Number (if applicable)
- VAT Country Code (if applicable)
- Confirmation of whether liable to UK VAT

Any subsequent amendments must be communicated to the FAA on form BSCP301/4(b).

© ELEXON Limited 2012

2.2.17 Issue Advice Notes

Requirement ID:	Status:	Title:	Source:
FAA-R043	M	Issue Advice Notes	FAA SD 10 RETA Sch 4
Mechanism: Manual Dispatch of hard copy in post	**Frequency:** Daily (per calendar Payment Date)	**FAA Interface Ref:** FAA-I001	

Requirement:

This requirement is retained for the purpose of issuing Advice Notes for Payment Dates prior to the P214 implementation date.

For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, Advice Notes are issued to all relevant Payment Parties each Notification Date. The Advice Notes are sent by post.

The Advice Note will include the following detail lines:

- Payment Party name
- Payment Party address
- Payment Party facsimile number
- Advice Note number
- Payment Date
    1. Settlement Date
    2. Settlement code
    3. Description
    4. Net amount per Settlement Run
    5. Total including VAT per Settlement Run
    6. Total amount payable/receivable net of tax liabilities

One Advice Note will be produced per Payment Party per Payment Date.

One 'Notice of VAT Imbalance' will also be produced per Payment Date for BSCCo to inform of the expected VAT imbalance payable/receivable, which will be paid/received to/from BSC Clearer.

© ELEXON Limited 2012

2.2.18 Issue Statements

Requirement ID:	Status:	Title:	Source:
FAA-R044 As amended by CR 026, MP61 and P214	M	Issue Statements	FAA SD 10 RETA Sch 4

Mechanism:	Frequency:	FAA Interface Ref:
Manual Electronic Network	Daily (per calendar Payment Date)	FAA-I002

Requirement:

The statements provide supporting documentation relating to the Advice Note lines, in particular details of previous Settlement code amounts to enable verification of reconciliation calculations and interest calculations for each interest line detailed on the Advice Note.

The statements will contain the breakdown of the Initial Settlement Run and Reconciliation Settlement Run amounts detailed on the Advice Note, and where applicable the Post Final Settlement Run amount. A breakdown by charge type will be provided for both the current Reconciliation Settlement Run and the immediately preceding run. Detailed interest calculations will be required to support the summary interest lines on the Advice Note.

The statements will be emailed in both Portable Document Format and ASCII pipe delimited format to all Payment Parties.

The details included on the statements will include the following:

- Backing sheet number
- Calendar Payment Date
- BSC Party name
- Settlement Run details
    1. Settlement Date
    2. Settlement code (SF, R1, R2, R3, RF)
    3. Calendar Payment Date
    4. Charge type
    5. Amount (£)
    6. Total
    7. VAT
    8. Total including VAT

© ELEXON Limited 2012

2.2.19 Issue Bank Reports

Requirement ID:	Status:	Title:	Source:
FAA-R045 as amended by P214	M	Issue Bank Reports	FAA SD 11.1 RETA SCH 4
Mechanism: Manual Fax with security passwords	**Frequency:** Daily (per Payment Date)	**FAA Interface Ref:** FAA-I008 FAA-I009	

Requirement:

The system will produce, for a specified Payment Date, a report detailing all payments due from Payment Parties into the Collection Account, and all amounts payable to the Payment Parties from the Clearing Bank.

The Collection Account reports will include the following:

- Payment Date
- Collection Account name
- Payment Party name
- Payment Party branch name
- Payment Party branch address
- Branch sort code
- Account number
- Combined Advice Note number
- Backing sheet number
- Backing sheet type
- Net amount payable

Passwords provided by the Collection Account are written on the Collection Account reports prior to faxing.

The details included in the Clearing Bank report are as follows:

- Payment Date
- Payment Party name
- Payment Party branch name
- Payment Party branch address
- Branch sort code
- Account number
- Advice Note number
- Backing sheet number
- Backing sheet type
- Net amount receivable

© ELEXON Limited 2012

2.2.20 Receive Payment Confirmations

Requirement ID:	Status:	Title:	Source:
FAA-R071	M	Receive Payment Confirmations	FAA SD 11.7 RETA SCH 4
Mechanism: Manual Telephone to authorised FAA personnel or fax – dependent on individual Collection Bank procedures Confirmatory reports produced from CHAPS terminal		**Frequency:** Daily	**FAA Interface Ref:** FAA-I016

Requirement:

The FAA will receive confirmation from the Collection banks that all funds due for the payment date (as advised by the FAA in the requirement 'Issue Bank Reports', FAA-R045) have been received and are available to be transferred to the Clearing account for distribution to creditors.

Information received will include:

- Collection Bank Name
- Payment Date
- Total amount received
- Confirmation that transfer to Clearing Account has been initiated

Not later than 16:00 hours on the Payment Date the FAA will take such action as is required to determine that all amounts have been credited to each Collection Account on behalf of each BSC Payment Party.

Not later than 16.00 hours the FAA will take such action as required to determine all amounts credited to each Collection Account on such Payment Date have been remitted to the Clearing Account.

© ELEXON Limited 2012

2.2.21 Receive Non-receipt Notifications

Requirement ID:	Status:	Title:	Source:
FAA- R072	M	Receive Non-receipt Notifications	FAA SD 7 FAA SD 11.2 RETA SCH 4
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual Telephone to authorised FAA personnel	As applicable	FAA-I017	

Requirement:

The FAA will receive details of any non-payments or any variance in the payments received from the Bank Advice Report, (Requirement 'Issue Bank Reports' FAA-R045).
The information received will include:

- Collection Bank Name
- Payment Date
- BSC Party
- Shortfall in funds received
- Deadline for resolution

© ELEXON Limited 2012

2.2.22 Issue Payment Default Notice

Requirement ID:	Status:	Title:	Source:
FAA-R073 as amended by P214	M	Issue Payment Default Notice	FAA SD 6.1 RETA SCH 4
Mechanism: Manual Telephone call by authorised FAA personnel and confirmatory letter	**Frequency:** Ongoing as applicable	**FAA Interface Ref:** FAA-I007	

Requirement:

The FAA will notify the BSCCo of any payment defaults. A payment default is deemed to have occurred if the Credit Cover provided by the defaulting Payment Party cannot cover any outstanding debt resulting from the non-payment of an Advice Note contained within a combined Advice Note.

The information will include:

- Payment Party name
- Payment Party ID
- Nature of default (payment)
- Shortfall exposure
- Calendar Payment Date of non-payment
- Payment Date of combined Advice Note
- Combined Advice Note number
- Advice Note Date
- Backing sheet number(s)
- Action taken
- Interest

© ELEXON Limited 2012

2.2.23 Issue Confirmation Notices

Requirement ID:	Status:	Title:	Source:
FAA-R046	M	Issue Confirmation Notices	FAA SD 11.7 RETA SCH 4
Mechanism: Manual Hard copy dispatched by post	**Frequency:** Daily (Per calendar Payment Date)	**FAA Interface Ref:** FAA-I003	

Requirement:

This requirement is retained for the purpose of issuing Confirmation Notices for Payment Dates prior to the P214 implementation date.

For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, the system will produce tax documents in the form of Confirmation Notices. A Confirmation Notice will be issued to every BSC Party and the BSCCo for each calendar Payment Date. The Confirmation Notice will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run.

Hard copy Confirmation Notices are dispatched by post within 2 Business Days of the calendar Payment Date subject to the receipt of Collection bank statements.

Specific details will include:

- Date of Issue
- BSC Party name
- BSC Party address
- BSC Party facsimile number
- BSC Party VAT country code (if applicable)
- VAT registration number (if applicable)
- Confirmation Notice number
- Backing sheet umber
- Calendar Payment Date
- Tax Point
    1. Settlement Date
    2. Settlement code
    3. Description
    4. Amount excluding VAT
    5. VAT rate
    6. VAT amount
    7. Total including VAT
    8. Total amount net of tax liabilities
    9. VAT statement (dependant on whether BSC Party is UK or non UK registered and whether paid or received).

© ELEXON Limited 2012

2.2.24 Issue Quarterly Statements

Requirement ID:	Status:	Title:	Source:
FAA-R052 as amended by P214	M	Issue Quarterly Statements	FAA SD 6.0

Mechanism:	Frequency:	FAA Interface Ref:
Manual csv data file and hard copy post	Quarterly and ad-hoc as requested	FAA-I010

Requirement:

Quarterly Statements will be provided to H.M. Customs & Excise detailing the following for each BSC Party:

- Settlement period
- BSC Party ID
- BSC Party name
- Settlement Date
- Settlement code
- Calendar Payment Date
- Payment Date
- Description
- Backing sheet number
- Combined Advice Note number
- Combined Confirmation Notice number
- Amount excluding VAT
- VAT amount
- Interest amount
- Income tax amount (only printed if non-zero)
- Total paid or received

The report will be sent to H.M. Customs & Excise in hard and soft copy format.
The report variables are as follows:

- Report type
  1. BSC billing
  2. All
- Start Payment Date
- End Payment Date
- All BSC Parties/Selected BSC Party(ies)

The Quarterly Statements will also be dispatched to the BSC Parties and confirmation requested as to the accuracy of the details provided.

