

Change Proposal – F40/01 (Page 1 of 3)	CP No: 703 <i>(mandatory by BSCCo)</i>
Title <i>(mandatory by originator)</i> Credit Default Process	
Description of Change <i>(mandatory by originator)</i> The Balancing & Settlement Code (BSC) Section M3 relates to the process followed when a Trading Party goes into Level 1 or Level 2 Credit Default. The Credit Cover Percentage for each Trading Party is calculated by the ECVAAs following Gate Closure. If a Trading Party's Credit Cover Percentage becomes greater than 80 or 90%, the Level 1 or Level 2 Credit Default processes are followed respectively. Section M3.2.1 of the BSC states that where a Trading Party's Credit Cover Percentage becomes greater than 80%, the ECVAAs shall give a level 1 default notice to the Trading Party, and send a copy to BSCCo. Section M3.3.1 of the BSC states that where the Trading Party's Credit Cover Percentage becomes greater than 90%, and subject to an authorisation being in force, the ECVAAs shall inform the Trading Party that they are in Level 2 Credit Default. Sections M3.2.6 and M3.3.1 also state that the ECVAAs shall post a Level 1 or Level 2 Credit Default statement on the BMRS or the BSC Website. These processes for notifying Parties have been carried out by ELEXON since NETA Go-live (as documented in Workaround 03) because the ECVAAs were not obliged to do this within the ECVAAs Service Description. The Communications Requirements Document was updated to allow ELEXON to carry out this notification on behalf of the ECVAAs. This Change Proposal therefore requires an update to the ECVAAs Service Description, Communications Requirements Document and associated Operation Service Manuals (OSMs) Lines to include an obligation on the ECVAAs relating to the issue of Credit Default notices and the posting of Credit Default statements on the BMRS. <u>The ECVAAs System does not currently trigger a report to notify the ECVAAs Operator or Logica NETA Helpdesk that the Credit Cover Percentage has become less than 75 or 90% for Level 1 and Level 2 Credit Default respectively. This notification will be required to allow ECVAAs to know when the Credit Default statements can be removed from the BMRS.</u> A further problem exists due to an inconsistency on the Credit Level naming convention between the ECVAAs specifications / software and the BSC. When a Trading Party has a Volume Notification rejected due to one of the counter-parties being in Level 2 Credit Default, the Energy Contract Volume Notification (ECVN) Feedback (ECVAAs-I009) and Metered Volume Reallocation Notification (MVRN) Feedback (ECVAAs-I010), which are used	

to inform the relevant Trading Parties of this rejection, will state that “Indebtedness exceeds Level 1 threshold for BSC Party 1/2”. The Change Proposal also seeks to rectify this issue.

One final requirement is to change the ECVAAs documentation, including the ECVN and MVRN Feedback reports to use the term Credit Cover Percentage instead of indebtedness as this is not a defined term in the BSC.

Proposed Solution(s) *(mandatory by originator)*

The ECVAAs Service Description, Communications Requirements Document, User Requirement Specifications and associated Operation Service Manuals, will need to be amended to introduce an obligation on the ECVAAs to issue credit default notices and post credit default statements on the BMRS.

The ECVAAs will need to be available on a 24-hour basis in order to meet these obligations, which means the ECVAAs User Requirement Specification and Operations Manual will need updating.

A change to the ECVAAs System will also be required to send a report to the ECVAAs Operator and/or Logica NETA Helpdesk when the Credit Cover Percentage becomes less than 75 or 90%.

To resolve the inconsistency in the naming conventions, the ECVN Feedback (ECVAAs-I009) and MVRN Feedback (ECVAAs-I010) should be amended to give the following message:

“Indebtedness exceeds Level 2 threshold for BSC Party 1/2”

ECVAAs documentation, including the ECVN and MVRN Feedback reports, should also be changed to use the term Credit Cover Percentage, instead of indebtedness.

Justification for Change *(mandatory by originator)*

~~The current~~ The ~~working~~ 03 processes whereby ELEXON issue Credit Default notices and post Credit Default Statements on the BSC Website, do not reflect Section M of the BSC. This Change Proposal seeks to remove these inconsistencies. Please note that Section V4.3 of the BSC makes provision for market data to be published on BMRS.

The change terminology in the ECVAAs documentation and ~~to~~ the ECVN and MVRN Feedback reports will bring the documentation and reports in line with the BSC and will minimise confusion for Trading Parties and their counter-parties when Volume Notifications are rejected for credit reasons. This will allow Workaround 3 to be removed.

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Other Configurable Items Potentially Affected by Proposed Solution(s) *(optional by BSCCo)*[Interface Definition and Design Documents](#)~~[ECVAA Specification Documentation](#)~~; [ECVAA Service Description](#);[ECVAA URS](#);[ECVAA System](#);[ECVAA System](#);[NETA Data File Catalogue](#);[Communications Requirements Document](#)[ECVAA OSMs](#).**Impact on Core Industry Documents** *(optional by originator)*

None

Related Changes and/or Projects *(mandatory by BSCCo)*

CP 520 (Credit Level Naming Inconsistency) originally raised the issue of the inconsistency on the Credit Level naming convention between the ECVAA specifications / software and the BSC. This was originally rejected as it was felt that the costs involved in making a change to the naming convention was not appropriate while the other inconsistencies existed.

Originator's Details:**BCA Name:****Organisation:** ELEXON**Email Address:****Date:****Organisation:**

Attachments: Y/N* (If Yes, No. of Pages attached:.....)
(delete as appropriate)

