

**Funds Administration Agent User Requirements Specification**

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| **Synopsis:** | The Funds Administration Agent is responsible for effecting the transfer of funds between Payment Parties for trades made in the Balancing Mechanism and for imbalance settlement. This document describes the detailed requirements of this service. |
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# 1. Introduction

## 1.1 Management Summary

The Funds Administration Agent (FAA) is one of the suite of services provided to support the operation of the Balancing and Settlement Code (BSC).

The FAA role is critical to the successful operation of the BSC, effecting the transfer of funds between Payment Parties, for trades made in the Balancing Mechanism (BM) and for imbalances between contracted and actual production or consumption.

The principal business processes involved can be summarised as follows:

* Dispatch of Advice Notes (prior to Modification Proposal P214), combined Advice Notes (combining all Trading Charges, Default charges and Ad-Hoc Charges in a given Advice Note Period),and supporting documentation detailing the results of each day’s settlement calculations;
* Production and maintenance of the Payment Calendar;
* Transfer of funds between Payment Parties as per the agreed Payment Calendar, subject to the application of the Advice Note Threshold Limit or time threshold; and
* Implementation and management of the credit cover policy of the BSCCo as applied to Trading Parties.

## 1.2 Purpose

The purpose of this document is to provide a complete specification of the set of business requirements that the FAA service must satisfy for all of its user types. These include the BSC Parties, the BSCCo and its various agents.

The requirements that have been identified have been divided into four categories:

Functional Requirements

Requirements relating to a specific business activity.

Interface Requirements

Requirements for the exchange of data between the FAA, the BSC Services and the external participants.

Non-Functional Requirements

Requirements relating to activities such as security, audit and system housekeeping.

Service Requirements

Service delivery requirements of the FAA service, including performance and volumetric issues.

These requirements are detailed in Section 2.

## 1.3 Status

This document replaces all previous drafts and takes into account comments received on previous drafts of this document.

This document is produced in conjunction with the FAA Interface Definition and Design document. To aid the readers of both documents all requirements within the requirements catalogue have been referenced identifying both the source of the requirements within the FAA Service Description and the interface identification numbers stated within the FAA Interface Definition and Design document.

## 1.4 Related Documents

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| --- | --- |
| **Name** | **Description** |
| Service Description | Service Description for the Funds Administration Agent |
| BSC Business Model | BSC Business Model |

|  |  |
| --- | --- |
| **Name** | **Description** |
| FAA Interface Definition & Design Part 1 | Interface Definition for the FAA Service |
| FAA Interface Definition & Design Part 2 | Interface Definition for the FAA Service |
| NETA Interface Definition & Design Part 1 | Interface Definition and Design, Part 1 – Interfaces with BSC Parties and their Agents |
| NETA Interface Definition & Design Part 2 | Interface Definition and Design, Part 2 – Interfaces to other Service Providers |
| SAA URS | Settlement Administration Agent User Requirement Specification |

# 2 Requirements Catalogue

## 2.1 Functional Requirements

### 2.1.1 Produce Draft Payment Calendar

|  |  |  |  |
| --- | --- | --- | --- |
| **Requirement ID:**  FAA-R001 as amended by MP61 and P214 | **Status:**  M | **Title:**  Produce Draft Payment Calendar | **Source:**  FAA SD 4.3.2  RETA Sch 4  SAA SD 2.8, AI  SAA BPM 3.2, 4.27 |
| **Mechanism:**  Manual  User driven process | **Frequency:**  Annually | | **FAA Interface Ref:**  FAA-I018 |
| **Requirement:**  A draft Payment Calendar will be produced in December each year which details the Settlement Runs to be processed during the payment period 1st April to 31st March (inclusive)  Calendar parameters will be entered into the system including the following:   * Average credit period for initial settlement dates * Reconciliation periods i.e. the number of working days between the Initial Settlement Run and each of the four scheduled Reconciliation Settlement Runs * Number of working days between Notification Date and calendar Payment Date * Maximum number of runs per calendar Payment Date * Minimum notification period * Maximum notification period   The system will produce a draft payment calendar based on the entered parameters.  A Settlement Calendar will be produced as required in consultation with BSCCo for Post-Final Settlement Runs. | | | |

### 2.1.2 Manage Credit Cover

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| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R002 | **Status:**  M | **Title:**  Manage Credit Cover | | **Source:**  FAA SD 5.1  RETA Sch 4 |
| **Mechanism:**  Manual  User entered standing data | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I027  FAA-I031 | |
| **Requirement:**  The system will store credit cover provision details for each BSC Party. Credit cover provision will be permissible by either, or both, of the following means:   * Cash Deposit * Letter of Credit   Full details of allowable means of provision will be provided in the Credit Policy.  The FAA will monitor the credit ratings for each Bank issuing a Letter of Credit on behalf of a BSC Party. This exercise will be carried out off-line utilising the FAA’s Bloomberg software.  The FAA will monitor the expiry dates of the Letters of Credit and not later than 10 working days before any outstanding Letter of Credit is due to expire, procure from the BSC Trader appropriate credit cover for a further period of not less than 12 months.  The FAA will, on receipt of notification from BSCCo that a BSC Party’s credit cover has been reduced, amend that Party’s credit cover provision details accordingly. | | | | |

### 2.1.3 Calculate Energy Credit Cover

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R003 as amended by  CRs 033 & 038 | **Status:**  M | **Title:**  Calculate Energy Credit Cover | | **Source:**  FAA SD 5.2  RETA Sch 4 |
| **Mechanism:**  Manual  User entered parameters | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I012  FAA-I027  FAA-I031 | |
| **Requirement:**  The system will calculate the energy credit cover (ECC) for each BSC Party utilising the following variables:   * The BSC Party’s Credit Cover (CC), i.e. the total credit cover principal (£) held in the Reserve Account plus the outstanding value (£) of any Letters of Credit. * Credit Assessment value received from the BSCCo i.e. Credit Assessment Price (CAP). * Energy Credit Cover Formula defined in the BSCCo Credit Policy. | | | | |

### 2.1.4 Establish Credit Cover Provided

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R004 as amended by  CR 033 | **Status:**  M | **Title:**  Establish Credit Cover Provided | | **Source:**  FAA SD 5.3  RETA Sch 4 |
| **Mechanism:**  Manual  ‘off-line’ user process | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I004  FAA-I013 FAA-I027  FAA-I019 FAA-I031 | |
| **Requirement:**  The FAA will check that the Bank’s credit rating is acceptable, that the Letter of Credit details are correct or that the cash deposit provided is as requested. | | | | |

### 2.1.5 Monitor Credit Cover Provided

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R005 | **Status:**  M | **Title:**  Monitor Credit Cover Provided | | **Source:**  FAA SD 5.5  RETA Sch 4 |
| **Mechanism:**  Manual  Telephone and confirmatory letter | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I013  FAA-I031 | |
| **Requirement:**  The FAA will notify the BSCCo and the BSC Party if the credit cover provided ceases to comply with the BSCCo credit policy. | | | | |

### 2.1.6 Recalculate ECC

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| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R006 as amended by  CR 033, CP 519 and P142 | **Status:**  M | **Title:**  Recalculate ECC | | **Source:**  FAA SD 5.6  FAA SD 5.3.1  RETA Sch 4 |
| **Mechanism:**  Manual  User entered variables  User driven calculation process | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I012  FAA-I013  FAA-I027  FAA-I031  FAA-I035  FAA-I036 | |
| **Requirement:**  If any of the values utilised to calculate a BSC Party’s Energy Credit Cover (ECC) alter, the revised values are used to recalculate the ECC. Information required to recalculate Energy Credit Cover is as follows:   * The BSC Party’s Credit Cover (CC), i.e. the total credit cover principal (£) held in the Reserve Account plus the outstanding value (£) of any Letters of Credit. * Credit Assessment value received from the BSCCo i.e. Credit Assessment Price (CAP). * Energy Credit Cover Formula defined in the BSCCo Credit Policy   If the credit cover in place covers the new value of ECC, the values are accepted and no further action is required. If the credit cover in place is not sufficient, a Credit Call request is made to the BSC Party requesting the provision of additional credit cover or the resubmission of Credit Limit values.  If a Minimum Eligible Amount Notification for a Trading Party is received from the ECVAA the Minimum Eligible Amount Data will be stored. In the event of a request being received from the Party within 2 business days to reduce Credit Cover, the ECC will be recalculated as either the Minimum Eligible Amount or a higher amount as advised by the Trading Party. | | | | |

### 2.1.7 Declare Defaults

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| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R007 | **Status:**  M | **Title:**  Declare Defaults | | **Source:**  FAA SD 6.1  RETA Sch 4 |
| **Mechanism:**  Manual  Telephone and confirmatory letter | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I007  FAA-I013  FAA-I019  FAA-I027  FAA-I031 | |
| **Requirement:**  If the credit cover in place does not meet the Required Credit Cover, the FAA will inform the BSCCo that the BSC Party is in Credit Default. If the BSC Party has failed to make a payment that has been notified in accordance with the Balancing and Settlement Code, the FAA will inform the BSCCo that the BSC Party is in Payment Default.  Information provided to the BSCCo will include:   * BSC Party Name * BSC Party Identifier * Nature of Default (Credit Default or Payment Default) * Action Taken   The FAA will take the appropriate action, which may involve demanding payment of any credit or payment default amounts by drawing on a cash deposit or a Letter of Credit.  With specific regard to payment defaults, the FAA will make a judgmental decision as to whether the non-payment is accidental or wilful. A wilful non-payment will be deemed a payment default and the appropriate action taken.  Utilising the Borrowing Account will cover the shortfall resulting from an accidental non-payment. If an accidental default is outstanding for more than three business days, it will be deemed a payment default. | | | | |

### 2.1.8 Utilise Credit Cover

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| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R008 | **Status:**  M | **Title:**  Utilise Credit Cover | | **Source:**  FAA SD 6.1  RETA Sch 4 |
| **Mechanism:**  Manual  User driven process | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I007  FAA-I013  FAA-I031  FAA-R014  FAA-R015  FAA-R016  FAA-R017  FAA-R045 | |
| **Requirement:**  If the BSC Party is in Credit or Payment Default, the FAA will draw on the credit cover provided, in line with the BSCCo Credit Policy.  This will include taking one or more of the following actions:   * Transferring the BSC Party’s cash deposit from the deposit account to the BSC Clearing Account to make good the deficit * Drawing on the BSC Party’s Letter of Credit requesting that funds are transferred to the BSC Clearing Account to make good the deficit * Initiating the Scaledown process. This involves reducing the BSC Party creditors’ payments on a pro-rating percentage basis on the Scaledown payment date.   The FAA will notify the BSCCo of any actions taken.  The rules regarding the use of credit cover will be defined in the Credit Policy. | | | | |

### 2.1.9 Maintain BSCCo Bank Accounts

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| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R009 | **Status:**  M | **Title:**  Maintain BSCCo Bank Accounts | | **Source:**  FAA SD 6.1  RETA Sch 4  P249 |
| **Mechanism:**  Manual  User entered parameters | **Frequency:**  On-going | | **FAA Interface Ref:**  FAA-I008  FAA-I009  FAA-R014  FAA-R015  FAA-R016  FAA-R017  FAA-R045  FAA-F076 | |
| **Requirement:**  The current Clearing account, Reserve account and Collection accounts arrangements will remain in place.  Barclays will act as the BSCCo Clearing Banker and as such will manage the clearing and reserve accounts on behalf of the FAA.  Collection Accounts will be held at the following banks:   * Barclays Bank Plc * Lloyds Bank Plc * National Westminster Bank Plc * HSBC * Royal Bank of Scotland   The FAA will arrange for BSC debtor payments to be paid into one of the five Collection Accounts. Once funds due have been received, the FAA will instruct the Collection Banks to transfer the monies to the BSC Clearing Account. BSC creditor payments will then be made to the creditor BSC Parties from the Clearing Account.  Mandates will be signed with each of the banks detailing authorised account signatories. All instructions to the banks will be made in accordance with the mandate.  The FAA shall also establish on behalf of the BSC Clearer the means by which to facilitate and manage the transfer of Reserve Account monies between the Reserve Account and Investment Accounts. | | | | |

### 2.1.10 Manage Banking Communication Links

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| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R010 | **Status:**  M | **Title:**  Manage Banking Communication Links | | **Source:**  FAA SD 8.3  RETA Sch 4 |
| **Mechanism:**  Manual  User driven process | **Frequency:**  On-going | | **FAA Interface Ref:**  FAA-I008  FAA-I009  FAA-I016  FAA-I017 | |
| **Requirement:**  The Barclays CHAPS and businessmaster software will be utilised to monitor incoming payments, collect direct debits and make payments to BSC Parties. The FAA will manage the Barclays communications link and will ensure adequate contingency arrangements are in place should the link be unavailable. | | | | |

### 2.1.11 Calculate Payments

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R011 as amended by  CR 035, MP61 and P214 | **Status:**  M | **Title:**  Calculate Payments | | **Source:**  FAA SD 9  RETA Sch 4 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Daily (Per calendar Payment Date) | | **FAA Interface Ref:**  FAA-I022  FAA-I023 | |
| **Requirement:**  Data will be sent to the FAA by the SAA as per the approved Payment Calendar. The Initial Settlement Run details for each Settlement Date will be provided in the form of a ‘debits and credits’ data file from the SAA.  The details included in this report will be an amount per charge type per Payment Party identifier.  The reconciliation data will be provided to the FAA as ‘revised debits and credits’. This data file will contain revised amounts per charge type per Payment Party identifier.  The Post Final Data will be provided to the FAA as a debits and credits report from the SAA.  The Calculate Payments process will include the following:   * Calculate reconciliation adjustment amounts payable or receivable by comparing the current reconciliation figures with those advised in the previous Reconciliation Settlement Run or Initial Settlement Run * Calculating reconciliation interest as applicable * Calculating VAT amounts payable or receivable using applicable Payment Party VAT rate * Calculating any reconciliation interest income tax liabilities * Amalgamating initial or settlement final data with the reconciliation data as per the agreed Payment Calendar * Calculating any VAT imbalance (surplus/deficit) incurred due to a variation in Payment Party VAT rates * Accrue VAT imbalances (surplus/deficit) to an escrow Payment Party associated with BSCCo Ltd   Details stored on the system relating to the creation of payments will include the following:   * Settlement Date * Settlement Code * Calendar Payment Date * Payment Party ID * VAT code * Amount * VAT amount * Total including VAT * Interest amount * Tax amount   When applicable Extra-Settlement Determination (‘ESD’) data will be provided by the BSCCo in the form of a list, the BSCCo will provide the FAA with a further instruction to recover the ESD amount and calculate interest payable. If, for any reason, the billing data is unavailable, the BSCCo may instruct the FAA to postpone the billing run until the information is available. Once the data is provided to the FAA the billing amounts will be calculated and advised to the BSC traders for payment/receipt. Interest at the BSC Banker’s Base Rate will be levied on the payments and receipts from the date on which payment was originally scheduled up to (but not including) the new calendar Payment Date. | | | | |