© ELEXON Limited 2012

2.2.25 Issue VAT Quarterly Statements to BSCCo

Requirement ID: FAA-R052 (CP1078 Variation 068), as amended by P214	**Status:** M	**Title:** Issue VAT Quarterly Statements	**Source:** NA
Mechanism: Manual, tab delimited data file and hard copy by post	**Frequency:** Quarterly and ad-hoc as requested	**FAA Interface Ref:** FAA-I034	

Requirement:

Quarterly VAT Statements will be provided to BSCCo detailing the following for each VAT code:

- Payment Date
- Net inflow
- Net outflow
- Net flow
- Output VAT
- Input VAT
- Net VAT

The report can be run as;

- Report type
  1. BSC billing
  2. Disputes
  3. Defaults
  4. All
- Start Payment Date
- End Payment Date
- All BSC Parties/Selected BSC Party(ies)

The report can be produced in hard copy. A soft copy will also be made available in the form of a 'tab delimited data file' suitable for loading to MS-Excel

© ELEXON Limited 2012

2.2.26 Receive Credits & Debits

Requirement ID:	Status:	Title:	Source:
FAA-R053 as amended by CR 036	M	Receive Credits & Debits	FAASD9 RETA SCH 4
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Automatic Electronic Transfer	Daily as per payment calendar	FAA-I022	

Requirement:

The initial settlement run information is provided to the FAA in the form of a Credits and Debits report.

The system will load the data provided in the Credits and Debits report in order to create payments.

Data received will include:

- BSC Party Identifier
- Settlement Date
- Settlement Code
- Charge Type
    1. Administration Charge
    2. Energy Imbalance Cashflows
    3. Information Imbalance Charge
    4. Non Delivery Charge
    5. Residual Cashflow Reallocations
    6. BM Payments
    7. System Operator Charges
- Amount (£)

The main validation check performed on the data is that the net total of each file is zero, i.e. credit total = debit total. The BSC defines a maximum allowable tolerance on any difference between debits and credits.

If there are any problems with the data, the FAA will liaise with the SAA and inform the BSCCo of any actions taken.

© ELEXON Limited 2012

2.2.27 Receive Revised Credits & Debits

Requirement ID:	Status:	Title:	Source:
FAA-R054 as amended by MP61	M	Receive Revised Credits & Debits	FAASD9 RETA SCH 4
Mechanism: Automatic Electronic Network	**Frequency:** Daily as per Payment Calendar		**FAA Interface Ref:** FAA-I023

Requirement:

The reconciliation settlement run information and where applicable the Post Final Settlement Run information is provided to the FAA in the form of a Revised Credits and Debits report.

The system will load the data provided in the Revised Credits and Debits report in order to create payments.

Data received will include:

- BSC Party Identifier
- Settlement Date
- Settlement Code
- Charge Type
    1. Administration Charge
    2. Energy Imbalance Cashflows
    3. Information Imbalance Charge
    4. Non Delivery Charge
    5. Residual Cashflow Reallocations
    6. BM Payments
    7. System Operator Charges
- Revised Amount (£)

© ELEXON Limited 2012

2.2.28 Receive Extra Settlement Determination Data

Requirement ID:	Status:	Title:	Source:
MP61	M	Extra Settlement Determination Data	BSCCo
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual E-mail	As applicable	FAA-I037	

Requirement:

The Extra Settlement Determination Data is provided to the FAA in the form of a list of BSC Parties (Affected Parties) that the ESD amounts are to be recovered from and the BSC Party (Receiving Party) to whom the ESD will be paid. The list will include Party IDs and amounts involved.

Further instruction will be provided by BSCCo to recover the ESD amount from the Receiving Party and pay that amount to the Affected Parties. BSCCo will provide instructions to calculate an interest payment payable by the Receiving Party to the Affected Parties based on the BSC Banker Rate.

2.2.29 Issue Payment Date Exception Report

Requirement ID:	Status:	Title:	Source:
FAA-R055	M	Issue Payment Date Exception Report	NA
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual	On-going as applicable	FAA-I032	

Requirement:

The FAA will notify the BSCCo if the funds transfer process for a payment date has been unsuccessful. The funds transfer process would be deemed unsuccessful if the funds have not been transferred to the BSC creditors for same day value or if any of the Collection Accounts have not transmitted the incoming funds to the Clearing Account.

Information provided will include the following:

- Payment Date
- Exception Details

© ELEXON Limited 2012

2.2.30 Pay Reserve Account Interest

Requirement ID:	Status:	Title:	Source:
CR 034	M	Pay Reserve Account Interest	BSC Section N 4.6.3 (a)
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual	Quarterly	FAA-	
Requirement:			
The FAA will pay quarterly from the Reserve Account interest to each BSC Party attributable to their cash share credited to the account. Advice Notes will also be produced and dispatched to the BSC Parties.			

2.2.31 Obtain Tax Quarters

Requirement ID:	Status:	Title:	Source:
FAA-R084	M	Obtain Tax Quarters	NA
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual Media	Ongoing as applicable	NA	
Requirement:			
The FAA shall obtain details of the last Payment Dates associated with Quarter Dates and will update the NETA Funds Transfer System accordingly. Notification of changes to the Quarter Dates will be obtained from media notification. The information entered into the system is as follows: • Last Payment Date associated with Quarter Date			

© ELEXON Limited 2012

2.2.32 Issue Combined Advice Notes

Requirement ID:	Status:	Title:	Source:
FAA-R085	M	Issue Combined Advice Notes	NA
Mechanism: Email	**Frequency:** Following threshold breach, or as manually triggered		**FAA Interface Ref:** FAA-I038

Requirement:

Combined Advice Notes are issued to relevant Payment Parties following an Advice Note Threshold Limit or time threshold breach. Combined Advice Notes are emailed to the Payment Party in Portable Document Format.

The combined Advice Note will include the following detail lines:

- Payment Party name
- Payment Party address
- Payment Party facsimile number
- Payment Party email address
- Combined Advice Note number
- Reason for threshold breach
- Advice Note Threshold Limit
- Backing sheet number that breached Advice Note Threshold Limit (if applicable)
- Advice Note Date
- Payment Date
- Total amount payable/receivable net of tax liabilities, aggregate of Trading Charges, Default charges and Ad-Hoc Charges

  For each Trading Charges Advice Note detail item:
  1. Backing sheet number
  2. Calendar Payment Date
  3. Settlement Date
  4. Settlement code
  5. Description
  6. Net amount excluding VAT per Settlement Run
  7. Total including VAT per Settlement Run

- Trading Charge subtotal including VAT

  For each Default Advice Note detail item:
  1. Backing sheet number
  2. Calendar Payment Date
  3. Affected Date
  4. Defaulting Party
  5. Amount in Default
  6. Description
  7. Net amount excluding VAT per Default Share Amount
  8. Total including VAT per Default Share Amount

- Default Charge Subtotal Including VAT

© ELEXON Limited 2012

For each Ad-Hoc Charge Advice Note detail item:

1. Backing sheet number
2. Calendar Payment Date
3. Dispute Run Number
4. Description
5. Net amount Excluding VAT per dispute run
6. Total including VAT per dispute run

- Ad-Hoc Charge Charge subtotal including VAT

The combined Advice Note will also include a separate section, detailing the following VAT information:

- For each Trading Charges Advice Note detail item
  1. VAT amount payable details:
     - Backing sheet number
     - VAT code
     - Description
     - Trade value
     - VAT rate
     - VAT amount
     - Total including VAT
  2. VAT amount receivable details:
     - Backing sheet number
     - VAT code
     - Description
     - Trade value
     - VAT rate
     - VAT amount
     - Total including VAT
- Trading Charge VAT amount payable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT
- Trading Charge VAT amount receivable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT

- For each Default charges Advice Note detail item
  1. VAT amount payable details:
     - Affected Date
     - Backing sheet number
     - VAT code
     - Description
     - Trade value
     - VAT rate
     - VAT amount
     - Total including VAT
  2. VAT amount receivable details:
     - Affected Date
     - Backing sheet number

© ELEXON Limited 2012

- VAT code
- Description
- Trade value
- VAT rate
- VAT amount
- Total including VAT

- Default charge VAT amount payable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT
- Default charge VAT amount receivable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT
- For each Ad-Hoc Charge Advice Note detail item
  1. VAT amount payable details:
     - Backing sheet number
     - VAT code
     - Description
     - Trade value
     - VAT rate
     - VAT amount
     - Total including VAT
  2. VAT amount receivable details:
     - Backing sheet number
     - VAT code
     - Description
     - Trade value
     - VAT rate
     - VAT amount
     - Total including VAT
- Ad-Hoc Charge VAT amount payable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT
- Ad-Hoc Charge VAT amount receivable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT
- Trading Charge, Default charge and Ad-Hoc Charge grand totals for
  1. VAT amounts payable:
     - Trade value
     - VAT amount
     - Total including VAT
  2. VAT amounts receivable:
     - Trade value
     - VAT amount
     - Total including VAT

© ELEXON Limited 2012

2.2.33 Issue Default Statements

Requirement ID:	Status:	Title:	Source:
FAA-R086	M	Issue Default Statements	NA
Mechanism: Email	**Frequency:** Following threshold breach, or as manually triggered		**FAA Interface Ref:** FAA-I039

Requirement:

The Default Statements provide supporting documentation relating to the combined Advice Note, in particular details of Default charges.

The statements are emailed in Portable Document Format.

The details included on the statements will include the following:

- Combined Advice Note number
- Payment Date (for Default charges only)
- Payment Party name
- Default charge details
- Details of Default:
  1. Affected Date
  2. Defaulting Party
  3. Amount in Default
- Details of Default Share Amount:
  1. Amount excluding VAT
  2. VAT
  3. Amount including VAT
  4. Non-VATable share
  5. Interest
  6. Total amount payable/receivable net of tax liabilities

© ELEXON Limited 2012

2.2.34 Issue Combined Confirmation Notices

Requirement ID:	Status:	Title:	Source:
FAA-R087	M	Issue Combined Confirmation Notices	NA
Mechanism:	**Frequency:**		**FAA Interface Ref:**
Email	Per Payment Date		FAA-I040

Requirement:

The system will produce tax documents in the form of combined Confirmation Notices. A combined Confirmation Notice will be required for BSC Parties that have breached threshold, and the BSCCo, per Payment Date. The Combined Confirmation Notice will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run.

