



# **BSC Qualification Service Provider's Approach to the (Re)-Qualification Service**

*For the year ending 30 September 2018*

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## 1. Introduction

### Qualification under the BSC allows an organisation to provide services in its Qualified role.

This document provides an overview of the Supplier Volume Allocation (SVA) Qualification process, activities and approach performed by the Qualification Service Provider (QSP).

This is a market entry technique that 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 J 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'.

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.

## 2. Responsibilities

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

- Supplier (Non Half Hourly, Half Hourly);
- Meter Operator Agent - Central Volume Allocation (CVA);
- Meter Operator Agent SVA(Non Half Hourly, Half Hourly);
- Data Collector (Non Half Hourly, Half Hourly);
- Data Aggregator (Non Half Hourly, Half Hourly);
- Meter Administrator; and
- Licensed Distribution System Operator (LDSO) when acting in their capacity as Unmetered Supplies Operator (UMSO) or Supplier Meter Registration Agent (SMRA).

A summary of high level responsibilities for the various stakeholders involved in the Qualification process are provided below:-

#### Applicant

- Establish contact with BSCCo (qualification@elexon.co.uk) to enter market and commence Qualification process.
- Liaise with BSCCo and QSP to understand and follow through on the Qualification process.
- To perform a self-assessment of its systems and procedures against Code requirements embodied within the Self-Assessment Document (SAD) and support QSP in provision of relevant evidence.
- Request the Performance Assurance Board to provide advice or clarification or seek endorsement of the plans described in the SAD.

#### BSCCo

- Meet or communicate with the Applicant to explain the Qualification Process.
- Provide appropriate guidance and support to the Applicant (if requested) during the course of the application.
- Maintains an up-to-date list of each person who is Qualified.

#### QSP

- Carry out a limited risk based review and assessment of the SAD.
- Assess any relevant matters including the risk posed to Settlement and the operation of the Code.
- Review any evidence and verification of the information contained in the SAD (including any test results).
- Provide the Performance Assurance Board (PAB) with a report in relation to the Applicant's application for Qualification and make a recommendation to whether the Applicant has fully completed the required steps.

#### Performance Assurance Board (PAB)

- Responsible for the Qualification Process, subject to and in accordance with BSC Section J and BSCP537.
- To carry out the functions, duties and responsibilities relating to the Qualification, re-Qualification, Removal of Qualification and surrender of Qualification processes in accordance with the Code.
- Notifies BSCCo when a person becomes Qualified.

### 3. Overview of Qualification Process and Requirements

Qualification Service processes commence once ELEXON have received a Qualification Letter, or in the case of Suppliers and LDSOs, when they have acceded to the BSC. On confirmation from ELEXON, the QSP will commence planning for the application.

The Qualification 'Wheel' depicted on the right highlights the 5 core steps of the Qualification Process specifically:-

1) **Planning:** Reiteration of the processes and steps involved and establishing the timelines for completion up to the PAB meeting.

2) **Review of SAD and re-review of SAD:** Involves the completion of the Self-Assessment Document (SAD - from Appendix 1 of BSCP 537) by the Applicant and subsequent reviews by the QSP.

3) **Witness Testing:** Following the completion of the SAD, the QSP will perform on-site witness testing to review industry specific scenarios, systems and business processes this may also include supplemental evidence that has not been provided as part of the SAD review.

4) **Reporting:** The QSP prepares an outcome report to the Performance Assurance Board (PAB). This report contains background information and a recommendation required to make a decision on an Applicant's Qualification.

5) **Recommendation and PAB decision:** ELEXON prepares a paper to PAB with a recommendation to make a decision on Applicant's Qualification. The PAB makes the decision on an Applicant's suitability for Qualification.



Key principles that are an integral part of the approach adopted by the QSP include:-

- **A limited, risk based review** of each application will be performed throughout the various steps to evaluate the level of risk to Settlement posed by the Applicant and therefore the extent of evidence required to support the application. The QSP will be providing a Complexity and Risk Rating for each Applicant to the BSCCo on a periodic basis;
- **Advising Applicants** on the application stages and expected processes for Qualification; and mitigating the risk that ELEXON and the QSP are seen as a 'barrier' for new entrants;
- **Continuous interaction** with the Applicant throughout the lifecycle of the system implementation / change on commencement of the Qualification process. The aim is to mitigate risk and issues as they arise as early as is feasible;
- **Flexibility** in the submission of the SAD. The Applicant may choose to submit separate sections of the SAD to the QSP for review to ensure a fluid process; and
- **Secure and convenient data transfer** between parties through the use of QSP's internally developed Secure Data Transfer Service (SDTS) or encrypted emails in order to comply with the Applicant's Information Security Policy. The QSP strongly discourage the use of removable devices such as, USB Flash Drives, Compact Disks, etc. limiting the increased risk of a data breach.

### 3.1 MRASCo Alignment

For Supplier, UMSO and SMRA applications there is an opportunity for the QSP to work in conjunction with Master Registration Agreement Service Company (MRASCo) who is required to perform the MRA Entry Assessment and MRA re-Qualification process.

Whilst the market entry processes adopted by the BSCCo and MRASCo are independent of each other and risk assessments are performed separately there are several stages of the process where alignment can reduce duplicate effort by the Applicant through the re-use of evidence or shared co-ordination activities. This is demonstrated in the table below:-

