



BSC Review 2008



Section A 'Parties & Participation'

Every two years, we review an area of the Balancing and Settlement Code (BSC) to evaluate whether it facilitates achievement of the Applicable BSC Objectives in the most effective way. This year we reviewed Section A - 'Parties & Participation'. This report tells you about the review process, what we found and what we will do next.



Target Audience:
BSC Panel, BSC Parties, Ofgem and other interested parties.

If you'd like to know more about the BSC Review, please contact **Emma McKiernan** on **020 7380 4041**.

Please send us your views on the issues raised in this report using the **comments form** available on our website. Responses are due by Friday 28 November.

1. Summary

The aim of the 2008 BSC Review was to identify any issues, potential solutions and improvements that could be made to Section A. Before we started, it was our view that it would be beneficial to review Section A since it's often the first experience our customers have of the BSC, and therefore important we get it right. Through feedback from our customers and our experience of managing the associated processes, we felt that Section A does facilitate the applicable BSC Objectives but there are areas where improvements could be made. The review also allowed us to check for any unnecessary barriers to entry and exit from the market caused by Section A processes.

During the review, we identified some issues with Section A that we think should be addressed via the Modifications Process. In this report, we don't provide detailed assessment and solutions for each issue - these will be fully explored in consultation with the industry if they are taken forward after the publication of this report. We also identified improvements to Section A processes that we can address now. Some through Change Proposals (CPs) that ELEXON can raise and other 'quick wins' outside of the change process. These changes will improve market entry processes for potential BSC Parties as well as other Section A processes for established BSC Parties.

Our conclusions in this BSC Review confirm our initial view that improvements and efficiencies can be made to prevent exposing Parties to unnecessary costs and administrative inefficiencies. The issues we found and our suggestions for solutions are summarised in the table on page 2. We explain these in detail later in the report.

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| Report Section | Potential Change | Method of Change |
|----------------|---|------------------|
| 3.1 | Define a Party's 'Last Settlement Day' within the BSC | Modification |
| 3.2 | Reduce Withdrawal Timescales for Non-Supplier Trading Parties (No Trading Charges 14 months prior to Last Settlement Day) | Modification |
| 3.2 | Reduce Withdrawal Timescales for Non-Supplier Trading Parties (Trading Charges 14 months prior to Last Settlement Day) | Modification |
| 3.2 | Early Termination of BSCCo charges for Non-Supplier Trading Party's following receipt of Withdrawal Notice | Modification |
| 3.3 | Extend the timescales for non-licensed Parties to commence Trading within Section A2.6 | Modification |
| 3.3 | Remove Section A2.6 'Withdrawal of a Party which does not commence trading' from the BSC | Modification |
| 4.1 | Streamline Market Entry Data Provision | Change Proposal |
| 4.2 | Administration of CVA Qualification Process | Change Proposal |
| 4.3 | Wider use of Online Forms | Change Proposal |
| 4.4 | Introduce a Market Entry Form Manager | No Change |

2. Introduction

So why Section A?

A key part of our role as BSCCo is to support our customers through the market entry and exit processes of Section A. In many cases, Section A is the first area of the BSC that our customers experience. It is essential that it works well to smooth the entry process and assist potential BSC Parties' understanding of BSC requirements.

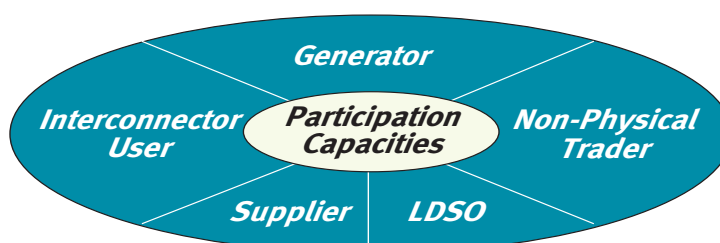
We regularly review and improve our internal processes to enhance the customer experience and make processes more efficient across the BSC arrangements. Based on our operational experience and customer feedback in recent years, we believe Section A and the associated processes would benefit from a thorough review, to help us identify further areas for improvement and to ensure there are no unnecessary barriers to entry and exit from the market.

What does Section A Cover?