Combined Confirmation Notices are emailed in Portable Document Format to the BSC Party, within 2 Business Days of the Payment Date, subject to the receipt of Collection bank statements.

Specific details will include:

- Date of Issue
- BSC Party name
- BSC Party address
- BSC Party facsimile number
- BSC Party email address
- BSC Party VAT non-liability statement (if applicable) – "The BSC Party is not liable to VAT and must account for VAT"
- BSC Party VAT registration number and two digit country code
- Combined Confirmation Notice number
- Combined Advice Note number
- Payment Date
- Total amount payable/receivable net of tax liabilities

1. For each Trading Charges Advice Note detail item:
   - Backing sheet number
   - Calendar Payment Date
   - Settlement Date
   - Settlement code
   - Description
   - Net amount excluding VAT per Settlement Run
   - VAT amount
   - Total including VAT per Settlement Run

2. Trading Charges subtotal including VAT

3. For each Default charges Advice Note detail item:
   - Backing sheet number
   - Calendar Payment Date
   - Affected Date

© ELEXON Limited 2012

- Defaulting Party
- Amount in Default
- Description
- Net amount excluding VAT per Default Share Amount
- VAT Amount
- Total including VAT per Default Share Amount

4. Default Charges Subtotal Including VAT

5. For each Ad-Hoc Charges Advice Note detail item:
   - Backing sheet number
   - Calendar Payment Date
   - Dispute run number
   - Description
   - Net amount excluding VAT per dispute run
   - VAT amount
   - Total including VAT per dispute run

6. Ad-Hoc Charges subtotal including VAT

The combined Confirmation Notice will also include a separate section, detailing the following VAT information:

- For each Trading Charges Advice Note detail item
  1. VAT amount payable details:
     - Backing sheet number
     - VAT code
     - Description
     - Trade value
     - VAT rate
     - VAT amount
     - Total including VAT
  2. VAT amount receivable details:
     - Backing sheet number
     - VAT code
     - Description
     - Trade value
     - VAT rate
     - VAT amount
     - Total including VAT
- Trading Charge VAT amount payable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT
- Trading Charge VAT amount receivable subtotals of
  1. Trade value
  2. VAT amount
  3. Total including VAT

- For each Default charges Advice Note detail item

© ELEXON Limited 2012

1. VAT amount payable details:
    - Affected Date
    - Backing sheet number
    - VAT code
    - Description
    - Trade value
    - VAT rate
    - VAT amount
    - Total including VAT
2. VAT amount receivable details:
    - Affected Date
    - Backing sheet number
    - VAT code
    - Description
    - Trade value
    - VAT rate
    - VAT amount
    - Total including VAT

- Default charge VAT amount payable subtotals of
    1. Trade value
    2. VAT amount
    3. Total including VAT
- Default charge VAT amount receivable subtotals of
    1. Trade value
    2. VAT amount
    3. Total including VAT

- For each Ad-Hoc Charge Advice Note detail item

1. VAT amount payable details:
    - Backing sheet number
    - VAT code
    - Description
    - Trade value
    - VAT rate
    - VAT amount
    - Total including VAT
2. VAT amount receivable details:
    - Backing sheet number
    - VAT code
    - Description
    - Trade value
    - VAT rate
    - VAT amount
    - Total including VAT

- Ad-Hoc Charge VAT amount payable subtotals of
    1. Trade value
    2. VAT amount
    3. Total including VAT
- Ad-Hoc Charge VAT amount receivable subtotals of
    1. Trade value

© ELEXON Limited 2012

2. VAT amount
3. Total including VAT

- Trading Charge, Default charge and Ad-Hoc Charge grand totals for

1. VAT amounts payable:
   - Trade value
   - VAT amount
   - Total including VAT
2. VAT amounts receivable:
   - Trade value
   - VAT amount
   - Total including VAT

2.2.35 Issue Ad-Hoc Statements

Requirement ID: FAA-R088	**Status:** M	**Title:** Issue Default Statements	**Source:** NA
Mechanism: Email	**Frequency:** When an Ad-Hoc Charge occurs, or following threshold breach, or as manually triggered	**FAA Interface Ref:** N/A	

Requirement:

The Ad-Hoc Statements provide supporting documentation relating to the combined Advice Note, in particular details of Ad-Hoc charges.

The statements are emailed in Portable Document Format.

The details included on the statements will include the following:

- Payment Party name
- Payment Party address
- Dispute reference
- Dispute amount
- Calendar Payment Date
- Payment Party/Charge Type total
- Payment Party's percentage take
- Interest amount
- Settlement Run details:
  1. Settlement period
  2. Run type

© ELEXON Limited 2012

2.3 Non-functional Requirements

2.3.1 Audit Requirements

Requirement ID:	Status:	Title:	Source:
FAA-R056	M	Audit Requirements	NA
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Automatic	All business transactions	NA	

Requirement:

- All trading data received by the FAA from the SAA shall be retained and not physically deleted. Multiple versions of the data will be supported so that both the original information and any subsequent corrections are stored separately.
- The FAA will maintain an audit trail of when information from the SAA was received and when the information was processed. It shall be possible to identify what combination of data has been received and loaded into the system as the input to each individual billing run.
- All business data transmitted to external parties by the FAA will be retained and not deleted. Multiple versions of the data shall be supported, for instance so that the results of billing calculations in successive settlement runs for the same settlement date are available individually.
- Any billing data that is manually entered, modified or deleted by operators of the system will be time stamped to record the time the transaction occurred and the identity of the operator who performed the transaction shall be recorded. This audit information will be available for inspection by a suitably authorised party.
- The FAA shall ensure that all output reports will be time stamped and will display the identity of the system operator by whom the report was produced.
- The FAA shall ensure that all other reports required for audit purposes will be retained. This includes bank statements, Businessmaster reports, reconciliation control sheets and BSC Party requests to change standing data.
- The FAA will ensure that all printed reports that are no longer required for billing or audit purposes are securely destroyed.

© ELEXON Limited 2012

2.3.2 Security Requirements

Requirement ID:	Status:	Title:	Source:
FAA-R057	M	Security Requirements	NA
Mechanism: Manual and Automatic	**Frequency:** As required		**FAA Interface Ref:** NA

Requirement:

- All premises used by the FAA in connection with provision of the service shall be made secure in that only suitably authorised persons may obtain entry. The entry of visitors to the premises will be suitably authorised and their access to parts of the site controlled thereafter. Both the normal and disaster recovery sites shall have sufficient provision to ensure that the security of the buildings is not compromised outside standard working hours.

- Key elements of the infrastructure used to support the service such as computer server hardware, power supplies and other essential physical equipment will be subject to further physical restrictions such that they are only accessible to suitable authorised personnel. Such hardware shall be further protected by specialist mechanisms.

- The bespoke computer applications used to support the service shall be subject to entry of a secure username and non-displayed password before access to any data or function relevant to the service is possible by an operator. Passwords will be updated through procedural means on a regular basis.

- The banking software utilised to transfer BACS and CHAPS payments to the BSC creditors and collect direct debit payments from the BSC debtors will be subject to the Barclays Bank inherent security measures. These include the following:
  1. Entry of 6-character user PIN. The user is prompted to change the PIN on a regular basis every 28 days.
  2. Entry of user ID and non-displayed alphanumeric password. The password must be a minimum of 8 characters in length. The user is requested to change the password on a regular basis every 28 days
  3. In order to transmit a CHAPS payment, three suitably authorised persons are required. To transmit a BACS payment or collect a direct debit, two suitably authorised persons are required. Two separate individuals are required to make any CHAPS, BACS or Direct Debit standing data changes. These two individuals can play no part in the collection or transmission of funds.

- The bespoke system supporting the service shall be configurable such that individual functions are available only to authorised categories of user. It shall be possible furthermore to configure the systems such that a user with restricted security privileges can access the data on a read-only basis.

- The FAA shall monitor any attempts to breach the physical and logical security of the system and report any such occurrences to the BSCCo When any such attempt is discovered, the FAA shall endeavour to identify the nature of the breach and to ascertain whether the existing controls are adequate.

© ELEXON Limited 2012

- The FAA shall use a secure communications infrastructure for transfer of data to the BSC parties and for receipt of data from the SAA. The infrastructure must support the following:
  1. Authentication: a mechanism to verify that the parties on either side of the data link are who they claim to be.
  2. Privacy: a mechanism to ensure that transmitted content is not read or intercepted by unauthorised recipients.
  3. Integrity: a mechanism to verify that transmitted data is received in an unchanged state.

2.3.3 Operational Control

Requirement ID: FAA-R058	**Status:** M	**Title:** Operational Control	**Source:** NA
Mechanism: Manual and Automatic	**Frequency:** As required	**FAA Interface Ref:** NA	

Requirement:

Operation control procedures are likely to include the following:

- It shall be possible for suitably authorised users of the system to have control over the loading of data files from external parties. This will include the functionality to move and copy data files between directories.
- The contents of an inbound data file shall be viewable by an operator both before and after the file has been loaded into the system.
- In the event of data loading errors caused by problems with standing data (e.g. BSC Party registration data) it will be possible to re-load the information once these errors have been corrected (e.g. after consultation with the CRA service provider).
- It will be possible to configure the system such that reports are either automatically scheduled for release to their recipient destinations, or released only by specific intervention of an operator.
- Any report file shall be inspectable by a suitably privileged operator either before or after it has been made available to its recipient.
- It shall be possible to cause individual batch and report processes to be initiated either on demand, at a pre-scheduled date and time, or to repeat automatically at a periodic interval.
- It shall be possible for an operator to monitor the progress of any individual batch or report process, for instance to review any informational or warning logs generated by the process.
- It shall be possible for operators to cancel any scheduled batch or report process, or

© ELEXON Limited 2012

kill any individual process while it is running, such that updates to the data are rolled back and not committed.