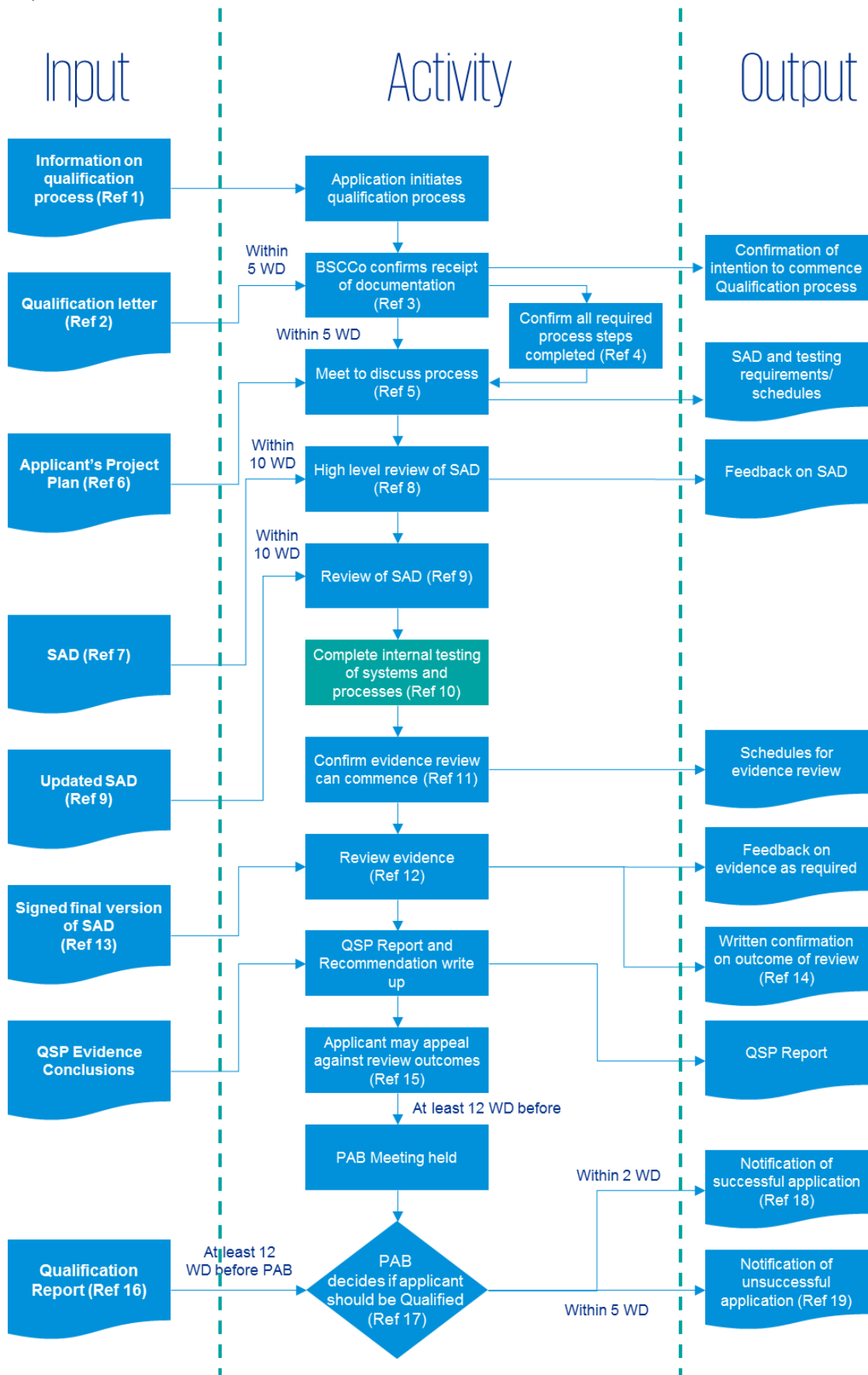
Qualification Step	MRASCo Alignment
1. Planning	Joint briefing / planning sessions can be held to acquaint applicants with the respective Qualification and MRA Entry processes and agree aligned milestones.
2. Review of SAD and re-review of SAD	Consideration can be given through use of joint storyboards that provide the Applicant with scenarios to run through testing.
3. Witness Testing	Evidence that the Applicant provides to support testing can be provided to both the QSP and MRASCo however QSP will perform an independent site visit in order to conduct Witness Testing.
4. Reporting	Reporting is independent of each relevant party.
5. Recommendation and PAB decision	MRA Executive Committee (MEC) approval is required prior to PAB meeting date.

The following sections provide the programme of activities for Qualification and a process flow to link through inputs and outputs. **The programme of activities is summarised from the BSCP537 and therefore does not refer to the QSP.** The BSCCo assign responsibilities for specific activities through to the QSP and these processes and steps are covered within section 5 of the document.

### 3.2 Qualification Programme of Activities

Ref	Timeline	Actions	Information Flow	
			From	To
1	As required	<b>Information and Guidance</b> on processes provided.	BSCCo	Applicant
2	As required	<b>Qualification Letter</b> , proposed market roles and application fee (if applicable) sent to the BSCCo.	Applicant	BSCCo
3	5 Working days after Ref 2	BSCCo <b>confirms both receipt of documentation</b> and acknowledges in writing that the Applicant intends to commence the Qualification Process.	BSCCo	Applicant
4	Prior to PAB Meeting	Applicant and BSCCo <b>confirm that all required steps have been carried out.</b>	BSCCo Applicant	
5	5 working days after Ref 3 (or as agreed)	<b>Meet to discuss Qualification Process</b> , e.g. SAD and (witness) testing requirements/ schedules.	BSCCo	Applicant MRASCo
6	After Ref 5 (as agreed)	Applicant to share a detailed <b>Project Plan</b> outlining the scope of activities.	Applicant	BSCCo
7	After Ref 5 (as agreed)	<b>Complete and submit SAD.</b>	Applicant	BSCCo
8	Within 10 working days of Ref 7	<b>High level review of SAD</b> by BSCCo, <b>feedback</b> provided on any areas where requirements have not been met. If all requirements met, proceed to Ref 10.	BSCCo	Applicant
9	After Ref 8	<b>Applicant updates SAD</b> and resubmits.	Applicant	BSCCo
10	Within 10 working days of Ref 9	<b>BSCCo reviews SAD.</b>	BSCCo	Applicant
11	After Ref 5 (as agreed)	<b>Applicant completes internal systems</b> and process testing; <b>BSCCo confirms that Applicant has met requirements</b> through witness testing.	Applicant BSCCo	
12	After Ref 10 completed	<b>Confirm that evidence review can commence</b> and agree timescales.	Applicant BSCCo	
13	After Ref 12 and as agreed	<b>BSCCo conducts witness testing to review systems, processes and supporting evidence;</b> feedback is provided where requirements have not been met.	BSCCo	Applicant
14	After Ref 13	<b>Applicant submits final version of SAD signed off by their director.</b>	Applicant	BSCCo
15	As required between Ref 5 and 14	<b>BSCCo send written confirmation</b> of the outcome of the reviews carried out at each stage.	BSCCo	Applicant
16	As required between Ref 5 and 14, but at least 12 working days before PAB	<b>Applicant may appeal</b> against aspects of the review and request that the PAB makes a Qualification determination for their application.	Applicant	PAB
17	As required after Ref 14, but at least 12 working days before PAB	<b>BSCCo provides Qualification report</b> , which recommends whether the Applicant should be Qualified.	BSCCo	Applicant PAB
18	At PAB meeting	<b>PAB decides</b> whether Applicant should be Qualified.	PAB	BSCCo
19	Within 2 working days of PAB meeting (Ref 18)	<b>Notification of PAB's decision</b> that application was successful; BSCCo develop RMP in line with section Z 5.7 of the Code and advise CRA to add relevant information to CRS.	BSCCo	All interested parties. Applicant CRA
20	Within 5 working days of PAB meeting (Ref 18)	<b>Notification of PAB's decision</b> that application was not successful; BSCCo provide feedback to Applicant.	BSCCo	Applicant
21	After Ref 2	<b>Applicant may commence with MDD change request</b> process.	Applicant	BSCCo
22	After PAB meeting (Ref 18)	<b>Raise MDD Change Request</b> to add Qualified Person information to MDD database in accordance with BSCP509.	BSCCo	SVAA