### 2.1.12 Generate Advice Notes

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| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R012 as amended by P214 | **Status:**  M | **Title:**  Generate Advice Notes | | **Source:**  FAA SD 10  RETA Sch 4 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Daily (per calendar Payment Date) | | **FAA Interface Ref:**  FAA-I001  FAA-I022  FAA-I023 | |
| **Requirement:**  *This requirement is retained for the purpose of generating Advice Notes for Payment Dates prior to the P214 implementation date.*  Once the Create Payments process has completed successfully, Advice Notes will be generated for the relevant calendar Payment Date. A unique number will be assigned to each Advice Note. Details stored on the system relating to the Advice Notes will include the following as referenced in Section N, part 7.1.2 of the BSC.  The BSCCo will be allocated an Advice Note detailing VAT imbalances.   * Backing sheet number * Advice Note type (Daily billing, default or dispute) * Calendar Payment Date * Payment Party ID * Pay flag (credit or debit) * Amount excluding VAT * Amount including VAT * Interest amount * Default Share Amount (only applicable to BSC Parties) * Scale down amount (only applicable to BSC Parties) * Tax amount (only printed if non-zero) | | | | |

### 2.1.13 Produce Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R013  as amended by CR 044, MP61 and P214 | **Status:**  M | **Title:**  Produce Statements | | **Source:**  FAA SD 10  RETA Sch 4 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Daily (per calendar Payment Date) | | **FAA Interface Ref:**  FAA-I002  FAA-I022  FAA-I023 | |
| **Requirement:**  The statements will contain the breakdown of the Trading Charges for Initial Settlement Runs, Reconciliation Settlement Runs and Post-Final Settlement Runs detailed on the Advice Note. A breakdown by charge type will be provided for both the current Reconciliation Settlement Run and the immediately preceding Settlement Run. Detailed interest calculations will be required to support the summary interest lines on the Advice Note.  Statements will be available in both Portable Document Format and ASCII pipe delimited format.  BSCCo costs are not included as a charge on these statements but are invoiced separately. | | | | |

### 2.1.14 Produce Bank Reports

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R014 | **Status:**  M | **Title:**  Produce Bank Reports | | **Source:**  FAA SD 11.1  RETA Sch 4 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Daily (per payment date) | | **FAA Interface Ref:**  FAA-I008  FAA-I009 | |
| **Requirement:**  The system will produce, for a specified payment date, a report detailing all payments due from BSC Parties for each of the Collection Banks and all amounts payable to the BSC Parties from the Clearing Bank.  The Collection Bank report will contain a separate section for each of the Collection Banks. Details will include the following:   * BSC Party Name * BSC Party Branch Name * BSC Party Branch Address * Branch Sort Code * Account Number * Advice Note Number * Net Amount payable   The Clearing Account report will include the following details:   * BSC Party Name * BSC Party Branch Name * BSC Party Branch Address * Branch Sort Code * Account Number * Advice Note Number * Net Amount receivable | | | | |

### 2.1.15 Manage Non-Payments

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R015 as amended by  CRs 037 and 070 | **Status:**  M | **Title:**  Manage Non-Payments | | **Source:**  FAA SD 11.2  RETA Sch 4 |
| **Mechanism:**  Manual  User driven process | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I008  FAA-I009  FAA-I017  FAA-I035 | |
| **Requirement:**  Non-payments and any resulting action taken by the FAA will be detailed off-line, unless the action taken is to Scaledown the shortfall, when a system process to calculate the Scaledown amounts will be initiated.  If a payment is not received on the payment date, the FAA will take the relevant action as per the BSCCo Credit Policy and will inform BSCCo of the action taken. This may include one or more of the following:   * Utilise short term borrowing facility i.e. arrange transfer of funds from the Borrowing Account to the BSC Clearing Account to make good the shortfall of funds. * Draw on defaulting BSC Party’s credit cover. The FAA will notify the Non-paying BSC Debtor of this action and will inform BSCCo if after taking this action any part of the Amount in Default remains outstanding. * Scaledown. This involves pro-rating the shortfall across all BSC Party creditors for the Scaledown payment date and reducing their payments accordingly. The system will need to store details of BSC parties to be included/excluded in the Scaledown exercise. The FAA will inform Shortfall Creditors and BSCCo when Shortfall Creditors are to be repaid in full or in proportion to their respective Shortfall Amounts. * Set-Off. Where any Trading Party is in default for any sum due, any payments due to that Party shall be set-off (reduced) by the amount of the default sum until such time as the amount in default is paid or recovered from the Party’s credit cover. * For bad debts, determine for each BSC Party an amount (the ‘default share amount’), based on each BSC Party’s Monthly Funding Share, to cover the amount in default. The FAA will notify BSCCo, the Panel and each Payment Party when this action is taken. * Record Payment Default events that persist at 09:00 on payment date plus 2 business days as a relevant credit default. Identify a relevant credit default series as 3 relevant credit defaults in 30 calendar days. Report data and events to BSCCo.   The FAA will consult with the BSCCo re utilising credit cover or scaling down the creditor payments.  Where appropriate and as instructed by BSCCo the FAA will go straight to scaledown. The detail of this will be included in the BSCP301.  The FAA shall inform BSCCo if a Non-Paying Debtor has failed to pay the Amount in Default on the second Business Day after the Affected Date or an amount in respect of interest and banking charges notified on or before the time of payment. | | | | |

### 2.1.16 Manage Excess Payments

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R016 | **Status:**  M | **Title:**  Manage Excess Payments | | **Source:**  FAA SD 11.3  RETA Sch 4 |
| **Mechanism:**  Manual  ‘Off-line’ process | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I008  FAA-I009  FAA-I016 | |
| **Requirement:**  Reasonable endeavours will be used to ascertain the nature of the excess payment, to calculate the entitlement to such payment and to instruct the BSC banker by 16.00 hours on the Payment Date to credit the reserve account (or any such account as authorised by BSCCo and agreed by the Payment Party) with the excess amount. | | | | |

### 2.1.17 Initiate Payments to Creditors

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R017 | **Status:**  M | **Title:**  Initiate Payments to Creditors | | **Source:**  FAA SD 11.4  RETA Sch 4 |
| **Mechanism:**  Manual  User driven process | **Frequency:**  Daily (per payment date) | | **FAA Interface Ref:**  FAA-I008  FAA-I009  FAA-I016 | |
| **Requirement:**  The system will produce a report detailing all amounts payable to BSC creditors for a specified payment date. The report details will be manually input into the FAA banking software as a CHAPS (Clearing House Automated Payment System) payment if the amount due is greater than £1000 or as a BACS (Bankers Automated Clearing System) payment if the amount due is less than £1000. The BSC Party creditor payments will be transferred utilising the Barclays software.  Details included in this report will include:   * BSC Party Name * BSC Party Branch Name * BSC Party Branch Address * Branch Sort Code * Account Number * Advice Note Number * Net amount due to Party   The timing of transferring the creditor amounts is dependent on receipt of funds from the Collection Banks. However, the FAA will endeavour to ensure that payments to BSC creditors are made as soon as possible, and in any event, no later than 13:00. | | | | |

### 2.1.18 Manage Short-Term Borrowing Arrangements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R018 as amended by P214 | **Status:**  M | **Title:**  Manage Short-Term Borrowing Arrangements | | **Source:**  FAA SD 11.5  RETA Sch 4 |
| **Mechanism:**  Manual  ‘Off-line’ process | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  NA | |
| **Requirement:**  The FAA will manage the short term borrowing facility. It is envisaged that this will take the form of a Borrowing Account facility from the BSC Clearing Banker, Barclays Bank Plc.  If a Payment Party fails to make a payment on the due date, or does not make a payment on the due date because the payments are greater than or equal to the positive Advice Note Threshold Limit, or the payments are as negative or more negative than the negative Advice Note Threshold Limit (or the due date is less than the last Payment Date before the next Quarter Date) for the Advice Note Period, the FAA will arrange to transfer the Shortfall Amount from the Borrowing Account to the Clearing Account in accordance with the BSCCo credit policy. Once funds have been received from the Payment Party, the amount will be transferred from the Clearing Account to the Borrowing Account.  Interest on the ‘loan’ will be calculated in accordance with the BSCCo credit policy and billed to the Payment Party.  Any draw downs on or repayments to this facility will be recorded off line. The calculation and recharging of the interest accrued on the Borrowing Account will be recorded outside of the FTS system. Any excess/shortfall resulting from interest payments/charges will be settled using a separate process outside of the FTS system.  If necessary and if the FAA is satisfied that any Cash Cover provided by the Non-paying BSC Debtor will be paid into the Clearing Account in time to ensure that Cash Cover will be applied to the Amount in Default by close of business on the due date, the FAA will debit the Reserve Account and credit the Clearing Account with a sum being the lesser of the Amount in Default and that Cash Cover. | | | | |

### 2.1.19 Maintain Bank Contact Standing Data

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R019 | **Status:**  M | **Title:**  Maintain Bank Contract Standing Data | | **Source:**  FAA SD 11.6  RETA Sch 4 |
| **Mechanism:**  Manual  User entered parameters | **Frequency:** BSC Party Registration and on-going as applicable | | **FAA Interface Ref:**  FAA-I014  FAA-I015 | |
| **Requirement:**  The system will store details of BSC Party bank details as follows:   * BSC Party Name * BSC Party Address * Elected Method of Payment * Elected Collection Bank (if applicable) * Bank Name * Bank Address * Branch Sort Code * Account Number * Bank Contact Details   The details will be entered into the system when the BSC Party commences trading and will be updated upon receipt of written authorisation from the BSC Party. | | | | |

### 2.1.20 Generate Confirmation Notices

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R020 as amended by P214 | **Status:**  M | **Title:**  Generate Confirmation Notices | | **Source:**  FAA SD 11.7  RETA Sch 4 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Per calendar Payment Date | | **FAA Interface Ref:**  FAA-I003  FAA-I022  FAA-I023 | |
| **Requirement:**  *This requirement is retained for the purpose of generating Confirmation Notices for Payment Dates prior to the P214 implementation date*.  Subsequent to the calendar Payment Date, the FAA will receive bank statements from the Collection Bank and a statement for the Clearing Account and the Borrowing Account. For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, the FAA will reconcile the statement balances against the Expected Cash Report and the Business master reports. Any discrepancies will be detailed and handled outside of the FTS system.  Once the bank accounts have been reconciled, Confirmation Notices will be generated for the relevant calendar Payment Date. A unique number will be assigned to each Confirmation Notice.  For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, a Confirmation Notice will be produced for the BSCCo and each BSC Party who received an Advice Note for the relevant calendar Payment Date.  The produced Confirmation Notice will represent the tax document and will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run. | | | | |

### 2.1.21 Maintain BSC Party Standing Data

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R021 as amended by P214 | **Status:**  M | **Title:**  Maintain BSC Party Standing Data | | **Source:**  FAA SD 6 |
| **Mechanism:**  Manual  User entered parameters | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I015  FAA-I025 | |
| **Requirement:**  The system will hold contact details for each BSC Party that is a Payment Party. These details will be provided by the BSC Parties on the form BSCP301/4 (a) the Funds Accession Form, and will be manually entered into the system. The details will be maintained by the FAA and updated on an on-going basis as applicable.  Any subsequent amendments to the BSC Parties original details will be accepted upon receipt of form BSCP301/4 (b).(where BSCP301/4(b) is being used to notify a change in VAT status which alters liability of the Party to UK VAT, BSCCo will notify the FAA within one day of receipt of the BSCP301/04(b) to confirm change in VAT status).  The FAA to manage a manual solution whereby any amendments to VAT status are post-dated.  Details stored will include the following:   * Contact Details: * BSC Party Name * BSC Party ID * Contact name * Address * Telephone number * Facsimile number * Contact email address (for general queries) * Delivery email address (for Advice Notes, Confirmation Notices and related statements) * Registered company name * Company number * Registered address * VAT code (standard / zero rated) * VAT country code (if applicable) * VAT registration number(if applicable) * Other Details * VAT code * Dispute pro-rating inclusion/exclusion * Scaledown inclusion/exclusion * Network details:   1. Username  2. Password  3. Node name  4. Directory   * Threshold override flag – indicates that the BSC Party as independent of any Advice Note Threshold Limit or time threshold. (For example, the BSC Party may change VAT code, in which case all outstanding funds must be paid to and collected from the BSC Party under the original VAT code.)   The system will also store the Credit Cover formula variables for each BSC Party | | | | |

### 2.1.22 Maintain Base Rates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R022 | **Status:**  M | **Title:**  Maintain Base Rates | | **Source:**  NA |
| **Mechanism:**  Manual  User entered variables | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA I028 | |
| **Requirement:**  The system will store historic and current Clearing Bank Base Rate information.  Information stored will include the following:   * Base Rate * Effective Date | | | | |

### 2.1.23 Maintain VAT Information

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R023 | **Status:**  M | **Title:**  Maintain VAT Information | | **Source:**  **FAA** SD 6.8 |
| **Mechanism:**  Manual  User entered variables | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA I029 | |
| **Requirement:**  The system will store historic and current VAT rates for a number of VAT codes (e.g. standard rate and zero rate). Information stored will include the following:   * VAT Code * VAT Rate * Effective Date   The system will maintain only the VAT codes currently assigned to BSC parties (historic VAT codes will not be maintained). Information stored will include the following;   * BSC Party ID * VAT Code * VAT Country Code * VAT Registration Number | | | | |

### 2.1.24 Maintain Income Tax Rates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R024 | **Status:**  M | **Title:**  Maintain Income Tax Rates | | **Source:**  NA |
| **Mechanism:**  Manual  User entered variables | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA I030 | |
| **Requirement:**  The system will store historic and current Income Tax Rate information.  Information stored will include the following:   * Income Tax Rate * Effective Date | | | | |

### 2.1.25 Produce Quarterly Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R033 as amended by P214 | **Status:**  M | **Title:**  Produce Quarterly Statements | | **Source:**  FAA SD14 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Quarterly and ad-hoc as requested | | **FAA Interface Ref:**  FAA-I010 | |
| **Requirement:**  Quarterly Statements will be provided to H.M. Customs & Excise, detailing the following for each BSC Party:   * Settlement period * BSC Party ID * BSC Party name * Settlement Date * Settlement code * Calendar Payment Date * Payment Date * Description * Backing sheet number * Combined Advice Note number * Combined Confirmation Notice number * Amount excluding VAT * VAT amount * Interest amount * Income tax amount (only printed if non-zero) * Total paid or received   The report can be produced in hard or soft copy format and the following variables can be entered:   * Report Type   1. BSC billing  2. All   * Start Payment Date * End Payment Date * All BSC Parties/Selected BSC Party(ies)   The Quarterly Statements will also be provided to the BSC Parties and confirmation requested as to the accuracy of the details provided. | | | | |