Section A covers 'Parties and Participation' and includes the following key obligations & processes:

- Signing up to the BSC (Accession);
- Participation Capacities (market role, for example Suppliers, Generators);
- Registration in Central Registration Systems (CRS);
- Withdrawal from the BSC (covering all Parties including those in Default of the BSC); and
- Expulsion from the BSC (including Parties who have not commenced trading within the allocated timescales).

The market roles covered in Section A that are impacted by the issues raised in this BSC Review are shown here:



What was our aim?

Our aim was to identify issues and solutions/improvements that can be made to Section A to:

- improve our customers' experience of the BSC;
- clarify Section A requirements;
- increase efficiency of administrative processes;
- reduce barriers to entering and exiting the BSC; and
- prevent customers' exposure to unnecessary costs.

How did we do it?

To achieve our aim, we reviewed the processes parties go through when entering/exiting the BSC, as well as the legal text and requirements in the BSC¹.

In June 2008, we asked for feedback from 20 BSC Parties that had recently been through market entry and exit processes. We asked them to comment on their experiences and tell us about issues we should consider.

We held workshops internally to discuss known issues and our operational experiences and we held a walkthrough of Section A to identify more. Completing these steps helped us compile a list of areas to explore and formed the scope of this review.

3. What Did We Find?

This section describes the issues we found that could be addressed by a Modification.

3.1 Definition of Last Settlement Day

What is the issue?

A Party's 'Last Settlement Day' is not clearly defined in the BSC.

The 'Last Settlement Day' is only specifically defined for a 'Discontinuing Party' (a Party already withdrawn or expelled from the Code) as "*the final Settlement Day in respect of which any amounts by way of Trading Charges may be payable by or to a Discontinuing Party*".

It is our view that a Party's Last Settlement Day represents the day on which it actually traded, i.e. the last day of non-zero Metered Volumes or non-zero Volume Notifications.

To exit the market, a Party must first meet withdrawal criteria in BSC Section A5.1.3 which relates directly to its Last Settlement Day. It can't withdraw if the Final Reconciliation ('RF') Settlement Run hasn't been carried out for its last Settlement Day.

What is the impact?

The interpretation of Last Settlement Day has a direct effect on the earliest date a Party can withdraw from the BSC.

Previously, this ambiguity led to a Party disputing the interpretation of its Last Settlement Day. The alternative interpretation was that its earliest Withdrawal Date should be based on the RF Payment Date for the last day it incurred Trading Charges (as with the definition for a Discontinuing Party), not the last day the Party actually traded.

The current definition is ambiguous and requires a Modification to clearly define a Withdrawing Party's Last Settlement Day.

¹ The related Code Subsidiary Documents (CSDs) were not reviewed in detail, but we have considered changes to the associated BSC Procedures (BSCPs) as a result of our proposed changes to Section A.

How is this resolved?

Define ‘Last Settlement Day’. Amend Section A to clearly define the Last Settlement Day for a Withdrawing Party and ensure it facilitates the intention of the Withdrawal criteria in Section A5.1.3.

There are two potential definitions of ‘Last Settlement Day’:

1. The last day on which a Party actually traded (last day of non-zero Metered Volumes or non-zero Volume Notifications); or
2. The last day the Party incurred Trading Charges.

What are the benefits of resolving this issue?

- A clear definition of ‘Last Settlement Day’
- Clear requirements for determining a Party’s earliest Withdrawal Date; and
- Implementing definition 2 above could reduce the Withdrawal timescales for Parties that have not received Trading Charges for a period of time before stopping trading.

What are the downsides?

- At this stage, we have not identified any downsides associated with implementing definition 1 as it is in line with our current interpretation.
- Implementing the second definition could mean Withdrawal timescales are reduced for Parties not incurring Trading Charges for a period of time before stopping trading. The risks and benefits associated with this are explored in the next section about Withdrawal Timescales.



1. Would you support an amendment to the BSC to clearly define ‘Last Settlement Day’?

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| ✓ | | | ✓ | ✓ |

3.2 Withdrawal Timescales

What is the issue?

The current withdrawal criteria in paragraph A5.1.3 of the BSC means that all BSC Parties are treated in the same way, regardless of market role or patterns of trading.