### 3.3 Qualification Process Flow Chart



## 4. Overview of re-Qualification and Requirements

**(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.**

All organisations who are Qualified, except Suppliers, are required to maintain their Qualified 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 considered Material Changes.

The ‘Material Change and Triggers for re-Qualification Information Sheet’ provided by the BSCCo contain the key elements for assessing possible triggers for re-Qualification.

Various factors including operational, implementation and data quality issues should be assessed for their levels of risk and probability so that a view can be taken on the likeliness of a change to be material. Triggers for re-Qualification will vary on a case by case basis depending on factors such as market role, scale of operation and IT systems operated.

Under Section J of the BSC, a Qualified Person (with the exception of a Supplier in relation to its participation capacity as a Supplier) shall on an annual basis provide to BSCCo a written statement signed by a Board Director stating whether or not it has been subject to a Material Change.

### 4.1 Possible triggers for re-Qualification, (but are not limited to):-

Change Type	Unlikely Trigger	Likely Trigger	Highly Likely Trigger
<b>System Change</b>	Changes to non-Settlement interfacing systems Minor software upgrades Software changes that do not affect the structure, format or calculated content of data flows sent to other participants	A significant change or upgrade to Settlement IT systems Replacement of flow router or gateway Upgrade to server or operating system	Replacement of Settlement systems with a new, unproven system Bulk migration of data with industry content between systems Upgrade to or replacement of systems which impact inter-operation with other participants.
<b>Process Change</b>	Changes to non-Settlement interfacing processes	Manual process replaced by automated process (industry-facing) Process modifications that affect the calculation of any data items that are subsequently transmitted to another participant.	Multiple manual processes replaced by automated processes (industry-facing) Major rewrite of business processes used for the operation of the agency service
<b>Staff Change</b>	Changes to appointed sub-contractors	Staff changes due to acquisition of new company	Relocation requiring total staff replacement
<b>Growth</b>	Step changes under an agent’s previous maximum Certified volume (granted under the Accreditation and Certification process before Modification P197 implementation) would not require a re-qualification	Step changes in number of Metering Systems for which the agent intends to be responsible over the agent’s previous maximum Certified volume, or volume capabilities demonstrated previously.	N/A
<b>Non Compliance</b>			Where suggested by the PAB due to the number of non-compliances

The QSP will undertake the re-Qualification process in the same methodology and approach as the Qualification process following identification and confirmation of a Material Change through review of a Risk and Impact Assessment (RIA) completed by the applicant.

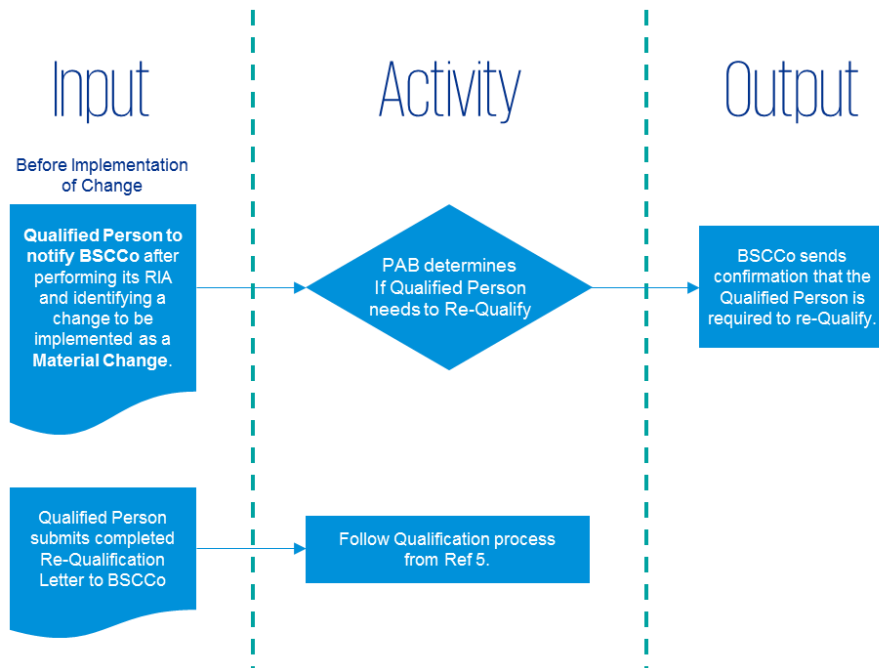
It is important to note that as the Qualified Person has previous experience in the market and is already Qualified, the level of risk of the application will be assessed by the QSP accordingly. Typically, the QSP would expect to spend a reduced amount of time on a re-Qualification application compared to a new Qualification Applicant, although this can vary on a case by case basis.