### 2.1.26 Produce BSCCo Quarterly VAT Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-CP1078 Variation 068 | **Status:**  M | **Title:**  Produce BSCCo Quarterly VAT Statements | | **Source:**  FAA SD 6.7 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Quarterly and ad-hoc as requested | | **FAA Interface Ref:**  FAA – I034 | |
| **Requirement:**  Quarterly VAT Statements will be provided to BSCCo detailing the following for each VAT code:   * Payment Date * Net Inflow * Net Outflow * Net Flow * Output VAT * Input VAT * Net VAT   The report can be run as:   * Report Type   1. BSC Billing  2. Disputes  3. Defaults  4. All   * Start Payment Date * End Payment Date * All BSC Parties/Selected BSC Party(ies)   The report can be produced in hard copy. A soft copy will also be made available in the form of a ‘tab delimited data file’ suitable for loading to MS-Excel | | | | |

### 2.1.27 Monitor Bank Credit Ratings

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  CR 039 | **Status:**  M | **Title:**  Monitor Bank Credit Ratings | | **Source:**  BSC Section M 2.2.1 (b) |
| **Mechanism:**  Manual  FAA Bloomberg  Software | **Frequency:**  Daily | | **FAA Interface Ref:**  FAA-I013  FAA-I027  FAA-I031 | |
| **Requirement:**  In order to determine the continued validity of Letters of Credit lodged by BSC Parties, the FAA will monitor the credit ratings of the issuing banks daily. | | | | |

### 2.1.28 Calculate Reserve Account Interest

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  CR 034 | **Status:**  M | **Title:**  Calculate Reserve Account Interest | | **Source:**  BSC Section N 4.6.4 |
| **Mechanism:**  Manual  Excel Spreadsheet | **Frequency:**  Ad-hoc | | **FAA Interface Ref:**  FAA-I028 | |
| **Requirement:**  The FAA will calculate interest on amounts held in the Reserve Account. This includes the input and verification of interest rates and the calculation of each BSC Party’s proportion. | | | | |

### 2.1.29 Establish Outstanding Liabilities and Credit Cover

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R077 | **Status:**  M | **Title:** Establish Outstanding Liabilities | | **Source:**  FAA SD 5.3 |
| **Mechanism:**  Email | **Frequency:**  As requested | | **FAA Interface Ref:**  FAA-I0xx | |
| **Requirement:**  On receipt of notification from the BSCCo that a BSC Party has either:   * + requested to withdraw from the BSC; or   + applied for a reduction in credit cover as a Non-Supplier Trading Party in Default which has ceased trading.   The FAA will establish whether a BSC Party has paid all Trading Charges due on the Payment Date for the last Settlement Day on which it traded as well as all previously accrued Trading Charges.  The FAA will issue a report to the BSCCo by 17:00 on the 2nd full Business Day following receipt containing:   * + The total of all outstanding liabilities for that BSC Party; and   + A statement of the value of the Credit Cover lodged for that BSC Party.   In the case of a withdrawing BSC Party, the FAA shall re-establish the above information as at 17:00 hours on 2 Business Days before the Withdrawal Date specified in the original notification and issue a report to BSCCo as soon as possible thereafter. | | | | |

### 2.1.30 Maintain Tax Quarter

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R078 | **Status:**  M | **Title:**  Maintain Tax Quarters | | **Source:**  NA |
| **Mechanism:**  Manual  User entered variables | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  NA | |
| **Requirement:**  The system will store the last Payment Date before each Quarter Date.  Information stored will include the following:   * Last Payment Date associated with Quarter Date | | | | |

### 2.1.31 Generate Combined Advice Notes

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R079 | **Status:**  M | **Title:**  Generate Combined Advice Notes | | **Source:**  NA |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Following threshold breach, or as manually triggered | | **FAA Interface Ref:**  FAA-I038 | |
| **Requirement:**  Advice Note data will remain within the system until an Advice Note Threshold Limit is breached, or the system date is greater than or equal to the most recent working date associated with a Quarter Date.  The BSCCo and Payment Parties will receive a combined Advice Note detailing multiple Advice Notes and VAT imbalances. A combined Advice Note is a combination of Trading Charges, Default charges and Ad-Hoc Charges, produced separately prior to the implementation of Modification Proposal P214.   * Combined Advice Note number * Reason for threshold breach * Advice Note Threshold Limit * Backing sheet number that breached Advice Note Threshold Limit (if applicable) * Advice Note Date * Payment Date * Total amount payable/receivable net of tax liabilities, aggregate of Trading Charges, Default charges and Ad-Hoc Charges   For each Trading Charges Advice Note detail item:   * Backing sheet number * Calendar Payment Date * Settlement Date * Description * Net amount excluding VAT per Settlement Run * Total including VAT per Settlement Run * Trading Charge subtotal including VAT   For each Default Advice Note detail item:   * Backing sheet number * Calendar Payment Date * Affected Date * Defaulting Party * Amount in Default * Description * Net amount excluding VAT per Default Share Amount * Total including VAT per Default Share Amount * Default charge subtotal including VAT   For each Ad-Hoc Charge Advice Note detail item:   * Backing sheet number * Calendar Payment Date * Dispute Run number * Description * Net Amount excluding VAT per dispute run * Total including VAT per dispute run * Ad-Hoc Charge subtotal including VAT | | | | |

### 2.1.32 Produce Default Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R080 | **Status:**  M | **Title:**  Produce Default Statements | | **Source:**  NA |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Following threshold breach, or as manually triggered | | **FAA Interface Ref:**  FAA-I039 | |
| **Requirement:**  The statements will contain the breakdown of Default charges detailed on the combined Advice Note. A breakdown by Default will be provided.  Default statements will be available in Portable Document Format. | | | | |

### 2.1.33 Generate Combined Confirmation Notices

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R081 | **Status:**  M | **Title:**  Generate Combined Confirmation Notices | | **Source:**  FAA SD 11.7  RETA Sch 4 |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Per Payment Date | | **FAA Interface Ref:**  FAA-I040  FAA-I022  FAA-I023 | |
| **Requirement:**  Subsequent to the Payment Date, the FAA will receive bank statements from the Collection Account and a statement for the Clearing Account and the Borrowing Account. The FAA will reconcile the statement balances against the ‘Expected Cash Report’ and the Businessmaster reports. Any discrepancies will be detailed and handled outside of the FTS system.  Once the bank accounts have been reconciled, combined Confirmation Notices will be generated for the relevant Payment Date. A combined Confirmation Notice will be produced for the BSCCo, and for each BSC Party who received a combined Advice Note for the relevant Payment Date. Combined Confirmation Notices will be uniquely numbered, and will reference the relevant combined Advice Note.  Each produced combined Confirmation Notice will only include Advice Notes from the combined Advice Note that have been reconciled against the ‘Expected Cash Report’ and the Businessmaster reports. Any Advice Notes not reconciled against the ‘Expected Cash Report’ and the Businessmaster reports will be treated as non-payments, and handled outside of the FTS system. If non-payments are paid before becoming an Amount in Default, the relevant Advice Note will be included in a new combined Confirmation Notice, referencing the same combined Advice Note, and bearing the same issue date as the original combined Confirmation Notice for that combined Advice Note.  The combined Confirmation Notice will represent the tax document and will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run. | | | | |

### 2.1.34 Monitor Thresholds

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R082 | **Status:**  M | **Title:**  Monitor Thresholds | | **Source:**  N/A |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  Daily (per Payment Date) | | **FAA Interface Ref:**  N/A | |
| **Requirement:**  Once the ‘Generate Advice Notes’ process has completed successfully for a calendar Payment Date, the combined Advice Notes may be generated for the Payment Date, for all Payment Parties, without the restriction of an Advice Note Threshold Limit or time threshold. Combined Advice Notes will be generated for the Payment Date, for all Payment Parties that have an Advice Note not already included on a combined Advice Note.  If immediate combined Advice Notes are not required as above, the following tests are applied to each Payment Party that has an Advice Note not already included on a combined Advice Note:   * The combined value of the Advice Notes not already included on a combined Advice Note for the Payment Party, exclusive of VAT and inclusive of interest, is greater than or equal to a configurable positive Advice Note Threshold Limit; * The combined value of the Advice Notes not already included on a combined Advice Note for the Payment Party, exclusive of VAT and inclusive of interest, is as negative or more negative than the configurable negative Advice Note Threshold Limit; * The Payment Date is greater than or equal to the last Payment Date associated with a Quarter Date; * The Advice Notes not already included on a combined Advice Note include Ad-Hoc Trading Charges, which are specifically marked as independent of any Advice Note Threshold Limit or time threshold; * The Payment Party is specifically marked as independent of any Advice Note Threshold Limit or time threshold. (For example, the Payment Party may change VAT code, in which case all outstanding funds must be paid to and collected from the Payment Party under the original VAT code.)   If any test is passed, a combined Advice Note is generated for the Payment Party and Payment Date, including all Advice Notes not already included on a combined Advice Note. | | | | |

### 2.1.35 Produce Ad-Hoc Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R083 | **Status:**  M | **Title:**  Produce Ad-Hoc Statements | | **Source:**  NA |
| **Mechanism:**  Manual  User driven system process | **Frequency:**  When an Ad-Hoc Charge occurs, or following threshold breach, or as manually triggered | | **FAA Interface Ref:**  N/A | |
| **Requirement:**  The Ad-Hoc statements will contain the breakdown of Ad-Hoc Charges detailed on the combined Advice Note. A breakdown by Ad-Hoc Charge will be provided.  Ad-Hoc statements will be available in Portable Document Format. | | | | |

## 2.2 Interface Requirements

### 2.2.1 Issue Draft Payment Calendar

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R034 as amended by P214 | **Status:**  M | **Title:**  Issue Draft Payment Calendar | | **Source:**  FAA SD 4.3.2  RETA Sch 4  SAA SD 2.8, AI  SAA BPM 3.2, 4.27 |
| **Mechanism:**  Manual  Data File (csv) | **Frequency:**  Annually | | **FAA Interface Ref:**  FAA-I018 | |
| **Requirement:**  The draft Payment Calendar will be issued to the BSCCo. A CSV data file will be sent in December of each year, and accompanied with details of the Payment Dates associated with the next four Quarter Dates.  The draft Payment Calendar will include the following information:   * Settlement Date * Settlement code * Notification Date, the earliest date on which Payment Parties’ will receive the combined Advice Note and the date by which the SAA must provide the settlement data to the FAA. * Calendar Payment Date, the date on which the funds for the various Settlement Runs will be calculated. * Notification Period * Payment period   The BSCCo will liaise with the SAA, CDCA etc and provide authorisation that the Payment Calendar is acceptable. | | | | |

### 2.2.2 Obtain Approval of Payment Calendar

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R064 | **Status:**  M | **Title:**  Obtain Approval of Payment Calendar | | **Source:**  FAA SD 4.3.2  Reta Sch 4  SAA SD 2.8, A1 SAA BPM: 3.2,4.27 |
| **Mechanism:**  Manual-  Fax/Letter/E-mail | **Frequency:**  Annually | | **FAA Interface Ref:**  FAA-I021 | |
| **Requirement:**  Approval of the draft payment calendar issued by the FAA (interface requirement ‘Issue Draft Payment Calendar’, FAA-R034) by an Authorised signatory from BSCCo  Information will include:   * Source (BSCCo) * Authorised Signature | | | | |

### 2.2.3 Issue Agreed Payment Calendar

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R035 as amended by P214 | **Status:**  M | **Title:**  Issue Agreed Payment Calendar | | **Source:**  FAA SD 4.3.2  RETA Sch 4  SAA SD 2.8, AI  SAA BPM 3.2, 4.27 |
| **Mechanism:**  Manual  Data File (csv) and hard copy post | **Frequency:**  Annually | | **FAA Interface Ref:**  FAA-I006 | |
| **Requirement:**  Once the BSCCo has approved the draft calendar, an approved Payment Calendar data file will be produced from the system and dispatched to all Payment Parties and the BSCCo, and accompanied with details of the Payment Dates associated with the next four Quarter Dates.  The agreed Payment Calendar will detail the following:   * Settlement Date * Settlement code * Notification Date * Calendar Payment Date * Notification period * Payment period | | | | |

### 2.2.4 Receive Credit Policy

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R070 as amended by  CR 038 | **Status:**  M | **Title:**  Receive Credit Policy | | **Source:**  FAA SD 5.1  FAA SD A1  RETA SCH 4 |
| **Mechanism:**  Manual  Post | **Frequency:**  Annually and ad hoc as appropriate | | **FAA Interface Ref:**  FAA-I031 | |
| **Requirement:**  The BSCCo will issue the Credit Policy to the FAA. This document will define rules for Credit Cover requirements and on-going credit monitoring, credit calls and default proceedings.  The document will also contain parameters utilised by the FAA to calculate ECC.  Parameters received will include:   * Credit Assessment Price (CAP) | | | | |
| The BSCCo may also, from time to time, issue notification to the FAA of the certain circumstances that require special treatment from the FAA. Such notification may include any BSC Party that has:   * Qualified for a reduction in Credit Cover; or * Requested to withdraw from the BSC[[1]](#footnote-1). | | | | |

### 2.2.5 Obtain Credit Ratings

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R066 | **Status:**  M | **Title:**  Obtain Credit Ratings | | **Source:**  FAA SD 5.1.2  RETA SCH 4 |
| **Mechanism:**  Manual  FAA Bloomberg Software | **Frequency:**  Ongoing as applicable | | **FAA Interface Ref:**  FAA-I027 | |
| **Requirement:**  The FAA shall utilise the Bloomberg Software in order to check appropriate credit ratings for BSC Parties Banks issuing Letters of Credit. The information entered into the NETA Funds Transfer System will include the following:   * Bank Name * Long Term Credit Rating   The FAA will monitor the Bank credit ratings on an ongoing basis. The information required is:   * Bank Name * Long Term Credit Rating   As defined by Standard & Poors or Moodys Corporation. | | | | |

### 2.2.6 Request Credit Cover

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R036 as amended by  CR 033 | **Status:**  M | **Title:**  Request Credit Cover | | **Source:**  FAA SD 5.2  RETA Sch 4 |
| **Mechanism:**  Manual – Letter | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I004 | |
| **Requirement:**  The FAA accept Credit Cover (Cash and/or by Letter(s) of Credit) from BSC Parties. Credit cover may be provided by one or more of the following means:   * Letter of Credit for a specified period * Cash Deposit | | | | |