- The initiation of a batch or report process shall not prevent operators from performing other tasks within the system using the same workstation, i.e. they are not required to wait for the batch or report process to complete before they can proceed to use other system functions.

- It shall be possible to configure the system such that individual batch or report processed run automatically as a result of successful completion of other automated tasks. For instance, if appropriate, the successful completion of one batch process could automatically trigger a report based on data created by that batch process.

- Reports containing data will be made available in a machine-readable format. A definition of a standard physical file convention shall be established as part of the Interface Definition and Design Specification.

- Suitably authorised operators of the system shall be able to obtain printed copies of any report.

- Operators of the system shall be able to obtain printed copies of any data that they are able to display via the user interface, given their security privileges. This includes snapshots of any screens to which they have access and a print of data which they may have selected via a query on a data maintenance screen.

- Operators of the system shall be able to save to a text file copies of any data which they may have selected utilising a query tool. The text file will include the data in a simple comma separated format compatible with standard desktop tools such as spreadsheets.

- The FAA shall ensure that any manually entered data is duly checked and authorised. As detailed in the audit requirements, information relating to the manual input of data is stored within the system. Where data is input manually, the FAA shall use reasonable endeavours to ensure that the quality of the data is not compromised in any way. The exact mechanism to ensure this is conducted will be developed in detail in the Design Specification.

- The FAA shall carry out validation of all data input so as to ensure that the data is, as far as practicable, complete and consistent.

- Operational controls surrounding the transfer and management of funds are detailed in the FAA's Financial Procedures Manual, and include segregation and separation of duty and stringent procedures surrounding authorised signatories.

© ELEXON Limited 2012

2.3.4 Euro Compliance

Requirement ID:	Status:	Title:	Source:
FAA-R059	M	Euro Compliance	NA
Mechanism: Manual and Automatic	**Frequency:** As required	**FAA Interface Ref** NA	
Requirement: The FAA system and services shall be Euro Compliant in accordance with legal requirements applicable in England. Euro-compliance functionality shall not be used prior to the Go-live date.			
Issues: The complete definition of Euro compliance requirements relating to NETA is not yet specified.			

2.4 Service Requirements

2.4.1 Backup and Recovery Requirements

Requirement ID:	Status:	Title:	Source:
FAA-R060	M	Backup and Recovery Requirements	NA
Mechanism: Manual and Automatic	**Frequency:** On-going as detailed below	**FAA Interface Ref:** NA	

Requirement:

- The FAA shall run and record successful completion of daily backup procedures for all on-line databases and maintain a backup log.
- The FAA will ensure that each backup is identified and held on appropriate media, labelled accurately and clearly.
- The FAA will ensure that all backups are secured in two locations (one off-site) in fire proof and flood proof safe environments, appropriate to the type of backup.
- The FAA shall ensure that backup and recovery procedures do not prejudice scheduled operations and are timed to minimise the risks of data loss.
- The FAA shall ensure that backup recovery times are compatible with service availability requirements.
- The FAA shall ensure that all data and software (e.g. Barclay software and standing data) necessary to support the Services are backed up at regular intervals.
- The FAA will, at regular intervals, not exceeding three months, ensure that the backup files could be restored if required.

© ELEXON Limited 2012

2.4.2 Archiving Requirements

Requirement ID:	Status:	Title:	Source:
FAA-R061	M	Archiving Requirements	NA
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual	As required	NA	

Requirement:

- The FAA shall identify each archive and ensure that all archives are held on appropriate media, labelled accurately and clearly. All items should contain their original creation date and the date of archive.

- The FAA shall ensure that all archives are secured in an off-site location in fireproof and flood proof safe environments, appropriate to the type of archive media.

- The FAA will ensure that all archived material is retained and retrievable, in accordance with the following:
  1. On-line access must be available within 5 minutes for data up to one month old;
  2. On-line access must be available within 24 hours for data up to one year old;
  3. On-line access must be available within one week for data up to seven years old.

- Database archive strategy will be documented once the physical design document has been produced.

© ELEXON Limited 2012

2.4.3 Resilience Requirements

Requirement ID: FAA-R062 as amended by P214	**Status:** M	**Title:** Resilience Requirements	**Source:** NA
Mechanism: Manual and Automatic	**Frequency:** NA	**FAA Interface Ref:** NA	

Requirement:

- The FAA shall ensure that systems and services are sufficiently resilient such that they support the agreed service levels required to deliver payment runs as specified in the Payment Calendar.

- The FAA will ensure that contingency arrangements are in place to support the above statement. These will include the following:

  1. Manual data entry facility.
     If the data files cannot be loaded into the system, trading details for each of the BSC Parties can be manually input.

  2. Back-up system on site.
     If the main system is unavailable, the back-up system, which is restored with the main system backup every night (and is therefore only 'one day behind') could be utilised.

  3. Offsite system access.
     If access to the business premises is denied, the FAA have a comprehensive Disaster Recovery plan in place which involves relocating to the Disaster Recovery site where all the required hardware and software will be available.

  4. Manual faxing facilities.
     The BSC Party reports can be manually faxed when the email of electronic Advice Notes facility is unavailable.

  5. Alternate funds transfer arrangements.
     If the Barclays Bank software is not available, the FAA has an agreement in place whereby the Bank will arrange to make the payments to the BSC Parties upon receipt of duly authorised instructions from the FAA.

© ELEXON Limited 2012

2.4.4 Volumetric Requirements

Requirement ID: FAA-R063	**Status:** M	**Title:** Volumetric Requirements	**Source:** NA
Mechanism: Manual and Automatic	**Frequency:** As required	**Volumes:** As below	**FAA Interface Ref:** NA

Requirements:

The following tables provide indicative volumetric details and are for information only:

Assumption	Volumes		
	Low	Average	High
BSC Parties	100	200	300

Transaction	Explanation	Volumes		
		Low	Average	High
Aggregated Debits/Credits per day	5 Settlement Runs 1 Initial Settlement Run 4 Reconciliation Settlement Runs (3 after Bank Holidays etc)	500 1500	1000 3000	1500 4500
Advice Notes produced per day	One Advice Note per Payment Party per calendar Payment Date	100	200	300
Statements produced per day	One statement per Payment Party per Payment Date	100	200	300
Confirmation Notices per day	One confirmation notice per BSC Party per payment date	100	200	300
Combined Advice Notes produced	Following threshold breaches	1 per tax quarter	Unknown	300 per day
Threshold Default Statements produced	Following threshold breaches	1 per tax quarter	Unknown	300 per day
Combined Confirmation Notices produced	Following threshold breaches	1 per tax quarter	Unknown	300 per day
Payment to BSC Creditors per day	50% net debtors 50% net creditors One payment per creditor per Payment Date (assuming an Advice Note Threshold Limit of £500)	10	75	150

© ELEXON Limited 2012

2.4.5 Reports on FAA Performance

Requirement ID:	Status:	Title:	Source:
FAA-R074	M	Reports on FAA Performance	Schedule 3
Mechanism: Manual. E-mail	**Frequency:** Monthly		**FAA Interface Ref:** NA

Requirement:

The FAA shall provide a report on the FAA performance to the BSCCo on a monthly basis.

The report will include the following information:

- Daily Activities
  1. Incidents of late/non billing
  2. Incidents of late/non payment of sums due to BSC creditors
  3. Details of credit cover issues and concerns
  4. Details of banking issues and concerns

- Help Desk Facility
  1. Problems logged and severity levels allocated
  2. Total number of calls received
  3. Confirmations of calls resolved within agreed response time
  4. Details of calls escalated
  5. Call sign-off dates
  6. Summary of outstanding problems

The FAA shall provide a report on the FAA performance to the BSCCo on an annual basis.

The report will include the following information:

- Payment Calendar
  1. Successful production of the Payment Calendar by 15 January each year
  2. Successful publication of the Payment Calendar by 31 January each year

Issues:

© ELEXON Limited 2012

2.4.6 Problem Management

Requirement ID:	Status:	Title:	Source:
FAA-R075	M	Problem Management	Schedule 3
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual Help Desk Facility	On-going as applicable	NA	

Requirement:

The FAA shall establish and operate a Help Desk to receive notification of, investigate, manage and resolve any Incidents. The FAA Help Desk facility must be available on working days between the hours of 9:00 a.m. and 5:00 p.m.

The Help Desk will include:

- Logging of Incidents within appropriate agreed timescales
- Allocating appropriate severity levels to each Incident
- Maintaining an audit trail of each Incident detailing actions taken and resolution times
- Operating a call back and progress reporting mechanism
- Operating a mechanism to advise affected users of any break in service and the likely duration

Issues:

2.4.7 Invest Credit Cover

Requirement ID:	Status:	Title:	Source:
FAA-R076	M	Invest Credit Cover	FAA SD 6.2
Mechanism:	**Frequency:**	**FAA Interface Ref:**	
Manual	Ad-hoc	FAA-I038	

Requirement:

1. The FAA will seek to maximise return on the cash deposits held in the Reserve Account by the following means:

   (a) At its own discretion, the FAA may instruct the BSC Banker to place amounts as it may determine from the Reserve Account into an Overnight Deposit with the BSC Banker for the purposes of earning interest.

   (b) Upon instruction from BSCCo, the FAA shall, by 14:00 on the same Working Day as receiving the instruction, instruct the BSC Banker to place such amounts as determined by BSCCo into an Investment Account.

2. The FAA will consider any return as being part of the overall interest determined for the Reserve Account.

Issues:

© ELEXON Limited 2012

3 PROCESS OVERVIEW

3.1 Project Context

The diagram below is an indicative representation of the FAA process overview. It is not intended to be exhaustive.