#### 4.1.1 Re-Qualification Programme of Activities

Ref	Timeline	Actions	Information Flow	
			From	To
1.1	Before implementation of a Material Change	Qualified Person performs its RIA and identifies if any change it wishes to implement is a Material Change.	Qualified Person	
1.2	As required	The Qualified Person determines if they need to re-Qualify and inform ELEXON of their decision.	Qualified Person	BSCCo
1.2.1	After ref 1.2	BSCCo provides support and guidance to the Qualified Person on what might constitute a material change and therefore trigger re-Qualification	BSCCo	Applicant
1.3	After Ref 1.1. or 1.2.1	Qualified Person submits completed re-Qualification Letter to BSCCo.	Qualified Person	BSCCo
1.4	After Ref 1.3	Follow Qualification process from Ref 5.		

#### 4.1.2 Re-Qualification Process Flow Chart



## 5. Qualification Process and Steps

### 5.1- Step 1: Planning

**Key Objective** 'To bring together the BSCCo, QSP and Applicant to communicate processes and steps to complete, and agree indicative timescales including the expected PAB delivery date'.

**Common Pitfalls**

- Insufficient information from the Applicant regarding application leading to higher risk rating for the application.
- Applicant project plan and corresponding timeline is aggressive and unrealistic to achieve a PAB date.



The planning meeting is the first time the BSCCo, QSP and the Applicant collaborate in the Qualification process. The QSP will seek to integrate the session with MRASCo where feasible for Supplier, SMRA and UMSO applications.

The planning meeting will allow the QSP to communicate the process and the necessary steps required for the successful completion of the application, to set out key dates (including proposed site visits for evidence review and witness testing), contacts, data requests, and other audit related information.

The following serves as a provisional standing agenda for the Planning meeting:

Planning Meeting Agenda	Primary / Secondary Input
1) Introduction and Objectives	QSP / BSCCo
2) Applicant Summary	Applicant
3) (Re) Qualification Process	QSP / BSCCo
a) SAD Completion	
b) Evidence review	
c) Site visit/witness testing	
d) Risk Evaluation Register (RER)	
4) Timelines (& Milestones)	Applicant / QSP
5) Next Steps & AOB	QSP / BSCCo

The challenges surrounding timely completion of Qualification activities will be communicated to the Applicant to educate them on how timelines and ultimately PAB’s decision may be impacted. This includes:

- Overall aggressive timelines to go-live set by the Applicant;
- Risk and complexity of the systems and processes and the associated testing required;
- Quality of the responses for the SAD and the supporting evidence provided;
- Timeliness of SAD completion; and
- Quality of testing output and extent of outstanding defects as a result of system/process testing.

A key date to agree (indicative) is the PAB meeting where the Qualification application for approval or approval with a determination will be presented. In addition, the QSP will determine the complexity and the overall Risk Rating of the application and share this with the BSCCo.

### 5.2 - Step 2 & 3: Review of Self-Assessment Document (SAD) & Witness Testing

**Key Objective** *‘To perform a limited risk based assessment of the SAD and corresponding evidence (documentation or witness testing) gaining comfort for the PAB that the Applicant has demonstrated compliance to the Code and Code Subsidiary documents prior to Go-Live’*

**Common Pitfalls**

- Lack of adequate responses, incomplete, or no responses to SAD questions as a result of insufficient time allocated in the project plans.
- Inadequate time allocated for development of business processes and other procedural documentation required to be in compliance with BSCP537.
- SAD is not completed on an iterative basis leading to delayed feedback from QSP and ultimately delays in agreed Qualification milestones. [Refer to Risk #11 in Section 6].
- Issues identified during witness testing leading to further delay in the Qualification process.



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

The SAD document contains questions that relate to some of the Qualification Requirements for each type of Qualified Person. The SAD does not contain questions on all of the Qualification Requirements which each Qualified Person must comply with. The Qualification Requirements with which each Qualified Person must comply are contained in the Code and Code Subsidiary Documents; these are functions, duties and responsibilities that the Qualified Person must perform.

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;
- Operational security and controls;
- Change management and risk assessment;
- Management, resource planning and local working procedures;
- Initial data population and/or data migration; and
- Role specific sections (such as Data Collector or Supplier).

The Qualification Process has been designed to enable Applicants to complete and submit the SAD either as a whole or section by section. It is recommended that the SAD is updated on an iterative basis in order for the

QSP to provide feedback and raise any potential observations at the earliest feasible stage. This includes the mitigation of common pitfalls that could lead to operational and potential risks to Settlement, such as:

- Compliance requirements not clearly established or managed;  
End to end business processes are focused on operations and not integrating compliance activities, including clearance of data flow related exceptions;
- Roles and responsibilities for ensuring the BSC is followed is not clearly defined in the project and / or for the 'to be' business as usual processes;
- Testing scope is insufficient to cover end to end process flows (including coverage of storyboards expected); and
- Test exit and Go-Live criteria do not explicitly call out BSC compliance.

The QSP will perform a risk based review of the responses to the SAD questions to assess the completeness and robustness of the entries. The QSP may request further detail relating to the SAD responses. Therefore timely completion of the respective SAD sections will aide in prompt feedback from the QSP.

Subsequent to the review of the draft SAD, the QSP may determine additional updates are required and on completion of these updates will form a final review.

### 5.2.1 Witness testing and evidence review

The QSP in conjunction with BSCCo will determine the extent of additional evidence reviews and witness testing required to support the review of the SAD. This is typically expected to take place at the Applicant's site. A high level description is provided for reference below:

- **Evidence review:** The QSP will review additional documents that support the SAD responses for each SAD section. There are typically a set of standard documents that are expected to be seen as well as supplementary documents based on the individual application. To minimise impact on the Applicant, the QSP may determine that initial evidence is reviewed offsite to aide efficient and timely feedback.
- **Witness testing:** The QSP will witness real time execution of specified test scenarios to ensure they are aligned with the Applicant's test plan. BSCCo and MRASCo have provided Joint Storyboards; and BSCCo specific story boards that may be utilised by the Applicant; the QSP may select a sample of these story boards to view testing for onsite. In addition, The Risk Evaluation Register (RER) will be used by the QSP to determine how risks have been mitigated by applicant and potentially for determining witness testing scope. The witness testing scope will be shared with the Applicant by the QSP prior to the site-visit to provide sufficient preparation time.
- **Witness testing environment:** The QSP will carry out witness testing in the test / pre-production environment. It is the Applicant's responsibility to ensure the "test" infrastructure's design, operation, and performance simulates the production / "live" environment as close alignment as possible for the purposes of the QSP to perform witness testing. The Applicant should inform the QSP of any variances between the test/pre-production versus the "live" / production environments and provide appropriate rationale of the differences and how this may affect scenario witness testing.