### 2.2.7 Issue Credit Call Request

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R072 | **Status:**  M | **Title:**  Issue Credit Call Request | | **Source:**  ECVAA SD 5  ECVAA BPM 3.3, 4.17  RETA SCH 4, B, 3.3,  FAA 5.3.3 |
| **Mechanism:**  Manual - Letter | **Frequency:**  Ongoing as applicable | | **FAA Interface Ref:**  FAA-I005 | |
| **Requirement:**  Upon the instruction of BSCCo, the FAA will issue a request for additional collateral from a BSC Party who wishes to continue trading past the agreed credit limit as applicable.  The information sent will include:   * BSC Party Name * BSC Party Identifier * Collateral required * Date required by | | | | |

### 2.2.8 Issue Acceptance of Credit Limit

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R037  as amended by  CR 033 & CR 067 | **Status:**  M | **Title:**  Issue Acceptance of Credit Limit | | **Source:**  FAA SD 5.3  RETA Sch 4 |
| **Mechanism:**  BSC Party-  Manual  Telephone and confirmatory letter  ECVAA-Electronic | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I019 | |
| **Requirement:**  Once credit cover has been provided, the FAA will calculate the Energy Credit Cover (ECC) value. The FAA will inform the ECVAA, BSCCo and the BSC Party that the values of ECC (MWh) have been accepted.  Information sent will include:   * BSC Party Identifier * BSC Party Name (Not sent to the ECVAA) * ECC (MWh) * Effective Date | | | | |

### 2.2.9 Issue Confirmation of ECC

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R038  as amended by CR 033 | **Status:**  M | **Title:**  Issue Confirmation of ECC | | **Source:**  FAA SD 5.3  RETA Sch 4 |
| **Mechanism:**  Manual  Telephone and confirmatory letter | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I019 | |
| **Requirement:**  Once credit cover has been provided, the FAA will calculate value for ECC. The FAA will confirm the value of ECC with the ECVAA and the BSC Party.  Information sent will include:   * BSC Party Name * BSC Party Identifier * Energy Credit Cover (ECC) * Effective Date | | | | |

### 2.2.10 Obtain Credit Cover

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R039 as amended by  CR 033 | **Status:**  M | **Title:**  Obtain Credit Cover | | **Source:**  FAA SD 5.4  RETA Sch 4 |
| **Mechanism:**  Manual  Letter of Credit sent by registered post or courier  Cash deposits received by electronic bank transfer | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I013 | |
| **Requirement:**  The FAA will obtain credit cover. The credit cover may be provided in the form of one or more of the following:   * Letter of Credit * Cash Deposit | | | | |

### 2.2.11 Obtain Base Rate Details

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA- R067 | **Status:**  M | **Title:**  Obtain Base Rate Details | | **Source:**  NA |
| **Mechanism:**  Manual  Media | **Frequency:**  Ongoing as applicable | | **FAA Interface Ref:**  FAA-I028 | |
| **Requirement:**  The FAA shall obtain details of current and historic Base Rates and will update the NETA Funds Transfer System accordingly.  Notification of changes to the Base Rate will be obtained from media notification.  The information entered into the system is as follows:   * Base Rate * Effective Date | | | | |

### 2.2.12 Obtain VAT Rates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R068 | **Status:**  M | **Title:**  Obtain VAT Rates | | **Source:**  NA |
| **Mechanism:**  Manual  Media | **Frequency:**  Ongoing as applicable | | **FAA Interface Ref:**  FAA-I029 | |
| **Requirement:**  The FAA shall obtain the details of current rates for VAT Codes and will update the NETA Funds Transfer System accordingly.  Notification of changes to the VAT Rates will be obtained from media notification.  The information entered into the system is as follows:   * VAT Code * VAT Rate * Effective Date | | | | |

### 2.2.13 Obtain Income Tax Rates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R069 | **Status:**  M | **Title:**  Obtain Income Tax Rates | | **Source:**  NA |
| **Mechanism:**  Manual  Media | **Frequency:**  Ongoing as applicable | | **FAA Interface Ref:**  FAA-I030 | |
| **Requirement:**  The FAA shall obtain details of current and historic Income Tax Rates and will update the NETA Funds Transfer System accordingly.  Notification of changes to the Income Tax Rates will be obtained from media notification.  The information entered into the system is as follows:   * Income Tax Rate * Effective Date | | | | |

### 2.2.14 Issue Credit Cover Default Notice

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R040 as amended by  CR 033 | **Status:**  M | **Title:**  Issue Credit Cover Default Notice | | **Source:**  FAA SD 6.1  RETA Sch 4 |
| **Mechanism:**  Manual  Telephone call by authorised FAA personnel and confirmatory letter | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I007 | |
| **Requirement:**  The FAA will notify the BSCCo if Credit Cover is utilised to cover non-payment, a BSC Party thereby in Credit Default.  Information provided to the BSCCo will include the following:   * BSC Party Name * BSC Party Identifier * Nature of Default (Credit) * Shortfall Exposure * Effective Date * Action Taken | | | | |

### 2.2.15 Receive ECVAA Exception Report

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R041 | **Status:**  M | **Title:**  Receive ECVAA Exception Report | | **Source:**  FAA SD 5.6  RETA Sch 4 |
| **Mechanism:**  Automatic  Electronic Network | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I024 | |
| **Requirement:**  The ECVAA will notify the FAA if there has been a problem with any of the information provided by the FAA e.g. if ECVAA has a problem processing the Credit Limit data.  The report will be provided on an ad-hoc exception basis.  Details provided will include:   * Exception Type * Exception Description | | | | |

### 2.2.16 Obtain BSC Party Bank Details

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R042 | **Status:**  M | **Title:**  Obtain BSC Party Bank Details and VAT Details | | **Source:**  FAA SD 8.2  RETA Sch 4 |
| **Mechanism:**  Manual  Letter or completed Funds Accession Agreement | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I011  FAA-I014  FAA-I015 | |
| **Requirement:**  The FAA will request that the BSC Party complete a Funds Accession Form (BSCP301/4 (a). This will provide the FAA with the following information.  Any changes to BSC party VAT status will be confirmed by BSCCo before VAT information is updated on the FAA.   * BSC Party Name * BSC Party Address * BSC Party Contact details * Elected Method of Payment * Selected Collection bank * Bank Name * Bank Address * Branch Sort Code * Account Number * Bank Contact Details * Authorised Signatory * VAT Registration Number (if applicable) * VAT Country Code (if applicable) * Confirmation of whether liable to UK VAT   Any subsequent amendments must be communicated to the FAA on form BSCP301/4(b). | | | | |

### 2.2.17 Issue Advice Notes

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R043 | **Status:**  M | **Title:**  Issue Advice Notes | | **Source:**  FAA SD 10  RETA Sch 4 |
| **Mechanism:**  Manual  Dispatch of hard copy in post | **Frequency:**  Daily (per calendar Payment Date) | | **FAA Interface Ref:**  FAA-I001 | |
| **Requirement:**  *This requirement is retained for the purpose of issuing Advice Notes for Payment Dates prior to the P214 implementation date*.  For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, Advice Notes are issued to all relevant Payment Parties each Notification Date. The Advice Notes are sent by post.  The Advice Note will include the following detail lines:   * Payment Party name * Payment Party address * Payment Party facsimile number * Advice Note number * Payment Date   1. Settlement Date  2. Settlement code  3. Description  4. Net amount per Settlement Run  5. Total including VAT per Settlement Run  6. Total amount payable/receivable net of tax liabilities  One Advice Note will be produced per Payment Party per Payment Date.  One ‘Notice of VAT Imbalance’ will also be produced per Payment Date for BSCCo to inform of the expected VAT imbalance payable/receivable, which will be paid/received to/from BSC Clearer. | | | | |

### 2.2.18 Issue Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R044  As amended by CR 026, MP61 and P214 | **Status:**  M | **Title:**  Issue Statements | | **Source:**  FAA SD 10  RETA Sch 4 |
| **Mechanism:**  Manual  Electronic Network | **Frequency:**  Daily (per calendar Payment Date) | | **FAA Interface Ref:**  FAA-I002 | |
| **Requirement:**  The statements provide supporting documentation relating to the Advice Note lines, in particular details of previous Settlement code amounts to enable verification of reconciliation calculations and interest calculations for each interest line detailed on the Advice Note.  The statements will contain the breakdown of the Initial Settlement Run and Reconciliation Settlement Run amounts detailed on the Advice Note, and where applicable the Post Final Settlement Run amount. A breakdown by charge type will be provided for both the current Reconciliation Settlement Run and the immediately preceding run. Detailed interest calculations will be required to support the summary interest lines on the Advice Note.  The statements will be emailed in both Portable Document Format and ASCII pipe delimited format to all Payment Parties.  The details included on the statements will include the following:   * Backing sheet number * Calendar Payment Date * BSC Party name * Settlement Run details   1. Settlement Date  2. Settlement code (SF, R1, R2, R3, RF)  3. Calendar Payment Date  4. Charge type  5. Amount (£)  6. Total  7. VAT  8. Total including VAT | | | | |

### 2.2.19 Issue Bank Reports

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R045 as amended by P214 | **Status:**  M | **Title:**  Issue Bank Reports | | **Source:**  FAA SD 11.1  RETA SCH 4 |
| **Mechanism:**  Manual  Fax with security passwords | **Frequency:**  Daily (per Payment Date) | | **FAA Interface Ref:**  FAA-I008  FAA-I009 | |
| **Requirement:**  The system will produce, for a specified Payment Date, a report detailing all payments due from Payment Parties into the Collection Account, and all amounts payable to the Payment Parties from the Clearing Bank.  The Collection Account reports will include the following:   * Payment Date * Collection Account name * Payment Party name * Payment Party branch name * Payment Party branch address * Branch sort code * Account number * Combined Advice Note number * Backing sheet number * Backing sheet type * Net amount payable   Passwords provided by the Collection Account are written on the Collection Account reports prior to faxing.  The details included in the Clearing Bank report are as follows:   * Payment Date * Payment Party name * Payment Party branch name * Payment Party branch address * Branch sort code * Account number * Advice Note number * Backing sheet number * Backing sheet type * Net amount receivable | | | | |

### 2.2.20 Receive Payment Confirmations

|  |  |  |  |
| --- | --- | --- | --- |
| **Requirement ID:**  FAA-R071 | **Status:**  M | **Title:**  Receive Payment Confirmations | **Source:**  FAA SD 11.7  RETA SCH 4 |
| **Mechanism:**  Manual  Telephone to authorised FAA personnel or fax – dependent on individual Collection Bank procedures  Confirmatory reports produced from CHAPS terminal | | **Frequency:**  Daily | **FAA Interface Ref:**  FAA-I016 |
| **Requirement:**  The FAA will receive confirmation from the Collection banks that all funds due for the payment date (as advised by the FAA in the requirement ‘Issue Bank Reports’, FAA-R045) have been received and are available to be transferred to the Clearing account for distribution to creditors.  Information received will include:   * Collection Bank Name * Payment Date * Total amount received * Confirmation that transfer to Clearing Account has been initiated   Not later than 16:00 hours on the Payment Date the FAA will take such action as is required to determine that all amounts have been credited to each Collection Account on behalf of each BSC Payment Party.  Not later than 16.00 hours the FAA will take such action as required to determine all amounts credited to each Collection Account on such Payment Date have been remitted to the Clearing Account. | | | |

### 2.2.21 Receive Non-receipt Notifications

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA- R072 | **Status:**  M | **Title:**  Receive Non-receipt Notifications | | **Source:**  FAA SD 7  FAA SD 11.2  RETA SCH 4 |
| **Mechanism:**  Manual  Telephone to authorised FAA personnel | **Frequency:**  As applicable | | **FAA Interface Ref:**  FAA-I017 | |
| **Requirement:**  The FAA will receive details of any non-payments or any variance in the payments received from the Bank Advice Report, (Requirement ‘Issue Bank Reports’ FAA-R045).  The information received will include:   * Collection Bank Name * Payment Date * BSC Party * Shortfall in funds received * Deadline for resolution | | | | |

### 2.2.22 Issue Payment Default Notice

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R073 as amended by P214 | **Status:**  M | **Title:**  Issue Payment Default Notice | | **Source:**  FAA SD 6.1  RETA SCH 4 |
| **Mechanism:**  Manual  Telephone call by authorised FAA personnel and confirmatory letter | **Frequency:**  Ongoing as applicable | | **FAA Interface Ref:**  FAA-I007 | |
| **Requirement:**  The FAA will notify the BSCCo of any payment defaults. A payment default is deemed to have occurred if the Credit Cover provided by the defaulting Payment Party cannot cover any outstanding debt resulting from the non-payment of an Advice Note contained within a combined Advice Note.  The information will include:   * Payment Party name * Payment Party ID * Nature of default (payment) * Shortfall exposure * Calendar Payment Date of non-payment * Payment Date of combined Advice Note * Combined Advice Note number * Advice Note Date * Backing sheet number(s) * Action taken * Interest | | | | |

### 2.2.23 Issue Confirmation Notices

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R046 | **Status:**  M | **Title:**  Issue Confirmation Notices | | **Source:**  FAA SD 11.7  RETA SCH 4 |
| **Mechanism:**  Manual  Hard copy dispatched by post | **Frequency:**  Daily (Per calendar Payment Date) | | **FAA Interface Ref:**  FAA-I003 | |
| **Requirement:**  *This requirement is retained for the purpose of issuing Confirmation Notices for Payment Dates prior to the P214 implementation date*.  For calendar Payment Dates included on Advice Notes issued before the implementation of Modification Proposal P214, the system will produce tax documents in the form of Confirmation Notices. A Confirmation Notice will be issued to every BSC Party and the BSCCo for each calendar Payment Date. The Confirmation Notice will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run.  Hard copy Confirmation Notices are dispatched by post within 2 Business Days of the calendar Payment Date subject to the receipt of Collection bank statements.  Specific details will include:   * Date of Issue * BSC Party name * BSC Party address * BSC Party facsimile number * BSC Party VAT country code (if applicable) * VAT registration number (if applicable) * Confirmation Notice number * Backing sheet umber * Calendar Payment Date * Tax Point   1. Settlement Date  2. Settlement code  3. Description  4. Amount excluding VAT  5. VAT rate  6. VAT amount  7. Total including VAT  8. Total amount net of tax liabilities  9. VAT statement (dependant on whether BSC Party is UK or non UK registered and whether paid or received). | | | | |