The timescales for withdrawing are based on the requirements to remain a Party until:

- The Payment Date has passed for the Final Reconciliation (‘RF’) Settlement Runs relating to the Party’s Last Settlement Day; and
- The final determination of BSCCo charges has been carried out for the BSC (financial) Year in which the Party’s last Settlement Day fell.

These timescales appear to be designed around the 14 month Supplier Volume Allocation (SVA) reconciliation process. This could be seen as having an unfair impact on non-Supplier Trading Parties, specifically:

- Non-Physical Traders that haven’t incurred any Trading Charges by retaining a balanced position; or
- Generators that have settled the majority of their liabilities at Initial Settlement (SF).

The timescales mean that a Withdrawing Party's earliest Withdrawal Date is 14 months from their 'Last Settlement Day', even if all other criteria in A5.1.3 are met.

Throughout the Withdrawal period, the Withdrawing Party must also manage invoices for (and pay) BSCCo Base Monthly Charge until it withdraws. This amount is currently set at £250, which is intended to cover the general costs of being a Party to the BSC.

What is the impact?

Since 2007, six of the 19 Parties that have withdrawn from the BSC have 'defaulted' on their BSCCo charges at least once. This situation typically arises when organisations don't have staff working on legacy BSC issues. As well as the additional administration costs for ELEXON to manage payment defaults and chase outstanding payments, there is a risk that costs are not recovered and need to be recouped by existing BSC Parties through the Default Funding Share arrangements.

Under the current arrangements, Parties can accrue (and can still be liable for) Reconciliation Charges after their Withdrawal (paragraph A5.3.3). This might happen if there are Post-Final Settlement Runs (DF) or Extra Settlement Determinations (ESDs) relating to a Trading Dispute.

When a Party withdraws from the BSC after RF, and fails to pay any subsequent charges it is liable for, we pursue them for payment under A5.3.3. Failure to recover these costs means we recover the costs from BSC Parties. If costs are subsequently recovered, we reimburse BSC Parties.

We'd had feedback from non-Supplier Trading Parties with experience of exiting the BSC which suggests the withdrawal requirements are administratively inefficient. This is because Parties have to manage BSC invoices despite operating in a balanced position (and not incurring Trading Charges) or settling the majority of Trading Charges at the Initial Settlement Run (SF).

How is this resolved?

We've explored three options. Options A and B reduce the withdrawal timescales in the BSC for non-Supplier Parties. Option C removes the need to pay the Base Monthly Charge throughout the withdrawal period. Option C could be implemented on its own or alongside options A or B.

Option A: Reduce Withdrawal Timescales for Non-Supplier Parties (no Trading Charges)

Applicable to: non-Supplier Parties with no imbalance charges 14 months prior to the Last Settlement Day

We could reduce the withdrawal timescales to allow non-Supplier Parties to withdraw from the BSC following the Payment Date for the SF Run (D+29) of the Party's Last Settlement Day. Alternatively, the solution could change the Withdrawal Date to be Payment Day +1 of any subsequent Reconciliation Runs.

For example: a Party's Last Settlement Day is 1 April 2008 and it has no Trading Charges for a period of 14 months prior to that day. The earliest Withdrawal Date is the SF Payment Date which is the end of April 2008. (If the Withdrawal Date was set to R1 this would be the end of May 2008.)

We could also amend Section A to remove the need for the Withdrawing Party to remain a Party until it pays final reconciliation charges for BSCCo costs. This would be invoiced following a Party's withdrawal. As highlighted above, historically, the reconciliation of BSCCo Charges has resulted in credit paid back to Parties.

What are the benefits of resolving this issue?

- Early cancellation of BSCCo Base Monthly Charges;
- Reduced risk of Payment Default;
- Parties would be able to ‘wind down’ this aspect of their business (saving on cost and resources); and
- Withdrawing Parties based outside the UK without a UK servicing address could save costs associated with employing a third party for this function (such as a solicitor or accountant).

What are the risks of implementing this solution?