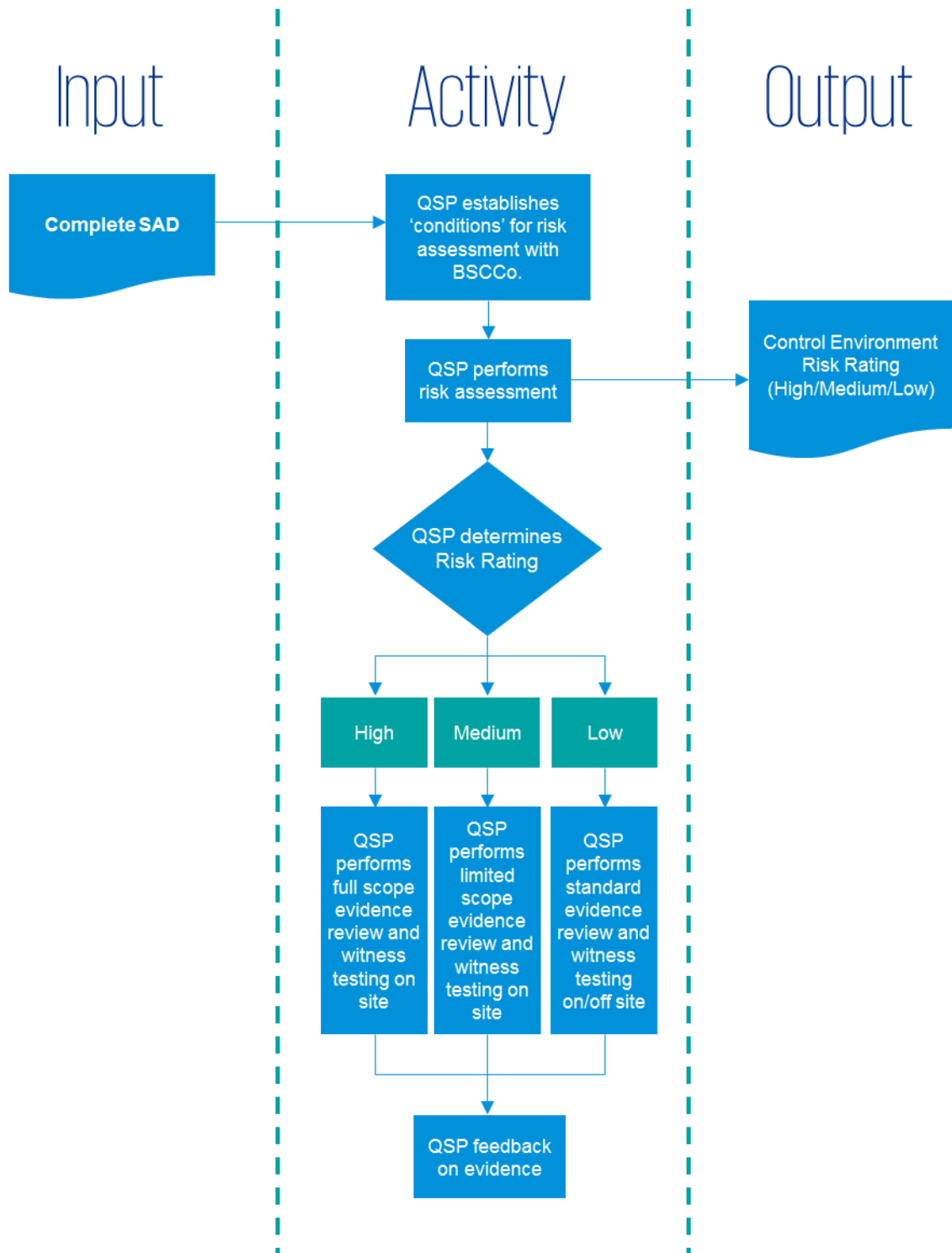
**5.2.2 Key features of the approach to witness testing are:**

<p style="text-align: center;"><b>Flexibility</b></p> <p>Qualification has been designed to be a flexible process that can adapt to meet the needs of a particular Applicant. The approach to witness testing is also flexible.</p>	<p style="text-align: center;"><b>Scalability</b></p> <p>The approach to witness testing establishes a common framework whereby the use of witness testing is scalable depending on an assessment of an Applicant’s risk.</p>
<p style="text-align: center;"><b>Transparency</b></p> <p>By agreeing and publishing its approach to witness testing the PAB is ensuring that the Qualification Process remains transparent. Applicants and prospective Applicants will be able to form a reasonable expectation of the amount of testing that will be witnessed during their application and also how this might vary if the risks that their application presents are not appropriately mitigated.</p>	<p style="text-align: center;"><b>Consistency</b></p> <p>Any witnessing approach employed needs to be consistently applied across applications and any variations in approach (due to insufficient risk mitigation) need to be consistently applied to applications in similar circumstances where applicable.</p>

The extent (quantity) of evidence review and witness testing performance will be dependent on the risk of the application and the level of controls demonstrated to date by the applicant. In assessing this risk, we will consider a number of conditions including:

- Approach to testing, specification, plan, expected results;
- Defect/issue management process and volumes identified during system / process testing;
- Regression plans, the ability to roll back to previous systems or processes;
- Test evidence, sign off or authorisation process for test phase exit reports;
- The level of business process and IT controls both documented and evidenced by the Applicant;
- The previous experience of the Applicant and current roles operated in;
- The complexity of the proposed systems and service;
- The use of the proposed systems in the market by other Qualified Persons;
- Intended dimensions of operation (for example volume of MPANS);
- The reliance by the Applicant on any outsourced services;
- Reliance on the witness testing undertaken by MRASCo; and
- Confidence in the supporting documentation already obtained during the review and re-review of the SAD.
- Where multiple applications are to be Qualified as “off-the-shelf” companies, the applicant is required to evidence that individual/separate (physical or logical) instances for each system is set-up for each MPID to be qualified under the BSC.
- For (re)-Qualification, the Applicant should ensure that the quality of test data is representative of the live/production environment in preparation for scenario based testing.