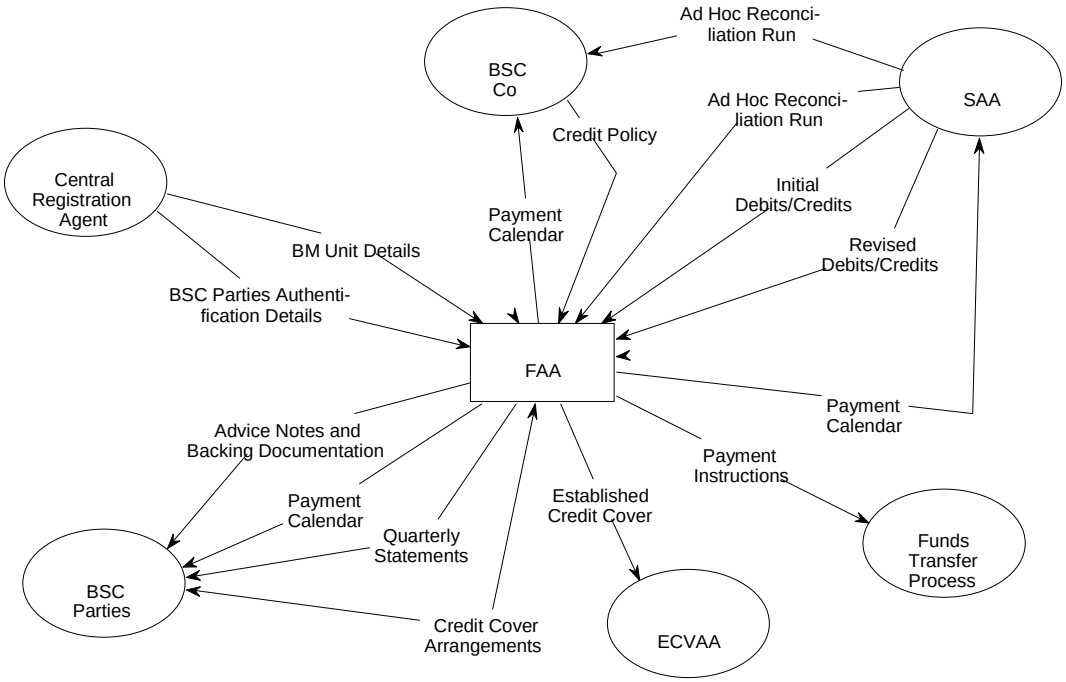

Figure 1- Context Diagram

© ELEXON Limited 2012

3.2 High Level Dataflows and Events

This section describes the main flows of data that cross into or out of the FAA system.

3.2.1 Advice Notes & Supporting Documentation

This dataflow is retained for historical purposes, and is superseded by Modification Proposal P214.

From:	FAA
To:	Payment Parties
Frequency:	One Advice Note covering Initial Settlement and all reconciliations, per Payment Party per Payment Date
Event:	Produced by FAA at each Billing Run

Notification advising a Payment Party of the amount they owe or are owed, for specified Settlement Days.

Supporting documentation is provided in the form of "statements" containing a breakdown of the Advice Note Trading Charges by Settlement Run and by charge type. In the case of revised or Reconciliation Settlement Runs, amounts notified in the immediately preceding billing run are also detailed.

3.2.2 Combined Advice Notes & Supporting Documentation

From:	FAA
To:	BSC Parties
Frequency:	Combined Advice Notes covering Initial Settlement and all reconciliations, Default charges and Ad-Hoc Charges, per Payment Party
Event:	Produced by FAA following a threshold breach by a Payment Party. The threshold may be manually overridden.

Notification advising a Payment Party of the amount they are due to pay to the FAA or receive from the FAA on a specific Payment Date, for specified Settlement Days, Defaults and Ad-Hoc Charges.

Supporting documentation is provided in the form of "statements", containing a breakdown of the Advice Note Trading Charges by Settlement Run and by charge type, a breakdown of the Default details, or a breakdown of the Ad-Hoc Charge details.

3.2.3 Initial Debits/Credits

From:	SAA
To:	FAA
Frequency:	Per Settlement Run
Event:	Sent by SAA according to Payment Calendar

© ELEXON Limited 2012

Data files containing monetary trade details for each BSC party for a Settlement Date. Each file will contain BSC Party information for a single settlement day / settlement code combination. The overall sum of all debit and credit trades will net to zero.

3.2.4 Revised Debits/Credits

From:	SAA
To:	FAA
Frequency:	Per Reconciliation Settlement Run
Event:	Sent by SAA according to Payment Calendar

Data files containing revised monetary trade details for each BSC Party. Each file will contain revised BSC Party information for a single settlement day / reconciliation settlement code combination. The overall sum of all debit and credit adjustments trades will net to zero.

3.2.5 Payment Instructions

From:	FAA
To:	Funds Transfer Process (via FAA staff)
Frequency:	Per Payment
Event:	BSCCo Billing Run

The FAA System produces a report used by FAA to manually enter payment instruction details into a separate system for Funds Transfers; Barclays CHAPS and Businessmaster.

3.2.6 Payment Calendar Interface

From:	FAA
To:	Payment Parties, SAA and BSCCo
Frequency:	Per financial year
Event:	Financial year.

Provides calendar Payment and Notification Dates for each Initial Settlement Run for the forthcoming financial year. Includes calendar Payment and Notification Dates for each Reconciliation Settlement Run whose calendar Payment Date falls within the generated payment period.

3.2.7 Credit Limit

From:	BSC Parties
To:	FAA
Frequency:	Ad Hoc
Event:	Calculation of Energy Credit Cover (ECC)

Details of the Credit Limit are supplied to enable (re) calculation of the Energy Credit Cover.

© ELEXON Limited 2012

3.2.8 Energy Credit Cover

From: FAA
To: ECVAA, BSC Party
Frequency: Ad Hoc
Event: On (re) calculation of the Energy Credit Cover (ECC)

The Energy Credit Cover is determined using the data supplied by the BSCCo and the BSC Party. Once the credit cover (£) provided by the BSC Party is sufficient for the ECC (MWh), the ECVAA is notified of the ECC.

3.2.9 BM Unit Details

From: CRA
To: FAA
Frequency: Ad Hoc
Event: Sent by the Central Registration Agent as required

Provides BM Unit Credit Assessment Import Capability (BMCAIC) and BM Unit Credit Assessment Export Capability (BMCAEC) values per BSC Party.

3.2.10 Credit Policy

From: BSCCo
To: FAA
Frequency: Ad Hoc
Event: Market Start-up or when the Credit Policy is amended

Principally provides the values for Credit Cover Contract Duration (CCCD), Credit Cover Contract Physical Duration (CCPD), Credit Assessment Purchase Price (CAPP) and Credit Assessment Sale Price (CASP). The Credit Policy also provides instructions for securitising trades and the calculation and usage of Credit Cover.

© ELEXON Limited 2012

4 USER ROLES & ACTIVITIES

The following table describes the user roles, which will support the day to day operation of the FAA service.

ROLE	ACTIVITIES
System Administrator	Database management Specific aspects of system configuration User account and security management
Billing Operations Manager	Management of operators Management of standing data updates Co-ordination of creation of the payment calendar Management of planned operational activities to meet Payment Calendar timescales and service level requirements Creation of management information reports Support for communication with external parties
Billing Operator	Performance of procedures to monitor receipt and processing of debit and credit amounts from SAA. Performance of procedures to initiate and monitor billing runs and reports. Effect the transfer of funds. Second level support for ad hoc queries raised by external parties
Help Desk Operator	First level support for ad hoc queries raised by external parties. Note that the Help Desk facility shall be shared by more than one service provision.
Auditor	There shall be a specific user security configuration, which allows an external auditor to review data within the system, but prevents the initiation of batch processes or logical edits to business data.

These roles and activities will be refined and developed in more detail during detailed business process definition.

© ELEXON Limited 2012

The following parties are associated with the FAA business processes in the wider context, and may thus be considered as "users" of the service. The detailed functional requirements and data interfaces necessary to support these parties are described earlier in this document.

ROLE	SUMMARY OF ACTIVITIES RELATED TO FAA
BSCCo	Receives summary financial reports from FAA at periodic intervals (daily, weekly, monthly) and notified of expected and unexpected VAT Imbalances, to be paid / received to / from BSC Clearer.
BSC Party	Establishes Credit Cover with the FAA. Receives detailed Advice Notes and Statements (Backing documentation), Confirmation Notices daily from the FAA.
CRA	Provides authentication and registration details for BSC Parties data to the FAA.
ECVA	Receives credit limit data and contract notifications for each BSC Party. Provides total energy contract volume associated with each energy account and settlement period.
Customs and Excise	Receives Quarterly reports from FAA detailing VAT information for each BSC Party
Inland Revenue	Provides details of current and historic income tax rates to the FAA
Credit Rating Agencies	Provides initial credit rating information for each BSC Party to the FAA
Collection Bank	Provides confirmation that all funds due for the payment date have been received and are available for clearing.
BSC Banks	Provides details of current and historic Base Rates to the FAA
Settlement Administration Agent (SAA)	Provides debit/credit instructions in order to perform funds clearance. Provides payment calendar annually.