- Parties could still be impacted by Trading Disputes up to 20 months following a Settlement Date. However, this would be dealt with in the same way as Parties withdrawing from the BSC following RF. That is, the Party would still be liable to pay any charges even after exiting the BSC in accordance with A5.3.3.

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| ✓ | ✓ | | ✓ | ✓ |

Option B: Reduce Withdrawal Timescales for non-Supplier Trading Parties (some Trading Charges)

Applicable to: non-Supplier Trading Parties subject to imbalance charges but that have settled the majority of their outstanding amounts at SF.

Similar to option A above, the withdrawal timescales could be reduced to allow non-Supplier Parties to withdraw from the BSC following the Payment Date for the SF Run (D+29) in relation to its Last Settlement Day, or, alternatively, any Payment Day +1 of a subsequent Reconciliation Run.

We recommend that we determine a materiality threshold for Parties of this type to take into account the size of their historic Trading Charges, plus the risk posed to other BSC Parties if they later received any additional charges.

A similar option was investigated as part of [Modification P178](#) ‘Reduction in the BSC withdrawal timescale for Parties who have settled the vast majority of their trading debts’.

P178 was rejected by the because of the perceived difficulty of accurately estimating a Party’s future charges. These could be affected by Trading Disputes following SF, with the potential that charges are underestimated. If a Modification is raised aiming to implement this solution, we would need to do further analysis. Any calculation to determine ongoing liabilities must be suitable for all types of non-Supplier Trading Parties.

What are the benefits?

- As with option A.

What are the risks?

- Parties covered by this option could still be exposed to Reconciliation charges following SF if there are changes in their Metered Volumes or changes in imbalance prices for days on which they traded until RF.
- They could be impacted by Trading Disputes raised up to 20 months following a particular Settlement Date.
- A similar option was investigated and rejected as part of Modification P178



2. What are your views on reducing the withdrawal timescales for non-Supplier Trading Parties? Do you agree that reducing the withdrawal timescales would promote and maintain competition in the market by increasing the ease of market exit?



What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| ✓ | ✓ | | ✓ | ✓ |

3. What are your views on a suitable length of time for withdrawal timescales as an alternative to the current 14 month cut off?

Option C: Early Termination of the Base Monthly Charge

Applicable to: non-Supplier Trading Parties meeting all withdrawal criteria in A5.1.3, excluding requirements A5.1.39 (b) and A5.1.39(c):

This option stops non-Supplier Trading Parties and Generators accruing the BSCCo Base Monthly Charge of £250 (the fixed monthly fee for being a BSC Party).

After we receive a validated Withdrawal Notice (form BSCP65/03), we could do a Withdrawal check to confirm that the Withdrawing Party has no outstanding sums payable, no Defaults that can be remedied and no registered Meters or BM Units. In this case, a Withdrawing Party no longer receiving invoices for Trading Charges would not accrue any costs to remain a Party.

What are the benefits of resolving this issue?

- Reduces cost of remaining a Party until Withdrawal Date;
- Reduced administration for Parties in administering payments against invoices; Parties would be able to 'wind down' business operations (i.e. cancel any direct debits and company bank accounts);
- Reduces ELEXON's administration in tracking payments prior to Withdrawal to ensure Parties finally meet the Withdrawal Criteria in A5.1.3; and
- Reduces risk of Payment Defaults incurred through not paying BSCCo charges;
- Reduces ELEXON's effort in administering the Default process and processes for funds recovery;
- Reduces risk of cost recovery across all BSC Parties through the Default Funding Share.



4. What are your views on early termination of the Base Monthly Charge?

What are the risks associated with this resolution?

- Parties could still be impacted by Trading Disputes up to 20 months following a particular Settlement Date.
- If the Party is no longer paying the Base Monthly Charge they would not be contributing to the costs associated with administering the Dispute process. This is, however, also the case where a Trading Dispute is raised following RF.

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| ✓ | | | ✓ | |

3.3 Six Month Rule

What is the issue?

Non-Licensed Parties must start trading within six months of acceding to the BSC.

Non-licensed Parties have to meet one or more steps in paragraph A2.6.3 within six months of acceding to the BSC. If they don't, they have to withdraw from the BSC.