5.2.3 The flowchart below demonstrates the high level process to determine the extent of evidence review and witness testing required.



**5.2.4 The table below summarises the variations in the extent of evidence review and witness testing required; based on the risk assessment performed.**

	1.High – Full Scope	2.Medium – Limited Scope	3.Low – Standard Evidence
<b>SAD and Evidence review</b>	<ul style="list-style-type: none"> <li>Standard Evidence</li> <li>Full listing of key documents required including further support on test plans / scripts.</li> </ul>	<ul style="list-style-type: none"> <li>Standard Evidence</li> <li>Selection of additional documents based on SAD responses</li> </ul>	Off-site review of standard documents* including and not restricted to: <ul style="list-style-type: none"> <li>Project Initiation (PID)</li> <li>Project and test plans</li> <li>Control catalogues</li> <li>Compliance Approach and requirements</li> <li>Requirements mapping</li> <li>Test Strategies, scenarios mapping and cycle exit reports</li> <li>Go-Live criteria</li> </ul>
<b>Witness testing</b>	<ul style="list-style-type: none"> <li>Population of data flow, exception and report testing scenarios typically from integration testing.</li> <li>May include supplemental testing for performance, controls and other test cycles.</li> </ul>	<ul style="list-style-type: none"> <li>Population of data flow, exception testing scenarios typically from integration testing</li> </ul>	No/limited witness testing is performed

\* Full listing of standard documents may vary at the time of the application and the QSP will inform the applicant of what these are during or after the planning meeting.

For those Applicants who are also required to complete market entry processes under the MRA, BSCCo will endeavour to liaise, co-ordinate and align any requirement for witnessing of testing with MRASCo such that the schedule can be optimised for all parties and duplication avoided. It should be noted that, where applicable, BSCCo will take into account information and/or evidence provided for the Applicant’s MRA entry process application.

Any issues identified during witness testing will be communicated to the Applicant on the day. If issues are identified during witness testing, BSCCo and the QSP may choose to re-evaluate the risk assigned to the application. Where issues have been identified the risk of the Applicant will be re-assessed and the performance of additional tests may be witnessed by the QSP.

If at any point the QSP and BSCCo determine that there is insufficient information or evidence to continue with the process; a decision will be made to place the Application on ‘Pause Point’ until the specified criteria are fulfilled by the Applicant. This will be communicated by the BSCCo and the application will not flow through to the reporting phases.

### 5.3 - Step 4 & 5: Reporting, Recommendation and PAB Decision

**Key Objective** 'For PAB to make a clear decision on the outcome of the Qualification processes undertaken by each applicant based on the evidence available and recommendation from the QSP'

#### Common Pitfalls

- PAB date is not met as a result of delays in testing and outstanding defects leading to follow up work required from the QSP.
- Unrealistic or aggressive timescales may result in missed milestones which will result in inability to meet agreed PAB dates.
- Generic risks exist with minimal impact to settlements and therefore need to be evaluated in respect of this.



Following the final review of the Applicant's SAD, and completion of all evidence review and witness testing. The QSP will issue a Qualification Findings Report (refer to Appendix 1) including an independent recommendation on whether the Qualification has met the requirements set out in the BSC. This will be provided to the BSCCo prior to the PAB meeting date.

An analysis of how the conclusion has been reached, assessment of the "Risk to Settlement" of the Applicant and an assessment of risk against each SAD section will also be communicated to the BSCCo. Settlement Risks and their net significance are captured on the Risk Evaluation Register (RER). All the Settlement Risks identified are rated in terms of severity of impact and probability (including a weighting for the strength of controls) within the RER and where feasible, relevant references will be provided for these risks.

The QSP recognises the need to provide clear indications of how conclusions have been reached. Key principles that will assist the QSP in reaching these conclusions include:

- Has the Applicant demonstrated compliance to the relevant BSCPs;
- Has the Applicant demonstrated a sufficient risk awareness and maturity with regard to their involvement in the market;
- Are there any risks or issues identified with the Applicant's processes and systems that will be pertinent to the BSC; and
- What is the overall risk to Settlement, specifically over completeness, validity and accuracy of data flows in and out of the applicants systems.

As a result of the work performed by the QSP, the following will be reported to PAB:

- Application background and scope – including the role to be applied for, rationale, intention of scale and operation, systems and project methodology adhered to;
- Summary – including key findings, the QSP recommendation and any outstanding areas for consideration and finally a 'risk to Settlement' heat map; and
- Supplementing this information will be key application information, witness testing performed / evidence reviewed and key risks per each of the completed applicant SAD sections.

Note: An example template of the report has been provided within Appendix 1.

The BSCCo, and where requested the QSP will present the findings and recommendation to PAB in order for a decision to be taken at the PAB meeting.



### 5.3.1 The Performance Assurance Board (PAB) decision making

The PAB are able to make judgements on an application when it is presented to them at the PAB meeting in accordance with Section J of the BSC (3.3.13) and BSCP537, the PAB shall make a determination as to whether:

- The Applicant's application for Qualification shall be approved; or
- The Applicant's application for Qualification shall be approved, but shall also determine that certain matters are to be complied with or addressed including providing BSCCo Disaster Recovery Test Evidence where this could not be completed during the Qualification process; or
- The Applicant's application for Qualification shall be deferred (including so that the Applicant can provide further information, documentation, evidence, verification and/or testing) until such time as the Applicant can establish that it has satisfactorily completed the Qualification Process and met the Qualification requirements.
- For avoidance of doubt the PAB in its capacity as a decision making body cannot **reject** an application outright.

### 5.3.2 Derogations

Section J of the Code and BSCP537 set out the Derogations process whereby a temporary relaxation of certain aspects of the Qualification requirements as set out in the SAD may be granted by a Panel Meeting. The QSP will recognise and take account of any Derogations approved by the Panel and invoked by Applicants. Where those Derogations have been invoked by Applicants the QSP will not Qualify the report in respect of such matters.