### 2.2.24 Issue Quarterly Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R052 as amended by P214 | **Status:**  M | **Title:**  Issue Quarterly Statements | | **Source:**  FAA SD 6.0 |
| **Mechanism:**  Manual  csv data file and hard copy post | **Frequency:**  Quarterly and ad-hoc as requested | | **FAA Interface Ref:**  FAA-I010 | |
| **Requirement:**  Quarterly Statements will be provided to H.M. Customs & Excise detailing the following for each BSC Party:   * Settlement period * BSC Party ID * BSC Party name * Settlement Date * Settlement code * Calendar Payment Date * Payment Date * Description * Backing sheet number * Combined Advice Note number * Combined Confirmation Notice number * Amount excluding VAT * VAT amount * Interest amount * Income tax amount (only printed if non-zero) * Total paid or received   The report will be sent to H.M. Customs & Excise in hard and soft copy format.  The report variables are as follows:   * Report type   1. BSC billing  2. All   * Start Payment Date * End Payment Date * All BSC Parties/Selected BSC Party(ies)   The Quarterly Statements will also be dispatched to the BSC Parties and confirmation requested as to the accuracy of the details provided. | | | | |

### 2.2.25 Issue VAT Quarterly Statements to BSCCo

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R052  (CP1078  Variation 068), as amended by P214 | **Status:**  M | **Title:**  Issue VAT Quarterly Statements | | **Source:**  NA |
| **Mechanism:**  Manual, tab delimited data file and hard copy by post | **Frequency:**  Quarterly and ad-hoc as requested | | **FAA Interface Ref:**  FAA-I034 | |
| **Requirement:**  Quarterly VAT Statements will be provided to BSCCo detailing the following for each VAT code:   * Payment Date * Net inflow * Net outflow * Net flow * Output VAT * Input VAT * Net VAT   The report can be run as;   * Report type   1. BSC billing  2. Disputes  3. Defaults  4. All   * Start Payment Date * End Payment Date * All BSC Parties/Selected BSC Party(ies)   The report can be produced in hard copy. A soft copy will also be made available in the form of a ‘tab delimited data file’ suitable for loading to MS-Excel | | | | |

### 2.2.26 Receive Credits & Debits

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R053 as amended by  CR 036 | **Status:**  M | **Title:**  Receive Credits & Debits | | **Source:**  FAASD9  RETA SCH 4 |
| **Mechanism:**  Automatic  Electronic Transfer | **Frequency:**  Daily as per payment calendar | | **FAA Interface Ref:**  FAA-I022 | |
| **Requirement:**  The initial settlement run information is provided to the FAA in the form of a Credits and Debits report.  The system will load the data provided in the Credits and Debits report in order to create payments.  Data received will include:   * BSC Party Identifier * Settlement Date * Settlement Code * Charge Type   1. Administration Charge  2. Energy Imbalance Cashflows  3. Information Imbalance Charge  4. Non Delivery Charge  5. Residual Cashflow Reallocations  6. BM Payments  7. System Operator (NETSO) Charges  8. Daily Party RR Cashflow  9. Daily Party RR Instruction Deviation Cashflow   * Amount (£)   The main validation check performed on the data is that the net total of each file is zero, i.e. credit total = debit total. The BSC defines a maximum allowable tolerance on any difference between debits and credits.  If there are any problems with the data, the FAA will liaise with the SAA and inform the BSCCo of any actions taken. | | | | |

### 2.2.27 Receive Revised Credits & Debits

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R054 as amended by MP61 | **Status:**  M | **Title:**  Receive Revised Credits & Debits | | **Source:**  FAASD9  RETA SCH 4 |
| **Mechanism:**  Automatic  Electronic Network | **Frequency:**  Daily as per Payment Calendar | | **FAA Interface Ref:**  FAA-I023 | |
| **Requirement:**  The reconciliation settlement run information and where applicable the Post Final Settlement Run information is provided to the FAA in the form of a Revised Credits and Debits report.  The system will load the data provided in the Revised Credits and Debits report in order to create payments.  Data received will include:   * BSC Party Identifier * Settlement Date * Settlement Code * Charge Type   1. Administration Charge  2. Energy Imbalance Cashflows  3. Information Imbalance Charge  4. Non Delivery Charge  5. Residual Cashflow Reallocations  6. BM Payments  7. System Operator (NETSO) Charges  8. Daily Party RR Cashflow  9. Daily Party RR Instruction Deviation Cashflow   * Revised Amount (£) | | | | |

### 2.2.28 Receive Extra Settlement Determination Data

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  MP61 | **Status:**  M | **Title:**  Extra Settlement Determination Data | | **Source:**  BSCCo |
| **Mechanism:**  Manual  E-mail | **Frequency:**  As applicable | | **FAA Interface Ref:**  FAA-I037 | |
| **Requirement:**  The Extra Settlement Determination Data is provided to the FAA in the form of a list of BSC Parties (Affected Parties) that the ESD amounts are to be recovered from and the BSC Party (Receiving Party) to whom the ESD will be paid. The list will include Party IDs and amounts involved.  Further instruction will be provided by BSCCo to recover the ESD amount from the Receiving Party and pay that amount to the Affected Parties. BSCCo will provide instructions to calculate an interest payment payable by the Receiving Party to the Affected Parties based on the BSC Banker Rate. | | | | |

### 2.2.29 Issue Payment Date Exception Report

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R055 | **Status:**  M | **Title:**  Issue Payment Date Exception Report | | **Source:**  NA |
| **Mechanism:**  Manual | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  FAA-I032 | |
| **Requirement:**  The FAA will notify the BSCCo if the funds transfer process for a payment date has been unsuccessful. The funds transfer process would be deemed unsuccessful if the funds have not been transferred to the BSC creditors for same day value or if any of the Collection Accounts have not transmitted the incoming funds to the Clearing Account.  Information provided will include the following:   * Payment Date * Exception Details | | | | |

### 2.2.30 Pay Reserve Account Interest

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  CR 034 | **Status:**  M | **Title:**  Pay Reserve Account Interest | | **Source:**  BSC Section N 4.6.3 (a) |
| **Mechanism:**  Manual | **Frequency:**  Quarterly | | **FAA Interface Ref:**  FAA- | |
| **Requirement:**  The FAA will pay quarterly from the Reserve Account interest to each BSC Party attributable to their cash share credited to the account. Advice Notes will also be produced and dispatched to the BSC Parties. | | | | |

### 2.2.31 Obtain Tax Quarters

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R084 | **Status:**  M | **Title:**  Obtain Tax Quarters | | **Source:**  NA |
| **Mechanism:**  Manual  Media | **Frequency:**  Ongoing as applicable | | **FAA Interface Ref:**  NA | |
| **Requirement:**  The FAA shall obtain details of the last Payment Dates associated with Quarter Dates and will update the NETA Funds Transfer System accordingly.  Notification of changes to the Quarter Dates will be obtained from media notification.  The information entered into the system is as follows:   * Last Payment Date associated with Quarter Date | | | | |

### 2.2.32 Issue Combined Advice Notes

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R085 | **Status:**  M | **Title:**  Issue Combined Advice Notes | | **Source:**  NA |
| **Mechanism:**  Email | **Frequency:**  Following threshold breach, or as manually triggered | | **FAA Interface Ref:**  FAA-I038 | |
| **Requirement:**  Combined Advice Notes are issued to relevant Payment Parties following an Advice Note Threshold Limit or time threshold breach. Combined Advice Notes are emailed to the Payment Party in Portable Document Format.  The combined Advice Note will include the following detail lines:   * Payment Party name * Payment Party address * Payment Party facsimile number * Payment Party email address * Combined Advice Note number * Reason for threshold breach * Advice Note Threshold Limit * Backing sheet number that breached Advice Note Threshold Limit (if applicable) * Advice Note Date * Payment Date * Total amount payable/receivable net of tax liabilities, aggregate of Trading Charges, Default charges and Ad-Hoc Charges   For each Trading Charges Advice Note detail item:  1. Backing sheet number  2. Calendar Payment Date  3. Settlement Date  4. Settlement code  5. Description  6. Net amount excluding VAT per Settlement Run  7. Total including VAT per Settlement Run   * Trading Charge subtotal including VAT   For each Default Advice Note detail item:  1. Backing sheet number  2. Calendar Payment Date  3. Affected Date  4. Defaulting Party  5. Amount in Default  6. Description  7. Net amount excluding VAT per Default Share Amount  8. Total including VAT per Default Share Amount   * Default Charge Subtotal Including VAT   For each Ad-Hoc Charge Advice Note detail item:  1. Backing sheet number  2. Calendar Payment Date  3. Dispute Run Number  4. Description  5. Net amount Excluding VAT per dispute run  6. Total including VAT per dispute run   * Ad-Hoc Charge subtotal including VAT   The combined Advice Note will also include a separate section, detailing the following VAT information:   * For each Trading Charges Advice Note detail item   1. VAT amount payable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT   2. VAT amount receivable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT * Trading Charge VAT amount payable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Trading Charge VAT amount receivable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * For each Default charges Advice Note detail item   1. VAT amount payable details:   * Affected Date * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT   2. VAT amount receivable details:   * Affected Date * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT * Default charge VAT amount payable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Default charge VAT amount receivable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * For each Ad-Hoc Charge Advice Note detail item   1. VAT amount payable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT   2. VAT amount receivable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT * Ad-Hoc Charge VAT amount payable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Ad-Hoc Charge VAT amount receivable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Trading Charge, Default charge and Ad-Hoc Charge grand totals for   1. VAT amounts payable:   * Trade value * VAT amount * Total including VAT   2. VAT amounts receivable:   * Trade value * VAT amount * Total including VAT | | | | |

### 2.2.33 Issue Default Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R086 | **Status:**  M | **Title:**  Issue Default Statements | | **Source:**  NA |
| **Mechanism:**  Email | **Frequency:**  Following threshold breach, or as manually triggered | | **FAA Interface Ref:**  FAA-I039 | |
| **Requirement:**  The Default Statements provide supporting documentation relating to the combined Advice Note, in particular details of Default charges.  The statements are emailed in Portable Document Format.  The details included on the statements will include the following:   * Combined Advice Note number * Payment Date (for Default charges only) * Payment Party name * Default charge details * Details of Default:   1. Affected Date  2. Defaulting Party  3. Amount in Default   * Details of Default Share Amount:   1. Amount excluding VAT  2. VAT  3. Amount including VAT  4. Non-VATable share  5. Interest  6. Total amount payable/receivable net of tax liabilities | | | | |

### 2.2.34 Issue Combined Confirmation Notices

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R087 | **Status:**  M | **Title:**  Issue Combined Confirmation Notices | | **Source:**  NA |
| **Mechanism:**  Email | **Frequency:**  Per Payment Date | | **FAA Interface Ref:**  FAA-I040 | |
| **Requirement:**  The system will produce tax documents in the form of combined Confirmation Notices. A combined Confirmation Notice will be required for BSC Parties that have breached threshold, and the BSCCo, per Payment Date. The Combined Confirmation Notice will detail amounts paid to or received from the BSC Party, inclusive and exclusive of VAT. The VAT rate applied and the VAT amount paid or received will also be detailed per Settlement Run.  Combined Confirmation Notices are emailed in Portable Document Format to the BSC Party, within 2 Business Days of the Payment Date, subject to the receipt of Collection bank statements.  Specific details will include:   * Date of Issue * BSC Party name * BSC Party address * BSC Party facsimile number * BSC Party email address * BSC Party VAT non-liability statement (if applicable) – “The BSC Party is not liable to VAT and must account for VAT” * BSC Party VAT registration number and two digit country code * Combined Confirmation Notice number * Combined Advice Note number * Payment Date * Total amount payable/receivable net of tax liabilities   1. For each Trading Charges Advice Note detail item:   * Backing sheet number * Calendar Payment Date * Settlement Date * Settlement code * Description * Net amount excluding VAT per Settlement Run * VAT amount * Total including VAT per Settlement Run   2. Trading Charges subtotal including VAT  3. For each Default charges Advice Note detail item:   * Backing sheet number * Calendar Payment Date * Affected Date * Defaulting Party * Amount in Default * Description * Net amount excluding VAT per Default Share Amount * VAT Amount * Total including VAT per Default Share Amount   4. Default Charges Subtotal Including VAT  5. For each Ad-Hoc Charges Advice Note detail item:   * Backing sheet number * Calendar Payment Date * Dispute run number * Description * Net amount excluding VAT per dispute run * VAT amount * Total including VAT per dispute run   6. Ad-Hoc Charges subtotal including VAT  The combined Confirmation Notice will also include a separate section, detailing the following VAT information:   * For each Trading Charges Advice Note detail item   1. VAT amount payable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT   2. VAT amount receivable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT * Trading Charge VAT amount payable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Trading Charge VAT amount receivable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * For each Default charges Advice Note detail item   1. VAT amount payable details:   * Affected Date * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT   2. VAT amount receivable details:   * Affected Date * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT * Default charge VAT amount payable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Default charge VAT amount receivable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * For each Ad-Hoc Charge Advice Note detail item   1. VAT amount payable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT   2. VAT amount receivable details:   * Backing sheet number * VAT code * Description * Trade value * VAT rate * VAT amount * Total including VAT * Ad-Hoc Charge VAT amount payable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Ad-Hoc Charge VAT amount receivable subtotals of   1. Trade value  2. VAT amount  3. Total including VAT   * Trading Charge, Default charge and Ad-Hoc Charge grand totals for   1. VAT amounts payable:   * Trade value * VAT amount * Total including VAT   2. VAT amounts receivable:   * Trade value * VAT amount * Total including VAT | | | | |

### 2.2.35 Issue Ad-Hoc Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R088 | **Status:**  M | **Title:**  Issue Default Statements | | **Source:**  NA |
| **Mechanism:**  Email | **Frequency:**  When an Ad-Hoc Charge occurs, or following threshold breach, or as manually triggered | | **FAA Interface Ref:**  N/A | |
| **Requirement:**  The Ad-Hoc Statements provide supporting documentation relating to the combined Advice Note, in particular details of Ad-Hoc charges.  The statements are emailed in Portable Document Format.  The details included on the statements will include the following:   * Payment Party name * Payment Party address * Dispute reference * Dispute amount * Calendar Payment Date * Payment Party/Charge Type total * Payment Party’s percentage take * Interest amount * Settlement Run details:   1. Settlement period  2. Run type | | | | |

## 2.3 Non-functional Requirements

### 2.3.1 Audit Requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R056 | **Status:**  M | **Title:**  Audit Requirements | | **Source:**  NA |
| **Mechanism:**  Automatic | **Frequency:**  All business transactions | | **FAA Interface Ref:**  NA | |
| **Requirement:**   * All trading data received by the FAA from the SAA shall be retained and not physically deleted. Multiple versions of the data will be supported so that both the original information and any subsequent corrections are stored separately. * The FAA will maintain an audit trail of when information from the SAA was received and when the information was processed. It shall be possible to identify what combination of data has been received and loaded into the system as the input to each individual billing run. * All business data transmitted to external parties by the FAA will be retained and not deleted. Multiple versions of the data shall be supported, for instance so that the results of billing calculations in successive settlement runs for the same settlement date are available individually. * Any billing data that is manually entered, modified or deleted by operators of the system will be time stamped to record the time the transaction occurred and the identity of the operator who performed the transaction shall be recorded. This audit information will be available for inspection by a suitably authorised party. * The FAA shall ensure that all output reports will be time stamped and will display the identity of the system operator by whom the report was produced. * The FAA shall ensure that all other reports required for audit purposes will be retained. This includes bank statements, Businessmaster reports, reconciliation control sheets and BSC Party requests to change standing data. * The FAA will ensure that all printed reports that are no longer required for billing or audit purposes are securely destroyed. | | | | |