The steps are:

- Applying to register a Metering System;
- Applying to register a BM Unit;
- Submitting an Energy Contract Volume Notification or Metered Volume Reallocation Notification; or
- Appointing an Interconnector Administrator or Interconnector Error Administrator in relation to one or more interconnectors.

Before the end of six months, Parties can apply to the BSC Panel for an extension to the accession period. Historically, the Panel has granted each application and, recently, the Panel delegated authority to the Panel Chairman to grant extensions.

We've experienced an increase in the number of extension applications in the last few years, with Parties saying they need more than six months because of:

- Commercial issues and time to arrange trading contracts with other BSC Parties;
- System set up issues; and
- Particularly for Interconnector Users, the length of time needed to comply with other industry codes before trading.

In our view, the intention of paragraph A.2.6 is to discourage consultancies and other 'non-licensed' Parties that don't intend to trade, but want to keep BSC Party status to gain access to data only available to Parties.

What is the impact?

Since February 2007, six of the nine BSC Parties that acceded to the BSC needed one or more extension(s). For these six Parties, an average of 12 months was needed to comply with Section A2.6.

The current process is onerous for Parties and viewed as over-administrative. The Panel/ Panel Chairman's decision is largely based on our recommendation.

It is our view that most 'non-licensed' Parties accede to the BSC intending to complete all market entry related activities before the six month expiry period. However, in practice, system issues and commercial implications often mean these Parties have to submit multiple applications to extend their acceded status.

Modification P114 'Entitlement of License Exemptible Generators (LEGs) and other Non-trading Parties to BSC Membership without Evidence of Trading' explored this issue and a solution was implemented allowing 'non-licensed' Parties to request access to data usually only provided to Parties at a cost equal to the base monthly charge. The option to remove Section A2.6 from the BSC was explored as part of P114. A concern was expressed that these Parties could submit Modification Proposals at significant costs to other BSC Parties.

The option to extend the timescales in A2.6 was not explored as part of P114.

How can it be resolved?

We've explored two options.

Option A: Extend the Timescales within Section A2.6 to 12 months

We could extend the timescales within Section A2.6 to allow 'non-licensed' Parties 12 months (instead of 6) to start trading. If the Party is unable to meet this timescale, it would need to provide us with evidence to support an extension application to the Panel.

What are the benefits?

- A more efficient process for new Parties – most non-licensed Parties are able to start trading within 12 months;
- Better alignment with other industry requirements (i.e. time required to register to use the French Interconnector);
- Less administrative work for ELEXON, as fewer applications would be presented to the Panel. For example, if a Party takes 20 months to start trading, this period would be covered by one extension application, rather than three.

What are the risks?

- Non-Trading Parties could use their Party status to raise Modification Proposals, the costs of which are borne by all BSC Parties. However, this is also a risk under the current arrangements as Parties can raise a Modification within the first six months (and following any extension). We don't consider this a significant risk and that the proposed solution does not add to the risk that currently exists.

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| ✓ | | | ✓ | |

Option B: Remove Paragraph A2.6 from the BSC

Paragraph A2.6 could be removed from the BSC so that Non-Trading Parties can remain Parties without having to complete any of the steps currently prescribed.

What are the benefits?

- Less administration for new Parties in making an application to the Panel.
- More flexible approach for new Parties – they can accede and begin trading in their own time; and
- Less administration for ELEXON – no monitoring required.

What are the risks?

- We feel the risks are exactly those stated in A above. We don't consider this a significant risk and that the proposed solution does not add to the risk that currently exists.

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| ✓ | | | ✓ | |



5. What are your views on extending the timescales in Section A2.6 to allow 'non-licensed' Parties 12 months (rather than the current six months) to start trading? Can you envisage any issues?



6. What are your views on removing the six Month Rule from the BSC altogether (i.e Non-Trading Parties would be allowed to maintain their 'Party' status indefinitely)?

4. What can we change now?

We looked closely at the processes around market entry and Parties registering in Central Systems to ensure we operate them efficiently and effectively. We identified potential process improvements for both ELEXON and BSC Parties. These improvements are explored in more detail below. None of these improvements need a Modification Proposal and many could be achieved with little effort.

What could be improved?

