

An Overview of Market Entry: SVA Qualification

Introduction

This document provides a high level overview of the Supplier Volume Allocation (SVA) Qualification process. This is a market entry technique which forms part of the Performance Assurance Framework (PAF) and is managed by ELEXON in its role as the Balancing and Settlement Code Company (BSCCo).

The process of Qualification is defined in Section J3 of the Balancing and Settlement Code (BSC), and in Balancing and Settlement Code Procedure (BSCP) 537 – ‘Qualification Process for SVA Parties, SVA Party Agents and CVA MOAs’.

Additional guidance notes on areas of the Qualification process are referenced in this document and are available at www.elexon.co.uk.

Qualification

The Qualification procedures are followed by organisations wishing to operate in the BSC arrangements in one or more of the following capacities:

- Suppliers
- Meter Operator Agents (both Central Volume Allocation¹ (CVA) and SVA);
- Data Collectors;
- Data Aggregators;
- Supplier Meter Registration Agents;
- Meter Administrators; and
- Licensed Distribution System Operators (LDSO) when acting in their capacity as Unmetered Supplies Operators (UMSO).

When an organisation is Qualified in a certain role it allows that organisation to provide its services in this role under the BSC.

The Qualification process aims to provide assurance that an organisation’s systems, which may interact with the BSC Systems and other participant’s systems, developed outside of ELEXON’s control, are in line with BSC requirements and good practice.

Organisations interested in applying for Qualification should contact ELEXON for information and guidance on the process. For organisations, other than Suppliers and LDSOs, wishing to become Qualified, a Qualification Letter is completed. The start of the Qualification process is triggered by the receipt of Qualification Letter or, in the case of Suppliers and LDSOs, when they have acceded to the BSC. The Qualification process involves the completion of a Self Assessment Document (SAD), in some instances the performance of witnessed testing, and may require a site visit to review appropriate supporting evidence.

¹ CVA Meter Operator Agents must also go through the CVA Qualification process detailed in BSCP70 – ‘Qualification Testing for Parties and Party Agents’, which is explained in the Market Entry: BSC Parties Information Sheet and on www.elexon.co.uk.

² ELEXON may use a Qualification Service Provider to progress Qualification Applications on its behalf. For the purposes of this information sheet, reference is made to ELEXON.

ELEXON² uses a risk-based approach to reviewing the SAD, supporting evidence and determining the amount of witnessed testing carried out with an applicant. ELEXON will assess the risk of an applicant based on the responses provided in the SAD and the supporting evidence. The risk assigned to an application will be reviewed by ELEXON at various stages throughout the process if required (for example, as subsequent drafts of the SAD are received). ELEXON may vary the risk assigned to an application from time to time when an applicant's circumstances change.

The Performance Assurance Board (PAB) decides on applications for Qualification. Reports detailing the completion of the procedure are presented to the PAB. ELEXON provide a recommendation and all the information needed for the PAB to make a decision on an applicant's Qualification.

Re-Qualification

All organisations who are Qualified, except Suppliers, are required to maintain this status through the re-Qualification process. One aspect of this involves maintaining compliance with their obligations under the BSC. In addition, Qualified Persons must undertake a Risk and Impact Assessment preceding changes to their systems or processes to determine if any changes are Material Changes³. Re-Qualification is triggered by a Material Change to a Qualified Person's systems and processes and must be completed before the change is implemented.

Possible triggers for re-Qualification include (but are not limited to):

- a step change in the number of Metering System Identifiers (MSIDs) for which the Qualified Person is responsible;
- a significant change or upgrade to IT systems;
- a significant change to procedures;
- the introduction of a new software application to be used by a Qualified Person as a tool for carrying out the functions of the service.

A separate guidance note on Material Change and re-Qualification is available on the ELEXON website.

Self Assessment

The principle of self assessment is central to the Qualification and re-Qualification procedures. Applicants perform a self-assessment of their systems and procedures against BSC requirements embodied within the SAD. The Applicant will be required to undertake the majority of the work (i.e. drafting the SAD, performing testing and providing evidence).

The SAD contains the following sections that also embody the minimum standards that a Qualified Person must meet:

- introduction;
- project management and system development;
- testing;

³ Material Change is defined in Section X-1 of the BSC as being a proposed change to the Qualified Person's systems and processes that has the potential to impact that person's ability to meet its obligations under the BSC.

- operational security and controls;
- change management and risk assessment;
- management, resource planning and local working procedures;
- initial data population and/or data migration; and
- service specific sections.

Qualified Persons, other than Suppliers, must also submit an Annual Statement of Qualified Status to ELEXON on or around 1 April each year confirming that they have implemented no Material Changes to their systems and processes or have re-Qualified for any Material Changes made.

Witnessed Testing

A separate guidance note is available at www.elexon.co.uk which provides details of the approach to witnessing taken by ELEXON and the witnessing that may be performed by ELEXON as part of the Qualification process.

Storyboards

As part of the Qualification process, applicants are expected to design and execute their own testing to satisfy the BSC obligations relating to their particular applicant role. Storyboards are guidance documents that can be used by an applicant when designing a test programme to satisfy the associated Qualification Requirements. The Storyboards and supporting guidance on their use are available at www.elexon.co.uk.

Fees

Currently there are no fees charged to Applicants for completing the Qualification Process.

Market Domain Data

All Applicants will need to ensure that their relevant details are registered within Market Domain Data (MDD) before they intend to commence live operations. The process of registering information in MDD is detailed in BSCP509 – 'Changes to Market Domain Data'. A separate information sheet is available to download from www.elexon.co.uk. An Applicant will not be effective in MDD until after the date that PAB approves its Qualification Application.

Contact

For further information relating to Qualification please email qualification@elexon.co.uk.

ELEXON is the Balancing and Settlement Code Company (BSCCo) defined and created by the Balancing and Settlement Code (BSC). All licensed electricity companies are obliged to sign the BSC, other parties may choose to do so. The BSC places obligations on ELEXON.

The rules and governance for trading in the Balancing Mechanism and Imbalance Settlement process are contained within the BSC, and it's these two areas that ELEXON manages in conjunction with the BSC Panel.

ELEXON procures, manages and operates services and systems, which enable the balancing and Imbalance Settlement of the wholesale electricity market and retail competition in electricity supply.

Wholesale electricity trading arrangements, introduced in England and Wales in 2001 and in Scotland in 2005, are designed to promote greater competition, while maintaining a secure and reliable electricity system. The arrangements allow electricity to be traded freely, based on established commodity trading practices.

The role of ELEXON and the BSC arrangements are more fully described on www.elexon.co.uk.

If you have any feedback on this Information Sheet or any of ELEXON's publications, please email communications@elexon.co.uk, call on 020 7380 4119 or write to us at:

ELEXON Ltd
4th Floor
350 Euston Road
London
NW1 3AW