### 2.3.2 Security Requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R057 | **Status:**  M | **Title:**  Security Requirements | | **Source:**  NA |
| **Mechanism:**  Manual and Automatic | **Frequency:**  As required | | **FAA Interface Ref:**  NA | |
| **Requirement:**   * All premises used by the FAA in connection with provision of the service shall be made secure in that only suitably authorised persons may obtain entry. The entry of visitors to the premises will be suitably authorised and their access to parts of the site controlled thereafter. Both the normal and disaster recovery sites shall have sufficient provision to ensure that the security of the buildings is not compromised outside standard working hours. * Key elements of the infrastructure used to support the service such as computer server hardware, power supplies and other essential physical equipment will be subject to further physical restrictions such that they are only accessible to suitable authorised personnel. Such hardware shall be further protected by specialist mechanisms. * The bespoke computer applications used to support the service shall be subject to entry of a secure username and non-displayed password before access to any data or function relevant to the service is possible by an operator. Passwords will be updated through procedural means on a regular basis. * The banking software utilised to transfer BACS and CHAPS payments to the BSC creditors and collect direct debit payments from the BSC debtors will be subject to the Barclays Bank inherent security measures. These include the following:   1. Entry of 6-character user PIN. The user is prompted to change the PIN on a regular basis every 28 days.  2. Entry of user ID and non-displayed alphanumeric password. The password must be a minimum of 8 characters in length. The user is requested to change the password on a regular basis every 28 days  3. In order to transmit a CHAPS payment, three suitably authorised persons are required. To transmit a BACS payment or collect a direct debit, two suitably authorised persons are required. Two separate individuals are required to make any CHAPS, BACS or Direct Debit standing data changes. These two individuals can play no part in the collection or transmission of funds.   * The bespoke system supporting the service shall be configurable such that individual functions are available only to authorised categories of user. It shall be possible furthermore to configure the systems such that a user with restricted security privileges can access the data on a read-only basis. * The FAA shall monitor any attempts to breach the physical and logical security of the system and report any such occurrences to the BSCCo When any such attempt is discovered, the FAA shall endeavour to identify the nature of the breach and to ascertain whether the existing controls are adequate. * The FAA shall use a secure communications infrastructure for transfer of data to the BSC parties and for receipt of data from the SAA. The infrastructure must support the following:   1. Authentication: a mechanism to verify that the parties on either side of the data link are who they claim to be.  2. Privacy: a mechanism to ensure that transmitted content is not read or intercepted by unauthorised recipients.  3. Integrity: a mechanism to verify that transmitted data is received in an unchanged state. | | | | |

### 2.3.3 Operational Control

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R058 | **Status:**  M | **Title:**  Operational Control | | **Source:**  NA |
| **Mechanism:**  Manual and Automatic | **Frequency:**  As required | | **FAA Interface Ref:**  NA | |
| **Requirement:**  Operation control procedures are likely to include the following:   * It shall be possible for suitably authorised users of the system to have control over the loading of data files from external parties. This will include the functionality to move and copy data files between directories. * The contents of an inbound data file shall be viewable by an operator both before and after the file has been loaded into the system. * In the event of data loading errors caused by problems with standing data (e.g. BSC Party registration data) it will be possible to re-load the information once these errors have been corrected (e.g. after consultation with the CRA service provider). * It will be possible to configure the system such that reports are either automatically scheduled for release to their recipient destinations, or released only by specific intervention of an operator. * Any report file shall be inspectable by a suitably privileged operator either before or after it has been made available to its recipient. * It shall be possible to cause individual batch and report processes to be initiated either on demand, at a pre-scheduled date and time, or to repeat automatically at a periodic interval. * It shall be possible for an operator to monitor the progress of any individual batch or report process, for instance to review any informational or warning logs generated by the process. * It shall be possible for operators to cancel any scheduled batch or report process, or kill any individual process while it is running, such that updates to the data are rolled back and not committed. * The initiation of a batch or report process shall not prevent operators from performing other tasks within the system using the same workstation, i.e. they are not required to wait for the batch or report process to complete before they can proceed to use other system functions. * It shall be possible to configure the system such that individual batch or report processed run automatically as a result of successful completion of other automated tasks. For instance, if appropriate, the successful completion of one batch process could automatically trigger a report based on data created by that batch process. * Reports containing data will be made available in a machine-readable format. A definition of a standard physical file convention shall be established as part of the Interface Definition and Design Specification. * Suitably authorised operators of the system shall be able to obtain printed copies of any report. * Operators of the system shall be able to obtain printed copies of any data that they are able to display via the user interface, given their security privileges. This includes snapshots of any screens to which they have access and a print of data which they may have selected via a query on a data maintenance screen. * Operators of the system shall be able to save to a text file copies of any data which they may have selected utilising a query tool. The text file will include the data in a simple comma separated format compatible with standard desktop tools such as spreadsheets. * The FAA shall ensure that any manually entered data is duly checked and authorised. As detailed in the audit requirements, information relating to the manual input of data is stored within the system. Where data is input manually, the FAA shall use reasonable endeavours to ensure that the quality of the data is not compromised in any way. The exact mechanism to ensure this is conducted will be developed in detail in the Design Specification. * The FAA shall carry out validation of all data input so as to ensure that the data is, as far as practicable, complete and consistent. * Operational controls surrounding the transfer and management of funds are detailed in the FAA’s Financial Procedures Manual, and include segregation and separation of duty and stringent procedures surrounding authorised signatories. | | | | |

### 2.3.4 Euro Compliance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R059 | **Status:**  M | **Title:**  Euro Compliance | | **Source:**  NA |
| **Mechanism:**  Manual and Automatic | **Frequency:**  As required | | **FAA Interface Ref**  NA | |
| **Requirement:**  The FAA system and services shall be Euro Compliant in accordance with legal requirements applicable in England.  Euro-compliance functionality shall not be used prior to the Go-live date. | | | | |
| **Issues:**  The complete definition of Euro compliance requirements relating to NETA is not yet specified. | | | | |

## 2.4 Service Requirements

### 2.4.1 Backup and Recovery Requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R060 | **Status:**  M | **Title:**  Backup and Recovery Requirements | | **Source:**  NA |
| **Mechanism:**  Manual and Automatic | **Frequency:**  On-going as detailed below | | **FAA Interface Ref:**  NA | |
| **Requirement:**   * The FAA shall run and record successful completion of daily backup procedures for all on-line databases and maintain a backup log. * The FAA will ensure that each backup is identified and held on appropriate media, labelled accurately and clearly. * The FAA will ensure that all backups are secured in two locations (one off-site) in fire proof and flood proof safe environments, appropriate to the type of backup. * The FAA shall ensure that backup and recovery procedures do not prejudice scheduled operations and are timed to minimise the risks of data loss. * The FAA shall ensure that backup recovery times are compatible with service availability requirements. * The FAA shall ensure that all data and software (e.g. Barclay software and standing data) necessary to support the Services are backed up at regular intervals. * The FAA will, at regular intervals, not exceeding three months, ensure that the backup files could be restored if required. | | | | |

### 2.4.2 Archiving Requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R061 | **Status:**  M | **Title:**  Archiving Requirements | | **Source:**  NA |
| **Mechanism:**  Manual | **Frequency:**  As required | | **FAA Interface Ref:**  NA | |
| **Requirement:**   * The FAA shall identify each archive and ensure that all archives are held on appropriate media, labelled accurately and clearly. All items should contain their original creation date and the date of archive. * The FAA shall ensure that all archives are secured in an off-site location in fireproof and flood proof safe environments, appropriate to the type of archive media. * The FAA will ensure that all archived material is retained and retrievable, in accordance with the following:   1. On-line access must be available within 5 minutes for data up to one month old;  2. On-line access must be available within 24 hours for data up to one year old;  3. On-line access must be available within one week for data up to seven years old.   * Database archive strategy will be documented once the physical design document has been produced. | | | | |

### 2.4.3 Resilience Requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R062 as amended by P214 | **Status:**  M | **Title:**  Resilience Requirements | | **Source:**  NA |
| **Mechanism:**  Manual and Automatic | **Frequency:**  NA | | **FAA Interface Ref:**  NA | |
| **Requirement:**   * The FAA shall ensure that systems and services are sufficiently resilient such that they support the agreed service levels required to deliver payment runs as specified in the Payment Calendar. * The FAA will ensure that contingency arrangements are in place to support the above statement. These will include the following:   1. Manual data entry facility.  If the data files cannot be loaded into the system, trading details for each of the BSC Parties can be manually input.  2. Back-up system on site.  If the main system is unavailable, the back-up system, which is restored with the main system backup every night (and is therefore only ‘one day behind’) could be utilised.  3. Offsite system access.  If access to the business premises is denied, the FAA have a comprehensive Disaster Recovery plan in place which involves relocating to the Disaster Recovery site where all the required hardware and software will be available.  4. Manual faxing facilities.  The BSC Party reports can be manually faxed when the email of electronic Advice Notes facility is unavailable.  5. Alternate funds transfer arrangements.  If the Barclays Bank software is not available, the FAA has an agreement in place whereby the Bank will arrange to make the payments to the BSC Parties upon receipt of duly authorised instructions from the FAA. | | | | |

### 2.4.4 Volumetric Requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R063 | **Status:**  M | **Title:**  Volumetric Requirements | | **Source:**  NA |
| **Mechanism:**  Manual and Automatic | **Frequency:**  As required | **Volumes:**  As below | **FAA Interface Ref:**  NA | |

**Requirements:**

The following tables provide indicative volumetric details and are for information only:

|  |  |  |  |
| --- | --- | --- | --- |
| Assumption | Volumes | | |
| BSC Parties | Low | Average | High |
| 100 | 200 | 300 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Transaction | Explanation | Volumes | | |
| Aggregated Debits/Credits per day | 5 Settlement Runs  1 Initial Settlement Run  4 Reconciliation Settlement  Runs  (3 after Bank Holidays etc) | Low | Average | High |
| 500  1500 | 1000  3000 | 1500  4500 |
| Advice Notes produced per day | One Advice Note per Payment Party per calendar Payment Date | 100 | 200 | 300 |
| Statements produced per day | One statement per Payment Party per Payment Date | 100 | 200 | 300 |
| Confirmation Notices per day | One confirmation notice per BSC Party per payment date | 100 | 200 | 300 |
| Combined Advice Notes produced | Following threshold breaches | 1 per tax quarter | Unknown | 300 per day |
| Threshold Default Statements produced | Following threshold breaches | 1 per tax quarter | Unknown | 300 per day |
| Combined Confirmation Notices produced | Following threshold breaches | 1 per tax quarter | Unknown | 300 per day |
| Payment to BSC Creditors per day | 50% net debtors  50% net creditors  One payment per creditor per Payment Date (assuming an Advice Note Threshold Limit of £500) | 10 | 75 | 150 |

### 2.4.5 Reports on FAA Performance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R074 | **Status:**  M | **Title:**  Reports on FAA Performance | | **Source:**  Schedule 3 |
| **Mechanism:**  Manual.  E-mail | **Frequency:**  Monthly | | **FAA Interface Ref:**  NA | |
| **Requirement:**  The FAA shall provide a report on the FAA performance to the BSCCo on a monthly basis.  The report will include the following information:   * Daily Activities   1. Incidents of late/non billing  2. Incidents of late/non payment of sums due to BSC creditors  3. Details of credit cover issues and concerns  4. Details of banking issues and concerns   * Help Desk Facility   1. Problems logged and severity levels allocated  2. Total number of calls received  3. Confirmations of calls resolved within agreed response time  4. Details of calls escalated  5. Call sign-off dates  6. Summary of outstanding problems  The FAA shall provide a report on the FAA performance to the BSCCo on an annual basis.  The report will include the following information:   * Payment Calendar   1. Successful production of the Payment Calendar by 15 January each year  2. Successful publication of the Payment Calendar by 31 January each year | | | | |
| **Issues:** | | | | |

### 2.4.6 Problem Management

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R075 | **Status:**  M | **Title:**  Problem Management | | **Source:**  Schedule 3 |
| **Mechanism:**  Manual  Help Desk Facility | **Frequency:**  On-going as applicable | | **FAA Interface Ref:**  NA | |
| **Requirement:**  The FAA shall establish and operate a Help Desk to receive notification of, investigate, manage and resolve any Incidents. The FAA Help Desk facility must be available on working days between the hours of 9:00 a.m. and 5:00 p.m.  The Help Desk will include:   * Logging of Incidents within appropriate agreed timescales * Allocating appropriate severity levels to each Incident * Maintaining an audit trail of each Incident detailing actions taken and resolution times * Operating a call back and progress reporting mechanism * Operating a mechanism to advise affected users of any break in service and the likely duration | | | | |
| **Issues:** | | | | |

### 2.4.7 Invest Credit Cover

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Requirement ID:**  FAA-R076 | **Status:**  M | **Title:**  Invest Credit Cover | | **Source:**  FAA SD 6.2 |
| **Mechanism:**  Manual | **Frequency:**  Ad-hoc | | **FAA Interface Ref:**  FAA-I038 | |
| **Requirement:**  1. The FAA will seek to maximise return on the cash deposits held in the Reserve Account by the following means:  (a) At its own discretion, the FAA may instruct the BSC Banker to place amounts as it may determine from the Reserve Account into an Overnight Deposit with the BSC Banker for the purposes of earning interest.  (b) Upon instruction from BSCCo, the FAA shall, by 14:00 on the same Working Day as receiving the instruction, instruct the BSC Banker to place such amounts as determined by BSCCo into an Investment Account.  2. The FAA will consider any return as being part of the overall interest determined for the Reserve Account. | | | | |
| **Issues:** | | | | |

# 3 Process Overview

## 3.1 Project Context

The diagram below is an indicative representation of the FAA process overview. It is not intended to be exhaustive.

****

*Figure 1- Context Diagram*

## 3.2 High Level Dataflows and Events

This section describes the main flows of data that cross into or out of the FAA system.

### 3.2.1 Advice Notes & Supporting Documentation

*This dataflow is retained for historical purposes, and is superseded by Modification Proposal P214.*

From: FAA

To: Payment Parties

Frequency: One Advice Note covering Initial Settlement and all reconciliations, per Payment Party per Payment Date

Event: Produced by FAA at each Billing Run

Notification advising a Payment Party of the amount they owe or are owed, for specified Settlement Days.