There is unnecessary duplication in the data that Parties provide ELEXON and BSC Agents, both when entering the market and when making subsequent amendments to this data.

At present, new entrants submit the same standard company information on three separate forms throughout the Accession, Qualification and Registration. There is also duplication when maintaining the information. For example, a simple change of Company Name or address would require the Party to submit separate forms.

Why does it need improving?

The process could be more efficient and your feedback suggests that the administration duplication is time consuming, unnecessary and often frustrating for new entrants.

There is also a risk that the information held by ELEXON and/or BSC Agents could be inaccurate because of changes in Party data that are not submitted in the required format (i.e. on both required forms). For example, the Funds Administration Agent (FAA) often spends time unnecessarily tracking accurate company details for billing purposes. This information should be kept up to date via BSCP301/04(b) 'Amendments to Funds Accession Details' form however Parties sometimes only complete one of the two required forms.

Inaccurate company information can also impact ELEXON activities such as BSCCo billing and issuing ballot papers for the BSC Panel election to the correct companies.

4.1 Streamline Market Entry Data Provision

We will amalgamate information and simplify the process of maintaining company information. We will raise a Draft Change Proposal (DCP) to amend BSCP65 'Registration' and include Party Data provision. If approved, the BSCP65/01 Party Registration form will be split into two forms to manage initial submissions of data and subsequent amendments.

- a) Parties send ELEXON the BSCP65/01(a) form which includes information currently required for registration in Central Registration Service (CRS) and the information currently provided on the Accession Form: VAT number, UK address for service & licence details removing the need for a separate Accession Form. When the Party completes CVA Qualification this information would be provided to the Central Registration Agent (CRA) to progress registration into Central Systems.
- b) BSCP65/01(b) is sent to the CRA and it's used to amend the information initially provided through BSCP65/01(a). In line with our aim to improve our customer facing processes, we would look at including this form in the online forms system to allow changes to company information to be administered more easily and efficiently. If there are any changes the CRA would notify ELEXON and the FAA.

BSCP301/04(a) 'Funds Accession Form' which is submitted to the FAA, could be amended via a Draft Change Proposal to remove the Party address field; information provided through BSCP65/01(a) would be the default address for billing purposes. Should the Party choose to use a different billing address then they would need to state this explicitly on the BSCP301/04(a) form in the alternative address field.

What are the benefits?

- More streamlined and transparent market entry service provided to Parties;
- Fewer number of forms for Parties to submit to ELEXON and BSC Agents;
- More accurate information held by and circulated between ELEXON and the BSC Agents through simplifying the process to provide and update the information; and
- Reduction in effort required to chase Parties for the Funds Accession Form (BSCP301/04(a)/ (b)) as a default address is provided through BSCP65/01.

There is a risk that if a Party provides inaccurate data on the BSCP65/01(a) then this will be reflected in multiple systems (i.e. BSCCo, CRA and FAA systems).

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| | ✓ | | ✓ | ✓ |



7. What are your views on removing duplication from the market entry process by combining parts of the Accession form, BSCP65 & BSCP301?

4.2 Administration of CVA Qualification Process

What could be improved?

It is our view that despite being heavily involved in the CVA Qualification process, there are few opportunities for us to add value. The CRA holds both the relevant data and expertise required for the CVA Qualification process: a more efficient solution is for the CRA to take sole responsibility for the process from start to finish.

Before a new Party can register in Central Systems it must first demonstrate its ability to communicate with Central Systems by carrying out testing in accordance with BSCP70 'CVA Qualification'

We liaise with the Party and the CRA to confirm and book the next available test slot. We then send the completed BSCP70 form(s) to the CRA to provide details of the flows to test.

All technical guidance before and during the testing is provided to the Party by the CRA. Once the testing is complete, the CRA informs us if Qualification testing is complete. We inform the Party and issue a CVA Qualification statement were the Party is successful.

Where the new Party is using the lines and/or systems of another BSC Party that has already completed testing it can apply for a waiver. The applications and supporting evidence are sent to us. We have to confirm with the CRA that the relevant tests are completed by the supporting Party and then issue a Qualification Waiver.

How can it be improved?