### 5.3.3 Post Qualification Closure

Where Determined by the PAB, BSCCo and potentially the QSP may perform additional evidence review and witness testing due to potential operating risks noted that require monitoring. Examples of prior risks include:

- The Applicant has utilised a third party extensively throughout its application and concerns have arisen as to the ability of the applicant to operate independently;
- Significant problems or delays have occurred during the Qualification process and assurance should be obtained that these do not arise during the go-live operation of the service; and
- Detailed disaster recovery testing has not been performed prior to go-live and a risk remains on the absence of out and inbound flows to the market should a disaster occur.

### 5.3.4 Future Change Implementation

The QSP will adopt a flexible approach to implementing future changes that can lead to the following:

- Efficiencies in processing of applications without compromising the quality of work undertaken;
- Greater alignment to the risk to settlements and new risks registered within the Risk Evaluation Register (RER); and
- Consideration and therefore alignment to emerging trends in the market and specific focus areas of the PAB;

The QSP will refer all changes through to the BSCCo for consideration in line with the standard change management processes and controls adhered to by the BSCCo. The BSCCo will propose changes to the QSP

following initial discussions and the QSP will thereafter follow a standard change control process including logging of a change request to the Qualification Service, tracking of changes, review of changes and subsequent sign off.

Any changes that impact the Qualification Approach adopted by the QSP will be reflected upon in the next release of the Qualification Approach Document (this document).

Implemented changes to BSCP537 will put an obligation for the Applicant to respond to any additional questions to support the new or changes BSCP requirements. The QSP may, as a result, require additional testing to be conducted.

### 5.3.5 Additional QSP Guidance

QSP Guidance for an effective Qualification	
1)	Seek guidance within planning stages on expected timelines and depth of responses.
2)	Prepare and submit a Project Plan for Qualification.
3)	Complete the SAD section by section (NB: can be in any order and multiple sections can be submitted at the same time).
4)	QSP encourages the use of the Secure Data Transfer Service access and/or use encrypted emails.
5)	Track and action upon any observations raised by QSP.
6)	Responses should be 'stand-alone' and require no further explanation (except where QSP determines further evidence needs to be reviewed).

## 6. Service Risks and Mitigations

We have previously noted common pitfalls in the Qualification process; many of these are typical for system based implementations and we would expect the Applicant to follow a robust and effectively managed RAID (Risk, Assumptions, Issues and Dependencies) process.

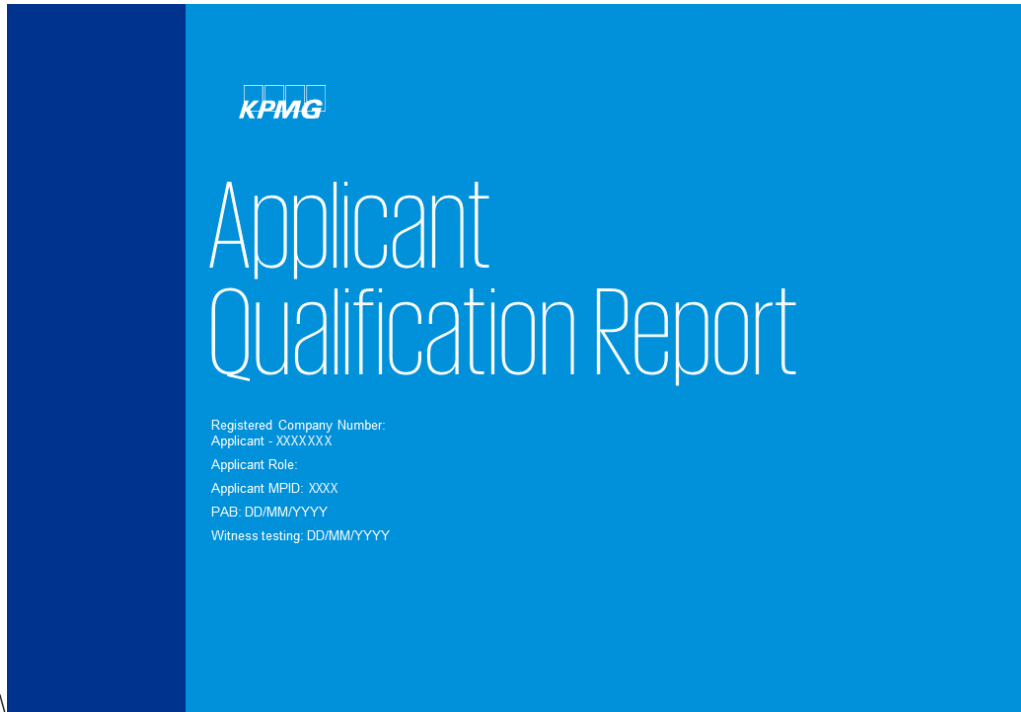
The focus of this section is therefore on the high level risks potentially impacting successful and timely completion of the Qualification application. These risks may not be the responsibility of the QSP; however the QSP has described the mitigations that will be followed to minimise the impact of the risk becoming an issue during the application.