Supporting documentation is provided in the form of “statements” containing a breakdown of the Advice Note Trading Charges by Settlement Run and by charge type. In the case of revised or Reconciliation Settlement Runs, amounts notified in the immediately preceding billing run are also detailed.

### 3.2.2 Combined Advice Notes & Supporting Documentation

From: FAA

To: BSC Parties

Frequency: Combined Advice Notes covering Initial Settlement and all reconciliations, Default charges and Ad-Hoc Charges, per Payment Party

Event: Produced by FAA following a threshold breach by a Payment Party. The threshold may be manually overridden.

Notification advising a Payment Party of the amount they are due to pay to the FAA or receive from the FAA on a specific Payment Date, for specified Settlement Days, Defaults and Ad-Hoc Charges.

Supporting documentation is provided in the form of “statements”, containing a breakdown of the Advice Note Trading Charges by Settlement Run and by charge type, a breakdown of the Default details, or a breakdown of the Ad-Hoc Charge details.

### 3.2.3 Initial Debits/Credits

From: SAA

To: FAA

Frequency: Per Settlement Run

Event: Sent by SAA according to Payment Calendar

Data files containing monetary trade details for each BSC party for a Settlement Date. Each file will contain BSC Party information for a single settlement day / settlement code combination. The overall sum of all debit and credit trades will net to zero.

### 3.2.4 Revised Debits/Credits

From: SAA

To: FAA

Frequency: Per Reconciliation Settlement Run

Event: Sent by SAA according to Payment Calendar

Data files containing revised monetary trade details for each BSC Party. Each file will contain revised BSC Party information for a single settlement day / reconciliation settlement code combination. The overall sum of all debit and credit adjustments trades will net to zero.

### 3.2.5 Payment Instructions

From: FAA

To: Funds Transfer Process (via FAA staff)

Frequency: Per Payment

Event: BSCCo Billing Run

The FAA System produces a report used by FAA to manually enter payment instruction details into a separate system for Funds Transfers; Barclays CHAPS and Businessmaster.

### 3.2.6 Payment Calendar Interface

From: FAA

To: Payment Parties, SAA and BSCCo

Frequency: Per financial year

Event: Financial year.

Provides calendar Payment and Notification Dates for each Initial Settlement Run for the forthcoming financial year. Includes calendar Payment and Notification Dates for each Reconciliation Settlement Run whose calendar Payment Date falls within the generated payment period.

### 3.2.7 Credit Limit

From: BSC Parties

To: FAA

Frequency: Ad Hoc

Event: Calculation of Energy Credit Cover (ECC)

Details of the Credit Limit are supplied to enable (re) calculation of the Energy Credit Cover.

### 3.2.8 Energy Credit Cover

From: FAA

To: ECVAA, BSC Party

Frequency: Ad Hoc

Event: On (re) calculation of the Energy Credit Cover (ECC)

The Energy Credit Cover is determined using the data supplied by the BSCCo and the BSC Party. Once the credit cover (£) provided by the BSC Party is sufficient for the ECC (MWh), the ECVAA is notified of the ECC.

### 3.2.9 BM Unit Details

From: CRA

To: FAA

Frequency: Ad Hoc

Event: Sent by the Central Registration Agent as required

Provides BM Unit Credit Assessment Import Capability (BMCAIC) and BM Unit Credit Assessment Export Capability (BMCAEC) values per BSC Party.

### 3.2.10 Credit Policy

From: BSCCo

To: FAA

Frequency: Ad Hoc

Event: Market Start-up or when the Credit Policy is amended

Principally provides the values for Credit Cover Contract Duration (CCCD), Credit Cover Contract Physical Duration (CCPD), Credit Assessment Purchase Price (CAPP) and Credit Assessment Sale Price (CASP). The Credit Policy also provides instructions for securitising trades and the calculation and usage of Credit Cover.

# 4 User Roles & Activities

The following table describes the user roles, which will support the day to day operation of the FAA service.

| **Role** | **Activities** |
| --- | --- |
| System Administrator | Database management  Specific aspects of system configuration  User account and security management |
| Billing Operations Manager | Management of operators  Management of standing data updates  Co-ordination of creation of the payment calendar  Management of planned operational activities to meet Payment Calendar timescales and service level requirements  Creation of management information reports  Support for communication with external parties |
| Billing Operator | Performance of procedures to monitor receipt and processing of debit and credit amounts from SAA.  Performance of procedures to initiate and monitor billing runs and reports.  Effect the transfer of funds.  Second level support for ad hoc queries raised by external parties |
| Help Desk Operator | First level support for ad hoc queries raised by external parties.  Note that the Help Desk facility shall be shared by more than one service provision. |
| Auditor | There shall be a specific user security configuration, which allows an external auditor to review data within the system, but prevents the initiation of batch processes or logical edits to business data. |

These roles and activities will be refined and developed in more detail during detailed business process definition.

The following parties are associated with the FAA business processes in the wider context, and may thus be considered as “users” of the service. The detailed functional requirements and data interfaces necessary to support these parties are described earlier in this document.

|  |  |
| --- | --- |
| **Role** | **Summary of Activities related to FAA** |
| BSCCo | Receives summary financial reports from FAA at periodic intervals (daily, weekly, monthly) and notified of expected and unexpected VAT Imbalances, to be paid / received to / from BSC Clearer. |
| BSC Party | Establishes Credit Cover with the FAA. Receives detailed Advice Notes and Statements (Backing documentation), Confirmation Notices daily from the FAA. |
| CRA | Provides authentication and registration details for BSC Parties data to the FAA. |
| ECVA | Receives credit limit data and contract notifications for each BSC Party. Provides total energy contract volume associated with each energy account and settlement period. |
| Customs and Excise | Receives Quarterly reports from FAA detailing VAT information for each BSC Party |
| Inland Revenue | Provides details of current and historic income tax rates to the FAA |
| Credit Rating Agencies | Provides initial credit rating information for each BSC Party to the FAA |
| Collection Bank | Provides confirmation that all funds due for the payment date have been received and are available for clearing. |
| BSC Banks | Provides details of current and historic Base Rates to the FAA |
| Settlement Administration Agent (SAA) | Provides debit/credit instructions in order to perform funds clearance. Provides payment calendar annually. |

# Appendix I Assumptions

The URS is based upon a number of assumptions. These assumptions relate to the main areas of the service identified within the FAA service description. These areas are:

* Daily Settlement processing;
* Funds Transfer;
* Payment Calendar; and
* Non process specific

**Daily Settlement Processing**

1. Settlement data files will be received from one source; the SAA.

2. All trading values received will be financial.

3. One data file will be received per Settlement Run as per the FAA Payment Calendar. For example, if the FAA were processing the Settlement Runs detailed below, a total of seven files would be received from the SAA:

|  |  |  |  |
| --- | --- | --- | --- |
| Settlement Date | Settlement Code | Notification Date | Calendar Payment Date |
| 7th April 2000 | SF | 4th May 2000 | 9th May 2000 |
| 8th April 2000 | SF | 4th May 2000 | 9th May 2000 |
| 9th April 2000 | SF | 4th May 2000 | 9th May 2000 |
| 13th March 2000 | R1 | 4th May 2000 | 9th May 2000 |
| 10th January 2000 | R2 | 4th May 2000 | 9th May 2000 |
| 28th September 1999 | R3 | 4th May 2000 | 9th May 2000 |
| 11th March 1999 | RF | 4th May 2000 | 9th May 2000 |

4. Information will be supplied for each charge type for each Payment Party in the data file from the SAA, even if the value for the charge type is zero.

5. For Payment Calendar processing purposes, there will be an Initial Settlement Run and four subsequent scheduled Reconciliation Settlement Runs per Settlement Day.

6. Each Initial Settlement Run and Reconciliation Settlement Run will net to zero; i.e. the sum of the reconciliation debtors will equal the sum of the reconciliation creditors.

7. The facility to perform non-scheduled (ad-hoc) reconciliations will be required.

8. FAA will not receive GSP Group information, the subsequent split between ‘corrected’ and ‘non-corrected’ data or separate 100kW information from the SAA and therefore will not process or report information at these levels.

9. Within the FAA system, Payment Parties will have one unique identifier and will not be classed by trading type i.e. Generator or Supplier.

10. BSC Parties can change between net debtors and net creditors across Settlement Runs.

11. The number of charge types may increase up to a maximum of 20 charge type categories.

12. The functionality to calculate reconciliation adjustments for each of the charge types is required.

13. Codes will be allocated to each of the charge types.

14. One Advice Note will be produced per Payment Party per calendar Payment Date.

15. Interest will be applied to the reconciliation adjustment amounts payable or receivable, and this interest will be calculated on a compound daily basis in respect of the period from (and including) the initial calendar Payment Date up to (but not including) the current reconciliation calendar Payment Date by applying the BSC Banker’s Base Rate:

(a) As prevailing at 00.00 hours on the relevant day on a daily basis up to (but not including) the Advice Note Date; and

(b) As prevailing at 00.00 hours on the Advice Note Date on a daily basis up to (but not including) the current reconciliation calendar Payment Date.

16. The FAA will be requested to process, on average, an additional four Reconciliation Settlement Runs (ad-hoc reconciliation runs) per Settlement Date.

17. If the Initial (SF) data is unavailable, the FAA will manually input alternate data provided by the BSCCo or postpone the run until the data is available. Scheduled Reconciliation Settlement Runs for which data is not available will be postponed.

18. As per the Inland Revenue ruling on ‘long’ interest, all interest levied on scheduled and ad-hoc reconciliation adjustments will be subject to the deduction of income tax.

**Funds Transfer**

19. BSC Parties will elect to pay by Direct Debit or into the Collection Account

20. Payments will be made to BSC creditors from a BSC Clearing Account.

21. The Collection bank will be Barclays Bank PLC.

22. The Clearing Bank will be Barclays Bank PLC.

23. Scaledown calculations will be performed on the scaledown Payment Date creditors, not those who traded on the ‘defaulted’ Payment Date.

24. The current Borrowing Account facility level of £20 million will still be required.

25. The current level of daylight exposure will still be required; enabling Payment Party creditors to be paid prior to receipt of all amounts due from the Payment Party debtors.

**Credit Cover**

26. Values of BM Unit Credit Assessment Export and Import Capabilities (BMCAEC and BMCAIC) will change on an infrequent basis

27. The FAA will actively seek to maximise returns on the cash deposits held as Credit Cover.

**Payment Calendar**

28. Approval of the draft Payment Calendar will be assigned to the SAA and the BSCCo, as opposed to the various Payment Parties. This represents a more practicable approval process.

**Change Requests**

29. The requirement to pro-rate multilateral dispute amounts across one particular charge type is being assessed as a potential change request.

30. The potential requirement to levy differential VAT rates to the various charge types is being assessed as a potential change request.

# Appendix II logical data structure

**Purpose and Scope**

The FAA system Logical Data Model describes the data within the required FAA system from a logical viewpoint. It should be noted that, as a physical data model already exists, this diagram is included for information only and not as a basis on which to construct a new physical model. The model comprises:

* A Logical Data Structure (diagram);
* Entity descriptions;
* List of the main attributes for each entity. ‘p’ = primary key attribute, ‘\*’ = foreign key attribute, ‘o’ = optional key attribute.



*Figure 2 – Logical Data Structure*

**Entity Descriptions**

**Combined Advice Note**

*Description:* The combined Advice Note created for each Payment Party following a threshold breach, which will include one or more Advice Notes.

*Contains attributes:*

p Combined Advice Note number

p Payment Date

\* Payment Party Id

Total amount

Backing sheet number that breached Advice Note Threshold Limit (if applicable)

**Advice Note**

*Description:* The Advice Note created for each Payment Party for each calendar Payment Date, which will include one or more Settlement Dates / Runs.

Note that for Payment Parties a breakdown of Trading Charges by charge type will be given on separate backing statements, which do not logically exist as entities in their own right.

*Contains attributes:*

p Backing sheet number

\* Calendar Payment Date

\* Payment Party Id

Amount payable/receivable

Interest payable/receivable on reconciliation adjustments

**Combined Confirmation Notice**

*Description:* The combined Confirmation Notice created for each Payment Party, detailing the paid Advice Notes included on a combined Advice Note for a Payment Date.

*Contains attributes:*

p Combined Confirmation Notice number

Combined Advice Note number

Issue Date

**Bank Account**

*Description:* The Bank Account from which each debtor BSC Party pays or, creditors receive payment.

p \* BSC Party Id

Sort Code

Account Number

Address

**Billing Run**

*Description:* A particular BSCCo Billing Run for a Settlement Day.

p \* Settlement Day

p \* Settlement Code

p Settlement Run No

**BSC Market Trade**

*Description:* A financial value for a trade of electricity by a BSC Party on a particular Settlement Day.

p \* Settlement Day

p \* BSC Party Id

p \* Run Type

p \* Run No

Version No of data file

Trade Value

Charge Type

**Calendar Payment Day**

*Description:* A working day on which financial settlement for one or more Settlement Days is calculated.

p Calendar Payment Day

Base Rate

**BSC Party**

*Description:* An identity allocated to a Member of the BSCCo

p \* BSC Party Id

Name

\* VAT Code

Contact Details

**Run Type**

*Description:* A type of BSCCo billing run, e.g., Settlement Final, or initial Reconciliation (R1, R2, R3) and Reconciliation Final (RF).

p Run Type

**Settlement Day**

*Description:* A unique day, identified by the date, for which energy is consumed or produced.

p Settlement Date

**VAT Code**

*Description:* An identifier for linking a BSC Party to a VAT rate

p VAT Code

VAT Rate

# [FSO BSC]Appendix III Glossary of terms

## A

**Accidental Default**

The accidental non-payment of a BSC Advice Note by a Payment Party.

**Ad-hoc Reconciliation Settlement Run**

A Reconciliation Settlement Run not scheduled in the Payment Calendar.

**Advice Note**

A uniquely referenced data entity created for Payment Parties on a daily basis, detailing the total amount payable or receivable for a calendar Payment Date.

For calendar Payment Dates occurring before the implementation of Modification Proposal P214, Advice Notes are sent to Payment Parties, and include notification of VAT imbalances to the BSCCo.

**Advice Note Period**

(i) the Notification Date on which an Advice Note is despatched; or

(ii) the period (of consecutive Notification Dates) between (but excluding) the last preceding Advice Note Date and ending on (and including) the latest Advice Note Date;

**Advice Note Threshold Limit**

A positive monetary value, below which Advice Notes are not included on a combined Advice Note, or a negative monetary value, above which Advice Notes are not included on a combined Advice Note. Defined by the BSCCo as £500 or such other amount as the Panel may determine from time to time.