© ELEXON Limited 2012

APPENDIX I ASSUMPTIONS

The URS is based upon a number of assumptions. These assumptions relate to the main areas of the service identified within the FAA service description. These areas are:

- Daily Settlement processing;
- Funds Transfer;
- Payment Calendar; and
- Non process specific

Daily Settlement Processing

1. Settlement data files will be received from one source; the SAA.
2. All trading values received will be financial.
3. One data file will be received per Settlement Run as per the FAA Payment Calendar. For example, if the FAA were processing the Settlement Runs detailed below, a total of seven files would be received from the SAA:

Settlement Date	Settlement Code	Notification Date	Calendar Payment Date
7th April 2000	SF	4th May 2000	9th May 2000
8th April 2000	SF	4th May 2000	9th May 2000
9th April 2000	SF	4th May 2000	9th May 2000
13th March 2000	R1	4th May 2000	9th May 2000
10th January 2000	R2	4th May 2000	9th May 2000
28th September 1999	R3	4th May 2000	9th May 2000
11th March 1999	RF	4th May 2000	9th May 2000

4. Information will be supplied for each charge type for each Payment Party in the data file from the SAA, even if the value for the charge type is zero.
5. For Payment Calendar processing purposes, there will be an Initial Settlement Run and four subsequent scheduled Reconciliation Settlement Runs per Settlement Day.
6. Each Initial Settlement Run and Reconciliation Settlement Run will net to zero; i.e. the sum of the reconciliation debtors will equal the sum of the reconciliation creditors.
7. The facility to perform non-scheduled (ad-hoc) reconciliations will be required.
8. FAA will not receive GSP Group information, the subsequent split between 'corrected' and 'non-corrected' data or separate 100kW information from the SAA and therefore will not process or report information at these levels.
9. Within the FAA system, Payment Parties will have one unique identifier and will not be classed by trading type i.e. Generator or Supplier.

© ELEXON Limited 2012

10. BSC Parties can change between net debtors and net creditors across Settlement Runs.

11. The number of charge types may increase up to a maximum of 20 charge type categories.

12. The functionality to calculate reconciliation adjustments for each of the charge types is required.

13. Codes will be allocated to each of the charge types.

14. One Advice Note will be produced per Payment Party per calendar Payment Date.

15. Interest will be applied to the reconciliation adjustment amounts payable or receivable, and this interest will be calculated on a compound daily basis in respect of the period from (and including) the initial calendar Payment Date up to (but not including) the current reconciliation calendar Payment Date by applying the BSC Banker's Base Rate:

    (a) As prevailing at 00.00 hours on the relevant day on a daily basis up to (but not including) the Advice Note Date; and
    (b) As prevailing at 00.00 hours on the Advice Note Date on a daily basis up to (but not including) the current reconciliation calendar Payment Date.

16. The FAA will be requested to process, on average, an additional four Reconciliation Settlement Runs (ad-hoc reconciliation runs) per Settlement Date.

17. If the Initial (SF) data is unavailable, the FAA will manually input alternate data provided by the BSCCo or postpone the run until the data is available. Scheduled Reconciliation Settlement Runs for which data is not available will be postponed.

18. As per the Inland Revenue ruling on 'long' interest, all interest levied on scheduled and ad-hoc reconciliation adjustments will be subject to the deduction of income tax.

Funds Transfer

19. BSC Parties will elect to pay by Direct Debit or into the Collection Account

20. Payments will be made to BSC creditors from a BSC Clearing Account.

21. The Collection bank will be Barclays Bank PLC.

22. The Clearing Bank will be Barclays Bank PLC.

23. Scaledown calculations will be performed on the scaledown Payment Date creditors, not those who traded on the 'defaulted' Payment Date.

24. The current Borrowing Account facility level of £20 million will still be required.

25. The current level of daylight exposure will still be required; enabling Payment Party creditors to be paid prior to receipt of all amounts due from the Payment Party debtors.

© ELEXON Limited 2012

Credit Cover

26. Values of BM Unit Credit Assessment Export and Import Capabilities (BMCAEC and BMCAIC) will change on an infrequent basis

27. The FAA will actively seek to maximise returns on the cash deposits held as Credit Cover.

Payment Calendar

28. Approval of the draft Payment Calendar will be assigned to the SAA and the BSCCo, as opposed to the various Payment Parties. This represents a more practicable approval process.

Change Requests

29. The requirement to pro-rate multilateral dispute amounts across one particular charge type is being assessed as a potential change request.

30. The potential requirement to levy differential VAT rates to the various charge types is being assessed as a potential change request.

© ELEXON Limited 2012

APPENDIX II LOGICAL DATA STRUCTURE

Purpose and Scope

The FAA system Logical Data Model describes the data within the required FAA system from a logical viewpoint. It should be noted that, as a physical data model already exists, this diagram is included for information only and not as a basis on which to construct a new physical model. The model comprises:

- A Logical Data Structure (diagram);
- Entity descriptions;
- List of the main attributes for each entity. 'p' = primary key attribute, '*' = foreign key attribute, 'o' = optional key attribute.

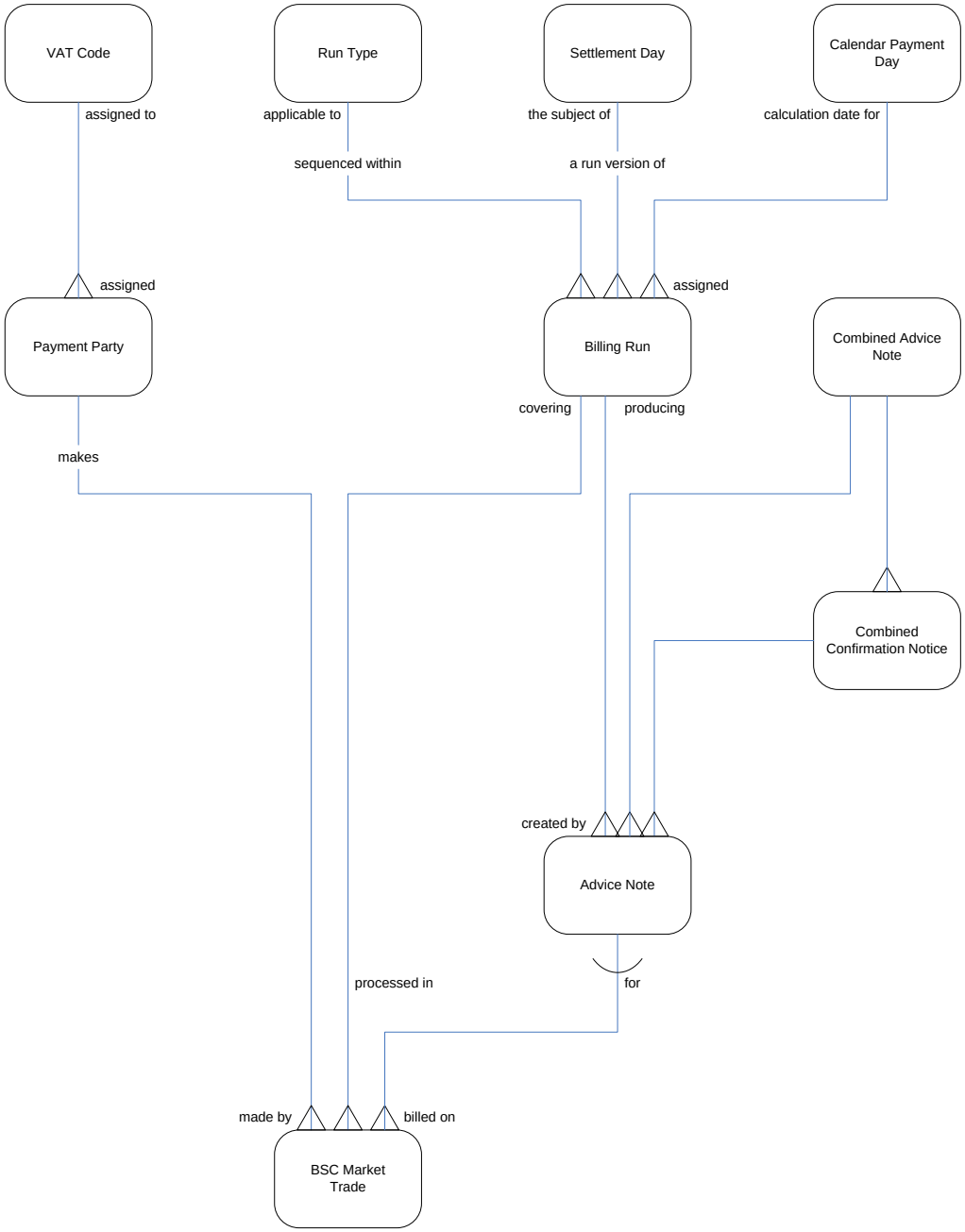

Figure 2 – Logical Data Structure

© ELEXON Limited 2012

Entity Descriptions

Combined Advice Note

Description: The combined Advice Note created for each Payment Party following a threshold breach, which will include one or more Advice Notes.

Contains attributes:

p		Combined Advice Note number
p		Payment Date
	*	Payment Party Id
		Total amount
		Backing sheet number that breached Advice Note Threshold Limit (if applicable)

Advice Note

Description: The Advice Note created for each Payment Party for each calendar Payment Date, which will include one or more Settlement Dates / Runs.
Note that for Payment Parties a breakdown of Trading Charges by charge type will be given on separate backing statements, which do not logically exist as entities in their own right.

Contains attributes:

p		Backing sheet number
	*	Calendar Payment Date
	*	Payment Party Id
		Amount payable/receivable
		Interest payable/receivable on reconciliation adjustments

Combined Confirmation Notice

Description: The combined Confirmation Notice created for each Payment Party, detailing the paid Advice Notes included on a combined Advice Note for a Payment Date.