Risk No	Risk Description	Service Risk Rating	QSP Mitigations
1	<b>Inadequate understanding of the Qualification process and steps</b>	<b>High</b> – can lead to expectations not being managed and delays in completing the application	<ul style="list-style-type: none"> <li>Walkthrough of processes and steps within the Planning Meeting</li> <li>Guidance and key documents provided to the QSP</li> <li>Ability to complete SAD online on an iterative basis</li> </ul>
2	<b>Non-compliance to the timelines stated within the BSCP 537</b>	<b>High</b> – the various Qualification steps are delayed due to missing of key dates	<ul style="list-style-type: none"> <li>Timetable communicated within the planning meetings</li> <li>QSP will not commence evidence review and witness testing until confirmation from Applicant received</li> </ul>
3	<b>SAD Sections are not completed to standards expected</b>	<b>Medium</b> – non compliance to the Qualification Requirements and further iterations required	<ul style="list-style-type: none"> <li>Guidance provided at planning meeting</li> <li>Ability to update SAD on an iterative basis and therefore can be reviewed and comments fed back</li> </ul>
4	<b>Limited evidence available onsite</b>	<b>Medium</b> – delays in reaching a recommendation for PAB	<ul style="list-style-type: none"> <li>In this occurrence the application would be placed ‘on hold’ until the evidence is available</li> <li>Early visibility of expected documents will assist in preparation including the ‘standard evidence’</li> </ul>
5	<b>Testing does not align to Test Strategy and requirements initially set</b>	<b>Medium</b> – Evidence and witness testing require follow up and therefore delays in completing application	<ul style="list-style-type: none"> <li>‘Requirements traceability’ is within the standard evidence set to be requested and ideally viewed in advance</li> <li>In this occurrence the application would be placed ‘on hold’ until the evidence is available</li> </ul>
6	<b>Lack of compliance requirements</b>	<b>Medium</b> – Inability to align compliance to the code to work performed and further evidence required	<ul style="list-style-type: none"> <li>The importance of establishing compliance requirements based on the Code will be highlighted at the planning meeting</li> <li>Review of ‘standard evidence’ includes compliance requirements and therefore applicant is made aware</li> </ul>
7	<b>Applicants submit applications before QSP believe they are ready</b>	<b>High</b> – QSP recommends not to proceed	<ul style="list-style-type: none"> <li>This is rare in occurrence and the robustness of the processes and steps that aide the Applicant in being aware of what is required to reach PAB decision</li> </ul>
8	<b>Delays in implementation of Project plans</b>	<b>Medium</b> – Qualification steps are delayed due to deferments in the application	<ul style="list-style-type: none"> <li>The QSP will investigate any substantial delays in project or implementation plans and determine the overall risk rating of the application.</li> </ul>
9	<b>“Test” environment</b>	<b>Medium</b> – Application	<ul style="list-style-type: none"> <li>The Applicant is responsible for communicating to</li> </ul>

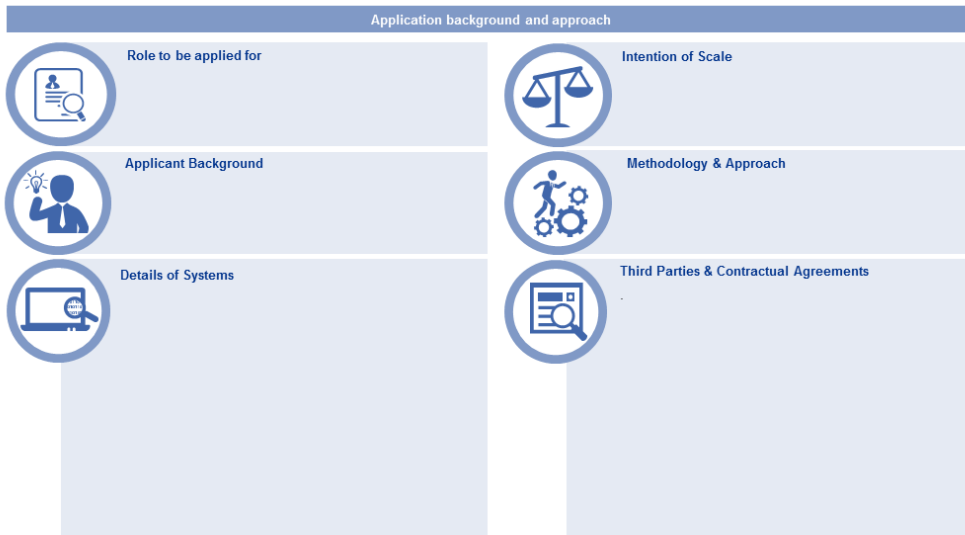
	<b>does not mirror the “live” / production environment</b>	may be delayed until the “test” environment is updated / refreshed.	the QSP that the “test” environment is standardised and in close alignment with the target environment where witness testing scenarios are to be executed.
<b>10</b>	<b>Outstanding BSC Audit issues</b>	<b>Medium</b> – Outstanding BSC Audit issues could impact the application risk rating	<ul style="list-style-type: none"> <li>For re-Qualification, the QSP will investigate any outstanding BSC audit issues and request a description of rectification plans that are in place from the Applicant.</li> </ul>
<b>11</b>	<b>Delays in Qualification process</b>	<b>Medium</b> – Delays in meeting milestones set by the Elexon may impact on the agreed PAB date for the application	<ul style="list-style-type: none"> <li>The Applicant is responsible for meeting milestones set by Elexon. Where deadlines are missed or the application is delayed, a new future PAB date will be communicated to the applicant. A further planning meeting may be required to discuss new milestones as a direct result of the delay.</li> </ul>

## 7. Appendix 1 – Qualification Reporting Template

### 7.1 Overview of the reporting structure provided to PAB for application consideration.



## Background and scope



# Executive summary



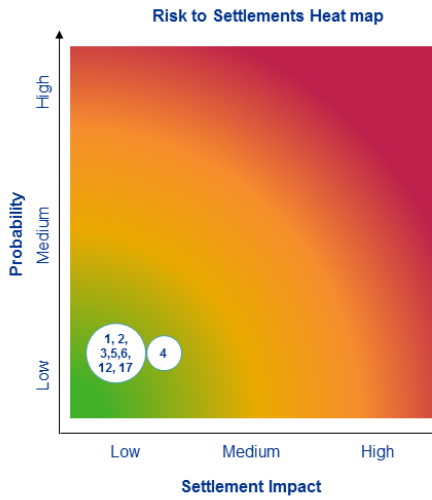
Key findings



Outstanding areas

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SAD Section	Title	Risk Level
1	Introduction	Green
2	Project Management	Green
3	Testing	Green
4	Operational Security and Controls	Green
5	Change Management and Risk Assessment process	Green
6	Management, Resource and Planning and Local Working Procedures	Green
X	<Role> Business processes and mitigating controls and Exception Management	Green



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# Appendix A: Generic Sections

SAD Section and Risk Rating	Key Applicant Information (Notes from SAD and other evidence)	Witness Testing performed and Evidence reviewed onsite
	1. Introduction	Key Risks Identified (and if any risk to settlement)



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## Appendix B: Role Specific Section(s)

<b>SAD Section and Risk Rating</b>	<b>X. ROLE</b> <b>Business Processes and Mitigating Controls and Exception Management</b>	<b>Key Applicant Information</b> (Notes from SAD and other evidence)	<b>Witness Testing performed and Evidence reviewed onsite</b>
		<b>Key Risks Identified (and if any risk to settlement)</b>	