

Modification Proposal – F76/01	MP No: 197 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i>	
SVA Qualification Processes Review	
Submission Date <i>(mandatory by originator):</i>	
12 th December 2005	
Description of Proposed Modification <i>(mandatory by originator)</i>	
<p>This Modification proposes changes to the SVA Qualification Processes (Entry Processes, Certification and Accreditation) as recommended by the SVA Qualification Review Group and the Supplier Volume Allocation Group following the review of SVA Qualification Processes. A new SVA Qualification Processes would be designed with the following key features:</p> <ul style="list-style-type: none"> ▪ All applicants would have to complete and submit for review a self assessment document based on business scenarios and management processes; ▪ The level of testing that the new entrant has to carry out would be dependent on the outcome of the assessment of the risk determined by the answers provided to the self assessment document and the outcome of any site visit; ▪ The risk assessment process would be consistently applied for all participants, however there would be recognition of the variations in participant aspirations e.g. market sector, volumetrics. These variations may influence the extent of external assessment of an Applicant's compliance with the Qualification Requirements; ▪ The Qualification route would be facilitated by ELEXON and approved by the Performance Assurance Board (PAB); and ▪ The Qualification process would be aligned to be consistent with the Master Registration Agreement (MRA) entry process requirements so that documents could be produced containing requirements under the MRA and BSC. Greater co-ordination between BSCCo and MRASCo could occur for Qualification requirements, including the development of hybrid tests to meet the Qualification requirements of the two bodies. <p>This Modification proposes that the Qualification Model included in sections 3.4 and 3.5 of the SVA Qualification Processes Report replaces the current Entry Process and Certification Requirements.</p> <p>This Modification also proposes that the re-qualification requirements for Suppliers and Licensed Distribution System Operators (LDSOs) set out in section 4 of the SVA Qualification Processes Report be adopted.</p> <p>Finally, this Modification proposes that changes are made to the Removal of Accreditation status process as set out in section 5 of the SVA Qualification Processes Report.</p> <p>The SVA Qualification Processes Report is included as attachment 1 to this Modification.</p>	

Modification Proposal – F76/01

MP No: 197
(mandatory by BSCCo)

Description of Issue or Defect that Modification Proposal Seeks to Address *(mandatory by originator)*

There are a number of issues relating to the current SVA Qualification requirements that would be addressed by the substantial changes to requirements proposed in this Modification:

- The current SVA Qualification requirements date back to 1998 when the risks associated with new entrants were significantly different than they are today. In 1998 when the incumbents' franchise was removed the Settlement arrangements were substantially revised and all Metering Systems had to be transferred to the new systems. This presented a huge implementation risk as all SVA participants were "new entrants". In addition, at this time the degree of Customer churn was not quantified. In contrast, new entrants now are likely to be relatively small and are joining a well-established market and so current Qualification requirements do not reflect the risks posed by new entrants;
- There is a significant amount of overlap between the BSC Qualification requirements and the MRA entry process requirements. Applicants have to complete very similar testing for both sets of governance arrangements before they can enter the market. It is desirable to remove this duplication in testing, by the use of a single set of tests that are applicable to both BSC and MRA requirements; and
- Current BSC Entry Process testing requires Applicants to complete numerous detailed scripts. These do not include exception conditions and do not allow Applicants to plan how they are going to complete processes required by the BSC. The completion of a self assessment form related to business scenarios would make Applicants think in more detail how they would complete the processes required by the BSC.

Impact on Code *(optional by Originator)*

Please refer to the first part of section 8 of the SVA Qualification Process Review Report (attached).

Impact on Core Industry Documents *(optional by Originator)*

MRASCo have undertaken a review of the MRA entry process requirements as contained in MRA Agreed Procedure, MAP05 'Agreed Procedure For Entry Assessment and Re-Qualification'. The MAP05 review group have recommended changes to MAP05 which are consistent with the changes proposed to the BSC Qualification requirements included in this Modification. The changes to MAP05 are likely to be implemented separately to this Modification, and so further changes to MAP05 might be required to support any joint documents or testing requirements suggested by this Modification.

Modification Proposal – F76/01

MP No: 197
(mandatory by BSCCo)

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties (optional by originator)

Suppliers and LDSOs would be required to undertake re-qualification under this Modification. Currently only Supplier Agents need to undertake re-qualification. Therefore Suppliers and LDSOs would need to develop processes to identify when re-qualification is required and would then need to re-qualify in these circumstances.

New entrants to the market would have to follow the revised Qualification requirements and existing participants who already have to complete re-Certifications would be subject to the revised re-Qualification and Removal of Accreditation requirements.

Impact on other Configurable Items (optional by originator)

Please refer to the second half of section 8 of the SVA Qualification Process Review Report (attached).

Justification for Proposed Modification with Reference to Applicable BSC Objectives (mandatory by originator)

A revised SVA Qualification Process would better facilitate the applicable BSC Objectives as follows:

(c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

Current Entry Process and Certification Requirements may be seen as a barrier to entry as they are unnecessarily onerous on new entrants. The review group believes changing the Qualification Requirements so that they address the current risks that new entrants pose to Settlement as opposed to the ones that were present in 1998 would better facilitate competition.

(d) Promoting efficiency in the implementation and administration of the balancing and Settlement arrangements.

The streamlined process would make it easier for new entrants to enter the market whilst maintaining a level of assurance applicable to today's market. This would reduce the costs for Applicants, and also central costs (shared by all BSC Parties).

Modification Proposal – F76/01

MP No: 197
(mandatory by BSCCo)

Details of Proposer:

Name..... Glenda Simons.....

Organisation..... Laing Energy Ltd.....

Telephone Number..... 01480 402562.....

Email Address..... gsimons@laingorourke.com.....

Details of Proposer’s Representative:

Name..... Glenda Simons.....

Organisation..... Laing Energy.....

Telephone Number..... 01480 402562.....

Email address..... gsimons@laingorourke.com

Details of Representative’s Alternate:

Name..... As above.....

Organisation.....

Telephone Number.....

Email address.....

Attachments: Yes / ~~No~~ *(delete as appropriate) (mandatory by originator)*

If Yes, Title and No. of Pages of Each Attachment:

SVA Qualification Processes Review Report v1.0.doc (16 pages)