Contains attributes:

p		Combined Confirmation Notice number
		Combined Advice Note number
		Issue Date

Bank Account

Description: The Bank Account from which each debtor BSC Party pays or, creditors receive payment.

p	*	BSC Party Id
		Sort Code
		Account Number
		Address

© ELEXON Limited 2012

Billing Run

Description: A particular BSCCo Billing Run for a Settlement Day.

p	*	Settlement Day
p	*	Settlement Code
p		Settlement Run No

BSC Market Trade

Description: A financial value for a trade of electricity by a BSC Party on a particular Settlement Day.

p	*	Settlement Day
p	*	BSC Party Id
p	*	Run Type
p	*	Run No
		Version No of data file
		Trade Value
		Charge Type

Calendar Payment Day

Description: A working day on which financial settlement for one or more Settlement Days is calculated.

p		Calendar Payment Day
		Base Rate

BSC Party

Description: An identity allocated to a Member of the BSCCo

p	*	BSC Party Id
		Name
	*	VAT Code
		Contact Details

Run Type

Description: A type of BSCCo billing run, e.g., Settlement Final, or initial Reconciliation (R1, R2, R3) and Reconciliation Final (RF).

p		Run Type

Settlement Day

Description: A unique day, identified by the date, for which energy is consumed or produced.

p		Settlement Date

VAT Code

Description: An identifier for linking a BSC Party to a VAT rate

p		VAT Code
		VAT Rate

© ELEXON Limited 2012

APPENDIX III GLOSSARY OF TERMS

A

Accidental Default
The accidental non-payment of a BSC Advice Note by a Payment Party.

Ad-hoc Reconciliation Settlement Run
A Reconciliation Settlement Run not scheduled in the Payment Calendar.

Advice Note
A uniquely referenced data entity created for Payment Parties on a daily basis, detailing the total amount payable or receivable for a calendar Payment Date.

For calendar Payment Dates occurring before the implementation of Modification Proposal P214, Advice Notes are sent to Payment Parties, and include notification of VAT imbalances to the BSCCo.

Advice Note Period
(i) the Notification Date on which an Advice Note is despatched; or

(ii) the period (of consecutive Notification Dates) between (but excluding) the last preceding Advice Note Date and ending on (and including) the latest Advice Note Date;

Advice Note Threshold Limit
A positive monetary value, below which Advice Notes are not included on a combined Advice Note, or a negative monetary value, above which Advice Notes are not included on a combined Advice Note. Defined by the BSCCo as £500 or such other amount as the Panel may determine from time to time.

Approved Credit Rating
An investment grade credit rating of at least that specified as approved in the BSCCo Credit Policy.

Approved Payment Calendar
Payment Calendar detailing scheduled payment runs which has been approved by the BSCCo and the SAA.

Average Credit Period
The average credit period over the financial year of the Settlement Final (Initial) runs.

B

Backing Sheet
The same meaning as Statements.

Backing Sheet Number
The number by which an Advice Note is identified.

Backing Sheet Type

© ELEXON Limited 2012

A Trading Charges backing sheet, Default charges backing sheet, or Ad-Hoc Charges backing sheet.

Balancing and Settlement Code (BSC)
The rules, systems and processes underpinning the new balancing and settlement arrangements.

Balancing Mechanism (BM)
Definition required.

Bankers Automated Clearing System (BACS)
A three-day value Barclays' payment system used to make payments to BSC creditors for amounts less than £1000.

Base Rate
Clearing Banker's (Barclays Bank Plc) base interest rate.

BM Unit
A BM Unit is a point of entry, or exit, to the transmission system where a Final Physical Notification will be required from a Party. For Demand this will normally be a Grid Supply Point Group except where there is a Trading Unit directly connected to the Transmission System. For generation it will normally be a Meter Point for a single genset.

BM Unit Credit Assessment Export Capability ($BMCAEC_i$) MW
A value maintained for credit assessment purposes reflecting the transmission access export rights of the BM Unit, GC_i, corrected by the Credit Assessment Load Factor.

BM Unit Credit Assessment Import Capability ($BMCAIC_i$) MW
A value maintained for credit assessment purposes reflecting the transmission access import rights of the BM Unit, DC_i, corrected by the Credit Assessment Load Factor.

Borrowing Account
Short term borrowing facility on which the FAA can draw to make good any non-payment shortfalls, or to cover payments due from Payment Parties that are below the Advice Note Threshold Limit (or time threshold) during an Advice Note Period.

Borrowing Account Draw Down
A transfer of funds from the Borrowing Account to the Clearing Account to make good a non-payment shortfall, or to cover payments due from Payment Parties that are below the Advice Note Threshold Limit (or time threshold) during an Advice Note Period.

Borrowing Account Repayment
A transfer of funds from the Clearing Account to the Borrowing Account to repay a previous Borrowing Account draw down.

BSC Clearing Account
The bank account into which the Collection Banks transfer the funds paid by the BSC debtors, and from which payments are made to the BSC creditors.

© ELEXON Limited 2012

BSC Clearing Bank Report
A report produced by the FAA funds transfer system detailing amounts due to the BSC creditors for a specified Payment Date. The report also details Payment Party bank account details and the Advice Notes and combined Advice Notes to which the credits relate.

BSC Panel Ruling
A ruling made by the Balancing and Settlement Code Panel in respect of a BSC Trader in a Credit Default position.

BSC Party Bank
A bank at which a Payment Party holds an account into which payments are made by the FAA or from which payments are made to the FAA.

BSC Party Creditors
Payment Parties to whom net amount receivable Advice Notes have been sent and who are subsequently due to receive funds from the FAA for a specified calendar Payment Date.

BSC Party Debtors
Payment Parties to whom net amount payable Advice Notes have been issued and who are subsequently due to pay funds to the FAA for a specified calendar Payment Date.

BSC Party Identifier p
Each Balancing and Settlement Code Party will be given a unique Balancing and Settlement Code Party Identifier as part of the registration process. The Balancing and Settlement Code Party Identifier is generally denoted p.

Businessmaster
Clearing Bank software that enables BACS payments to be made to the BSC creditors, direct debits to be taken from BSC debtors and account transfers to be effected. Account balance information is also available via Businessmaster.

C

Calendar Parameters
Variables which are entered into the system in order to produce the Payment Calendar. These include average credit period, reconciliation periods, and minimum and maximum notification periods.

Calendar Payment Date
The date on which Advice Notes are calculated, according to the Payment Calendar, and the earliest date on which an Advice Note may be paid, pending an Advice Note Threshold Limit (or other threshold) breach.

Cash Deposit
A cash amount provided to the FAA by a Payment Party in order to discharge their credit cover liability.

Central Data Collection Agent
A Balancing and Settlement Code Service Agent responsible for the collection of metered data from Meter Points that are registered under the Central Registration Agent.

© ELEXON Limited 2012

Central Registration Agent
The Central Registration Agent will register Balancing and Settlement Code Parties, BM Units, Trading Units, and Meter Points other than meters registered in Supplier Meter Registration systems.

Charge Type
A charge category included in the Settlement Run, e.g. Balancing Mechanism Charges, System Operator Charges, Administrative Charges etc.

Charge Type Codes
Codes relating to the various charge types.

Clearing House Automated Payment System (CHAPS)
A same-day value Barclays' payment system used to make payments to BSC creditors for amounts greater than £1000.

Collection Account
The BSC bank account into which BSC Party debtors elect to pay the amount payable advised on the combined Advice Note for a specific Payment Date. There are five Collection Accounts, one at each of the following Banks:
Barclays Bank, National Westminster Bank, Royal Bank of Scotland, Lloyds Bank and HSBC.

Collection Bank Report
A report produced by the FAA funds transfer system for each of the Collection Banks detailing amounts due from the BSC debtors for a specified calendar Payment Date. The report also details BSC Party bank account details and the Advice Notes to which the debits relate.

Combined Advice Note
A uniquely referenced document sent to Payment Parties following an Advice Note Threshold Limit (or time threshold) breach, detailing the total amount payable or receivable for a Payment Date, combining Trading Charges, Default Charges and Dispute Charges, and including all amounts from Advice Notes since the previous Advice Note Threshold Limit (or time threshold) breach. The Combined Advice Note also includes notification of VAT imbalances to the BSCCo.

Compound Interest
Interest applied to reconciliation adjustment and dispute adjustment amounts. The interest is calculated utilising the daily compound interest formula.

Confirmation Notice
This term is retained for historical purposes, and is superseded by Modification Proposal P214.
A tax document issued to BSC Parties for each calendar Payment Date detailing amounts paid or received and the VAT thereon. The applicable VAT codes are also detailed.

© ELEXON Limited 2012

Combined Confirmation Notice
A tax document issued to BSC Parties for each Payment Date, detailing amounts paid or received and the VAT thereon, detailing multiple Advice Notes as reported on combined Advice Notes. The applicable VAT codes are also detailed.

Corrected Data
Sub GSP Group data which has been subjected to the GSP Group correction factor

Credit Assessment Purchase Price CAPP (£/MWh)
An administered Price used to value the liabilities of a BSC Trader in respect of a shortfall of energy or purchase from the system, for the purposes of calculating credit cover requirements. CAPP will be positive.

Credit Assessment Sale Price CASP (£/MWh)
An administered Price used to value the liabilities of a BSC Trader in respect of an excess of energy or sale from the system, for the purposes of calculating credit cover requirements. CASP will be zero or negative.

Credit Cover
Credit Cover is required from all BSC Traders to a level consistent with an assessment of their possible liabilities to Balancing and Settlement Code Settlement.
This may take the form of one or more of the following:
Cash deposit;
Letter of Credit;

Credit Cover Contract Duration (CCCD)
The number of days of potential exposure for which credit cover must be provided. CCCD will be set to 28 reflecting the lag between the Settlement Day and the Initial Payment Date.

Credit Cover Physical Duration (CCPD)
The number of days of potential exposure for which credit cover must be provided. CCCP will be set to 28 plus the number of days required disconnecting or transferring customers following a party's default.

Credit Default
A position of Credit Default is declared when the credit cover held for a BSC Party is insufficient for the Energy Credit Cover in MWh (ECC).

Credit Limit
For each BSC Trader p, the amount of Energy Contract Volumes and relevant Credited Energy Percentages that can be accepted in respect of its Energy Accounts is limited by the Credit Limit.