If we give the responsibility for executing and administering the process to the CRA the process would be improved. We could amend BSCP70 so that the form is sent directly to the CRA and remove the requirement to provide the Party/Party Agent a Qualification statement and or Qualification Waiver (i.e. a Party's registration in CRS is sufficient proof of its ability to communicate with CRS).

The CRA would provide technical guidance and support throughout the process.



8. Do you agree that the CRA should take responsibility for administering the CVA Qualification Process?

What are the benefits?

- Parties able to communicate directly with the CRA throughout the CVA Qualification process;
- More efficient process.

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| | ✓ | | ✓ | ✓ |

4.3 Wider user of Online Forms

What could be improved?

There is an opportunity to widen the use of the Online Forms Service by amending the BSCPs listed below so the forms are sent directly to the CRA and added to the online forms system.

This solution is part of our continued commitment to improving customer-facing processes. In this case making more forms available online so that data can be submitted and validated more efficiently.

We feel that the following forms submitted through the market entry process could be amended in this way; these amendments take into account changes made to remove duplication from the market entry process.

(a) BSCP65/01(b) – Party Registration

This form could be sent directly to CRA to update Party Registration data. The initial registration data provided on BSCP65/01 (a) would still be sent to ELEXON together with the Application Fee and Accession Agreement.

(b) BSCP70/01 – CVA Qualification

All of the BSCP70 forms could be amended so they are sent to the CRA to book or request a waiver for CVA Qualification testing.

(c) BSCP71 – Party Agent Registration

We could amend the forms within BSCP71 so they are sent directly to the CRA to register Party Agent roles and to set up and terminate ECVNA & MVRNA Authorisations.

What are the benefits?

- CRA can take ownership of processing the BSCP forms and liaise directly with Parties;
- Increases the number of forms available online using technology already developed under the Online Forms Project; and
- Helps us improve the operability of customer-facing processes which makes your experience of the BSC better.

We would continue to manage new Parties going through market entry related activities but responsibility for receipt and processing of associated BSCP forms would in most cases transfer to the CRA.



9. Do you support our view that the BSCPs associated with the market entry process should be included within the Online Forms system?

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| | ✓ | | ✓ | ✓ |

4.4 Introduce a Market Entry Form Manager

What improvement could we make?

We propose to develop and implement a stand alone system which acts as a form manager for new Parties entering the market. This system would be built and maintained by ELEXON and enable a Party to manage all associated forms and BSCPs in one central place. The application would also be a checklist of required submissions and activities through the market entry processes and provide an audit trail of completed forms for future reference.

What are the benefits?

- Less duplication due to pre-population of forms;
- A more efficient system for Parties;
- A user friendly interface to BSCP forms along with help and tips; and

We would need to develop a clear business case for this solution. The solution would also need to consider the online forms system and align with our Information Systems (IS) strategy.



10. Do you support the creation of a standalone system to help new entrants manage the forms required through the market entry process?

What changes are required?

| Change Required | | | | |
|-----------------|------|-------------------|-----------------------------|-----------------------------------|
| BSC | CSDs | BSC System Change | BSC Processes/documentation | BSC Agent Processes/documentation |
| | | | ✓ | |

5. Conclusion

As you've read in this review, there are two main areas of improvements we're suggesting: those that require a Modification to the BSC, and those that can be changed through the Change Process or our own internal processes and that we can do now.

We believe that Section A continues to facilitate the applicable BSC Objectives but that a few issues exist which mainly impact non-Supplier Parties. These issues could be resolved if you wish to progress them through the Modifications process.

This report is now available for your comment and we're especially interested in your views on whether the cost and effort to process Modification Proposals associated with the issues highlighted in this report will deliver enough benefit.

Next Steps

This report will be distributed to BSC Parties with the suggestion that the work is carried forward to further investigate the issues raised, and fully scope out feasible solutions. We hope that BSC Parties will come forward to formally raise changes to improve efficiencies and save resources for BSC Parties, BSCCo and BSC Agents.

What can you do to help us?

We would really appreciate your feedback and comments regarding the issues and solutions we have raised in this report. Please use the comments form available with this report to respond to our review.

Your responses are due by Friday 28 November 2008.

If you would like more information about any part of this report please do not hesitate to contact me.



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