Credit Policy
The Credit Policy determined by the Customer that is required from all BSC Traders to a level that is consistent with an assessment of their possible liabilities.

Credit Rating Agency
A body who assesses the credit worthiness of a trader and agrees on a standard rating based on their short or long-term risk.

© ELEXON Limited 2012

D

Defaulting BSC Party
The Payment Party declared to be in Credit or Payment default.

Distribution
The distribution of electricity over the system of a Public Electricity Supplier.

Distribution Networks
The system consisting (wholly or mainly) of electric lines owned or operated by a Public Electricity Supplier (PES) and used for the distribution of electricity from Grid Supply Points or Generating Units or other entry points to the point of delivery to users, and operated by such Public Electricity Supplier excluding any part of the NGC Transmission System.

Distribution System Operator
The Public Electricity Suppliers, as operators of a distribution network.

Draft Payment Calendar
Payment Calendar produced by the FAA funds transfer system utilising the calendar parameters specified by the BSCCo detailing scheduled payment runs. The draft Payment Calendar is sent to the BSCCo and the SAA for approval.

E

Energy Account
BSC Traders will in general have two Energy Accounts, one for their Production Activity and one for their Consumption Activity. Each Energy Account will belong to a single BSC Trader.

Energy Contract Volume
Energy Contract Volumes are data submitted to settlement to allow BSC Traders to offset imbalances and reflect bilateral trading of energy.

Energy Contract Volume Aggregation Agent
The Energy Contract Volume Aggregation Agent will receive, validate and aggregate notifications of Energy Contract Volumes, and provide the Settlement Administration Agent with the net aggregate position of each BSC Trader for each Settlement Period.

Energy Credit Cover (ECC)
The amount (in MWh) at any time for a Payment Party determined as CC/CAP where CC is the amount of the Trading Party's Credit Cover at that time and CAP is the Credit Assessment Price prevailing at such time.

Energy Imbalance Prices
The System Sell Price and the System Buy Price.

Excess Payment
Funds received from a Payment Party in excess of the amount due on a calendar Payment Date

© ELEXON Limited 2012

F

Funds Administration Agent (FAA)
The Funds Administration Agent will effect the payments resulting from Settlement, maintain financial and tax documentation, and manage credit and default arrangements.

Funds Accession Agreement
FAA schedule in which Payment Party standing data is provided to the FAA. This includes Advice Note contact details and bank account details from which payments will be made to the FAA or into which the FAA should make payment. The Funds Accession Agreement is signed by the FAA, the BSCCo Banker (Barclays Bank Plc) and the relevant Payment Party

G

Generation
The production of electricity.

Generator
A person who generates electricity under licence or exemption under the Electricity Act 1989.

Grid Operator
Operates the transmission system with the objective of providing a reliable supply and maintaining voltage and frequency within the standards laid down in the transmission licence. Using the generator's offer data the GO schedules and despatches generating sets (gensets) to meet demand whilst attempting to ensure the security and integrity of the transmission system.

Grid Supply Point (GSP)
Any point where electricity is delivered from the transmission system to a distribution system.

Grid Supply Point Group
Several Grid Supply Points, usually within the geographical area of a Public Electricity Supplier, which are grouped together for Settlement purposes.

GSP Group
A distinct electrical system, consisting of all or part of a distribution system (owned and operated by a Distributor) that is supplied by one or more GSPs for which total supply into the GSP Group can be determined for each half hour.

GSP Group Take
The total demand metered at Grid Supply Points net of 100k W supplies handled by the SMRA, Station Demand, Interconnector Demand and inter GSP Group metering.

I

Income Tax
Tax deducted at source by the FAA from reconciliation adjustment interest

Income Tax Rate
The rate of income tax deducted at source by the FAA from reconciliation adjustment interest

© ELEXON Limited 2012

Information Imbalance Charge (CII_{ij}) £
The Information Imbalance Charge (CII_{ij}) is the charge applicable to the associated Lead Energy Account as a result of the Information Imbalance from BM Unit i in Settlement Period j.

Initial Payment Date
The date at which the payments in respect of Initial Settlement for a Settlement Day are made, on average 28 days after the Settlement Day.

Initial Settlement
The Initial Settlement Run will take place about 24 days after the Settlement Day, for payments to be effected about 28 days after the Settlement Day.

Initial Settlement Report
A report of data used in and created by Initial Settlement.

Initial Settlement Run
Details are provided to the FAA in a 'Debits/Credits' data file.

Interim Initial Settlement
The Interim Initial Settlement Run will take place at about 4 days after the Settlement Day.

K

Kilowatt Hour (kWh)
The energy delivered by 1kW over 1 hour.

L

Letter of Credit
A financial instrument acceptable to the FAA as credit cover. The Letter of Credit must be for a minimum period specified in the BSCCo Credit Policy

M

Manual Trigger
A manual trigger to release the Combined Advice Note to date where the Advice Note Threshold Limit (or time threshold) may not have been breached.

Market Domain Data
Data provided to all persons involved in settlements in accordance with the Balancing and Settlement Code.

Maximum Notification Period
The maximum number of working days between the settlement date and the notification date.
Minimum Notification Period
The minimum number of working days between the settlement date and the notification date.

Missing Data
Data that is scheduled to be provide to the FAA in the Payment Calendar but is unavailable.

© ELEXON Limited 2012

Monetary Threshold
Has the same meaning as Advice Note Threshold Limit.

N

Non-Corrected Data
Sub GSP Group data which has not been subjected to the GSP Group correction factor.

Non-Payment
A payment which has been notified to a Payment Party which has not been paid on the Payment Date.

Notification Date
The dates by which the SAA shall deliver the Initial Debits/Credits for each of the Initial Settlement Runs to the FAA.

Notification Period
The number of working days between the settlement date and the notification date.

P

Payment Calendar
A calendar maintained by the Funds Administration Agent, listing all Initial and Reconciliation Payment Dates for each Settlement Day.

Payment Date
The date on which funds transfers are to be effected.

Payment Default
The position declared when a Payment Party has failed to make a payment as advised in the combined Advice Note, for an Advice Note, for a specified number of days after the calendar Payment Date.

Payment Period
The number of working days between the Settlement Date and the Payment Date.

Q

Quarter Date
31st March, 30th June, 30th September and 31st December.

Quarterly Statement
A report produced for H.M. Customs & Excise on a quarterly basis detailing all amounts paid to or received from a BSC Party for the specified period. The report specifically provides details of all input and output VAT.

R

Reconciliation Adjustment Amount
The difference between the current reconciliation run amount and the immediately preceding reconciliation run or initial run amount for a specific charge type for a particular Payment Party.

© ELEXON Limited 2012

Reconciliation Payment Date
The day at which payments in respect of a Reconciliation Settlement Run are made.

Reconciliation Period
The number of working days between the settlement date and the reconciliation.

Reconciliation Settlement
A settlement run to account for data that has become available after Initial Settlement. Reconciliation Run details are provided to the FAA in a ' Revised Debits/Credits' data file.

Reconciliation Settlement Report
Report of a Reconciliation Settlement Run, produced by the Settlement Administration Agent.

S

Scaledown
An exercise whereby a defaulted amount is pro-rated across the creditor Payment Parties and the creditor payments reduced accordingly to make good the defaulted amount and balance the BSC Clearing Account.

Scaledown BSC Parties
The creditor Payment Parties eligible to be scaled down in the event of a payment default.

Scheduled Settlement Run
A Settlement Run scheduled to be processed in the Agreed Payment Calendar.

Set-off
A process whereby any payments due to a Trading Party in default are set-off (reduced) by the amount of the default sum until such time as the amount in default is paid or recovered from the Party's credit cover.

Settlement
The word Settlement encompasses all aspects of transactions from meter to bank, for all types of imbalances and Balancing Mechanism trades.

Settlement Administration Agent (SAA)
A BSC Service Agent contracted to the BSCCo to operate the Settlement system.

Settlement Codes
Codes which relate to Settlement Run types e.g. SF (Settlement Final), R1 (First Reconciliation, R2 (Second Reconciliation), R3 (Third Reconciliation) and RF (Final Reconciliation).

Settlement Day
The Settlement Day runs from midnight to midnight (BST during the summer and GMT during the winter).

Settlement Report
The report issued to Payment Parties by the Settlement Administration Agent which relates to a particular Settlement Run.

© ELEXON Limited 2012

Settlement Run
Initial and Reconciliation Settlement Runs are performed by the Settlement Administration Agent prior to each Initial or Reconciliation Payment Date, for each Settlement Day.

Statement
Backing Documentation which provides details relating to the Advice Note detail lines. This includes a breakdown by Charge Type for each Settlement Run and detailed interest calculations.

System Operator (SO)
The entity that fulfils the role of operating the transmission system, including issuing instructions to generators or demand to change its level of output or take, and instructing the provision of Ancillary Services and other measures necessary to maintain a stable and secure system. This role in England and Wales is carried out by The National Grid Company plc under the terms of its Transmission Licence.

T

Tax Liabilities
Any amounts due from the Payment Party in relation to H.M. Customs & Excise and Inland Revenue rulings re VAT and Income Tax.

Time Threshold
A date when Advice Notes are included on a combined Advice Note. Time thresholds are aligned to Quarter Dates.

Trigger
A breach in the time or monetary threshold limit which triggers the release of the combined Advice Note.

V

VAT Rate
The rate of VAT applicable to the Payment Party's VAT code for the specified calendar Payment Date.

W

Work Day
In relation to the availability of the FAA, a working day is defined as between the hours of 9.00 a.m. and 5.00 p.m.

Wilful Default
The wilful non-payment of a BSC Advice Note by a Payment Party.

© ELEXON Limited 2012