**Approved Credit Rating**

An investment grade credit rating of at least that specified as approved in the BSCCo Credit Policy.

**Approved Payment Calendar**

Payment Calendar detailing scheduled payment runs which has been approved by the BSCCo and the SAA.

**Average Credit Period**

The average credit period over the financial year of the Settlement Final (Initial) runs.

## B

**Backing Sheet**

The same meaning as Statements.

**Backing Sheet Number**

The number by which an Advice Note is identified.

**Backing Sheet Type**

A Trading Charges backing sheet, Default charges backing sheet, or Ad-Hoc Charges backing sheet.

**Balancing and Settlement Code (BSC)**

The rules, systems and processes underpinning the new balancing and settlement arrangements.

**Balancing Mechanism (BM)**

Definition required.

**Bankers Automated Clearing System (BACS)**

A three-day value Barclays’ payment system used to make payments to BSC creditors for amounts less than £1000.

**Base Rate**

Clearing Banker’s (Barclays Bank Plc) base interest rate.

**BM Unit**

A BM Unit is a point of entry, or exit, to the transmission system where a Final Physical Notification will be required from a Party. For Demand this will normally be a Grid Supply Point Group except where there is a Trading Unit directly connected to the Transmission System. For generation it will normally be a Meter Point for a single genset.

**BM Unit Credit Assessment Export Capability (BMCAECi) MW**

A value maintained for credit assessment purposes reflecting the transmission access export rights of the BM Unit, GCi, corrected by the Credit Assessment Load Factor.

**BM Unit Credit Assessment Import Capability (BMCAICi) MW**

A value maintained for credit assessment purposes reflecting the transmission access import rights of the BM Unit, DCi, corrected by the Credit Assessment Load Factor.

**Borrowing Account**

Short term borrowing facility on which the FAA can draw to make good any non-payment shortfalls, or to cover payments due from Payment Parties that are below the Advice Note Threshold Limit (or time threshold) during an Advice Note Period.

**Borrowing Account Draw Down**

A transfer of funds from the Borrowing Account to the Clearing Account to make good a non-payment shortfall, or to cover payments due from Payment Parties that are below the Advice Note Threshold Limit (or time threshold) during an Advice Note Period.

**Borrowing Account Repayment**

A transfer of funds from the Clearing Account to the Borrowing Account to repay a previous Borrowing Account draw down.

**BSC Clearing Account**

The bank account into which the Collection Banks transfer the funds paid by the BSC debtors, and from which payments are made to the BSC creditors.

**BSC Clearing Bank Report**

A report produced by the FAA funds transfer system detailing amounts due to the BSC creditors for a specified Payment Date. The report also details Payment Party bank account details and the Advice Notes and combined Advice Notes to which the credits relate.

**BSC Panel Ruling**

A ruling made by the Balancing and Settlement Code Panel in respect of a BSC Trader in a Credit Default position.

**BSC Party Bank**

A bank at which a Payment Party holds an account into which payments are made by the FAA or from which payments are made to the FAA.

**BSC Party Creditors**

Payment Parties to whom net amount receivable Advice Notes have been sent and who are subsequently due to receive funds from the FAA for a specified calendar Payment Date.

**BSC Party Debtors**

Payment Parties to whom net amount payable Advice Notes have been issued and who are subsequently due to pay funds to the FAA for a specified calendar Payment Date.

**BSC Party Identifier p**

Each Balancing and Settlement Code Party will be given a unique Balancing and Settlement Code Party Identifier as part of the registration process. The Balancing and Settlement Code Party Identifier is generally denoted p.

**Businessmaster**

Clearing Bank software that enables BACS payments to be made to the BSC creditors, direct debits to be taken from BSC debtors and account transfers to be effected. Account balance information is also available via Businessmaster.

## C

**Calendar Parameters**

Variables which are entered into the system in order to produce the Payment Calendar. These include average credit period, reconciliation periods, and minimum and maximum notification periods.

**Calendar Payment Date**

The date on which Advice Notes are calculated, according to the Payment Calendar, and the earliest date on which an Advice Note may be paid, pending an Advice Note Threshold Limit (or other threshold) breach.

**Cash Deposit**

A cash amount provided to the FAA by a Payment Party in order to discharge their credit cover liability.

**Central Data Collection Agent**

A Balancing and Settlement Code Service Agent responsible for the collection of metered data from Meter Points that are registered under the Central Registration Agent.

**Central Registration Agent**

The Central Registration Agent will register Balancing and Settlement Code Parties, BM Units, Trading Units, and Meter Points other than meters registered in Supplier Meter Registration systems.

**Charge Type**

A charge category included in the Settlement Run, e.g. Balancing Mechanism Charges, System Operator Charges, Administrative Charges etc.

**Charge Type Codes**

Codes relating to the various charge types.

**Clearing House Automated Payment System (CHAPS)**

A same-day value Barclays’ payment system used to make payments to BSC creditors for amounts greater than £1000.

**Collection Account**

The BSC bank account into which BSC Party debtors elect to pay the amount payable advised on the combined Advice Note for a specific Payment Date. There are five Collection Accounts, one at each of the following Banks:

Barclays Bank, National Westminster Bank, Royal Bank of Scotland, Lloyds Bank and HSBC.

**Collection Bank Report**

A report produced by the FAA funds transfer system for each of the Collection Banks detailing amounts due from the BSC debtors for a specified calendar Payment Date. The report also details BSC Party bank account details and the Advice Notes to which the debits relate.

**Combined Advice Note**

A uniquely referenced document sent to Payment Parties following an Advice Note Threshold Limit (or time threshold) breach, detailing the total amount payable or receivable for a Payment Date, combining Trading Charges, Default Charges and Dispute Charges, and including all amounts from Advice Notes since the previous Advice Note Threshold Limit (or time threshold) breach. The Combined Advice Note also includes notification of VAT imbalances to the BSCCo.

**Compound Interest**

Interest applied to reconciliation adjustment and dispute adjustment amounts. The interest is calculated utilising the daily compound interest formula.

**Confirmation Notice**

*This term is retained for historical purposes, and is superseded by Modification Proposal P214.*

A tax document issued to BSC Parties for each calendar Payment Date detailing amounts paid or received and the VAT thereon. The applicable VAT codes are also detailed.

**Combined Confirmation Notice**

A tax document issued to BSC Parties for each Payment Date, detailing amounts paid or received and the VAT thereon, detailing multiple Advice Notes as reported on combined Advice Notes. The applicable VAT codes are also detailed.

**Corrected Data**

Sub GSP Group data which has been subjected to the GSP Group correction factor

**Credit Assessment Purchase Price CAPP (£/MWh)**

An administered Price used to value the liabilities of a BSC Trader in respect of a shortfall of energy or purchase from the system, for the purposes of calculating credit cover requirements. CAPP will be positive.

**Credit Assessment Sale Price CASP (£/MWh)**

An administered Price used to value the liabilities of a BSC Trader in respect of an excess of energy or sale from the system, for the purposes of calculating credit cover requirements. CASP will be zero or negative.

**Credit Cover**

Credit Cover is required from all BSC Traders to a level consistent with an assessment of their possible liabilities to Balancing and Settlement Code Settlement.

This may take the form of one or more of the following:

Cash deposit;

Letter of Credit;

**Credit Cover Contract Duration (CCCD)**

The number of days of potential exposure for which credit cover must be provided. CCCD will be set to 28 reflecting the lag between the Settlement Day and the Initial Payment Date.

**Credit Cover Physical Duration (CCPD)**

The number of days of potential exposure for which credit cover must be provided. CCCP will be set to 28 plus the number of days required disconnecting or transferring customers following a party’s default.

**Credit Default**

A position of Credit Default is declared when the credit cover held for a BSC Party is insufficient for the Energy Credit Cover in MWh (ECC).

**Credit Limit**

For each BSC Trader p, the amount of Energy Contract Volumes and relevant Credited Energy Percentages that can be accepted in respect of its Energy Accounts is limited by the Credit Limit.

**Credit Policy**

The Credit Policy determined by the Customer that is required from all BSC Traders to a level that is consistent with an assessment of their possible liabilities.

**Credit Rating Agency**

A body who assesses the credit worthiness of a trader and agrees on a standard rating based on their short or long-term risk.

## D

**Defaulting BSC Party**

The Payment Party declared to be in Credit or Payment default.

**Distribution**

The distribution of electricity over the system of a Public Electricity Supplier.

**Distribution Networks**

The system consisting (wholly or mainly) of electric lines owned or operated by a Public Electricity Supplier (PES) and used for the distribution of electricity from Grid Supply Points or Generating Units or other entry points to the point of delivery to users, and operated by such Public Electricity Supplier excluding any part of the National Electricity Transmission System.

**Distribution System Operator**

The Public Electricity Suppliers, as operators of a distribution network.

**Draft Payment Calendar**

Payment Calendar produced by the FAA funds transfer system utilising the calendar parameters specified by the BSCCo detailing scheduled payment runs. The draft Payment Calendar is sent to the BSCCo and the SAA for approval.

## E

**Energy Account**

BSC Traders will in general have two Energy Accounts, one for their Production Activity and one for their Consumption Activity. Each Energy Account will belong to a single BSC Trader.

**Energy Contract Volume**

Energy Contract Volumes are data submitted to settlement to allow BSC Traders to offset imbalances and reflect bilateral trading of energy.

**Energy Contract Volume Aggregation Agent**

The Energy Contract Volume Aggregation Agent will receive, validate and aggregate notifications of Energy Contract Volumes, and provide the Settlement Administration Agent with the net aggregate position of each BSC Trader for each Settlement Period.

**Energy Credit Cover (ECC)**

The amount (in MWh) at any time for a Payment Party determined as CC/CAP where CC is the amount of the Trading Party's Credit Cover at that time and CAP is the Credit Assessment Price prevailing at such time.

**Energy Imbalance Prices**

The System Sell Price and the System Buy Price.

**Excess Payment**

Funds received from a Payment Party in excess of the amount due on a calendar Payment Date

## F

**Funds Administration Agent (FAA)**

The Funds Administration Agent will effect the payments resulting from Settlement, maintain financial and tax documentation, and manage credit and default arrangements.

**Funds Accession Agreement**

FAA schedule in which Payment Party standing data is provided to the FAA. This includes Advice Note contact details and bank account details from which payments will be made to the FAA or into which the FAA should make payment. The Funds Accession Agreement is signed by the FAA, the BSCCo Banker (Barclays Bank Plc) and the relevant Payment Party

## G

**Generation**

The production of electricity.

**Generator**

A person who generates electricity under licence or exemption under the Electricity Act 1989.

**Grid Operator**

Operates the transmission system with the objective of providing a reliable supply and maintaining voltage and frequency within the standards laid down in the ESO Licence. Using the generator’s offer data the GO schedules and despatches generating sets (gensets) to meet demand whilst attempting to ensure the security and integrity of the transmission system.

**Grid Supply Point (GSP)**

Any point where electricity is delivered from the transmission system to a distribution system.

**Grid Supply Point Group**

Several Grid Supply Points, usually within the geographical area of a Public Electricity Supplier, which are grouped together for Settlement purposes.

**GSP Group**

A distinct electrical system, consisting of all or part of a distribution system (owned and operated by a Distributor) that is supplied by one or more GSPs for which total supply into the GSP Group can be determined for each half hour.

**GSP Group Take**

The total demand metered at Grid Supply Points net of 100k W supplies handled by the SMRA, Station Demand, Interconnector Demand and inter GSP Group metering.

## I

**Income Tax**

Tax deducted at source by the FAA from reconciliation adjustment interest

**Income Tax Rate**

The rate of income tax deducted at source by the FAA from reconciliation adjustment interest

**Information Imbalance Charge (CIIij) £**

The Information Imbalance Charge (CIIij) is the charge applicable to the associated Lead Energy Account as a result of the Information Imbalance from BM Unit i in Settlement Period j.

**Initial Payment Date**

The date at which the payments in respect of Initial Settlement for a Settlement Day are made, on average 28 days after the Settlement Day.

**Initial Settlement**

The Initial Settlement Run will take place about 24 days after the Settlement Day, for payments to be effected about 28 days after the Settlement Day.

**Initial Settlement Report**

A report of data used in and created by Initial Settlement.

**Initial Settlement Run**

Details are provided to the FAA in a ‘Debits/Credits’ data file.

**Interim Initial Settlement**

The Interim Initial Settlement Run will take place at about 4 days after the Settlement Day.

## K

**Kilowatt Hour (kWh)**

The energy delivered by 1kW over 1 hour.

## L

**Letter of Credit**

A financial instrument acceptable to the FAA as credit cover. The Letter of Credit must be for a minimum period specified in the BSCCo Credit Policy

## M

**Manual Trigger**

A manual trigger to release the Combined Advice Note to date where the Advice Note Threshold Limit (or time threshold) may not have been breached.

**Market Domain Data**

Data provided to all persons involved in settlements in accordance with the Balancing and Settlement Code.

**Maximum Notification Period**

The maximum number of working days between the settlement date and the notification date.

**Minimum Notification Period**

The minimum number of working days between the settlement date and the notification date.

**Missing Data**

Data that is scheduled to be provide to the FAA in the Payment Calendar but is unavailable.

**Monetary Threshold**

Has the same meaning as Advice Note Threshold Limit.

## N

**NETSO**

National Electricity Transmission System Operator means National Energy System Operator Limited, registered number 11014226, in its role as the designated ISOP and holder of the ESO Licence and GSP Licence, and any reference to “NESO” or “NGC” shall have the same meaning.

**Non-Corrected Data**

Sub GSP Group data which has not been subjected to the GSP Group correction factor.

**Non-Payment**

A payment which has been notified to a Payment Party which has not been paid on the Payment Date.

**Notification Date**

The dates by which the SAA shall deliver the Initial Debits/Credits for each of the Initial Settlement Runs to the FAA.

**Notification Period**

The number of working days between the settlement date and the notification date.

## P

**Payment Calendar**

A calendar maintained by the Funds Administration Agent, listing all Initial and Reconciliation Payment Dates for each Settlement Day.

**Payment Date**

The date on which funds transfers are to be effected.

**Payment Default**

The position declared when a Payment Party has failed to make a payment as advised in the combined Advice Note, for an Advice Note, for a specified number of days after the calendar Payment Date.

**Payment Period**

The number of working days between the Settlement Date and the Payment Date.

## Q

**Quarter Date**

31st March, 30th June, 30th September and 31st December.

**Quarterly Statement**

A report produced for H.M. Customs & Excise on a quarterly basis detailing all amounts paid to or received from a BSC Party for the specified period. The report specifically provides details of all input and output VAT.

## R

**Reconciliation Adjustment Amount**

The difference between the current reconciliation run amount and the immediately preceding reconciliation run or initial run amount for a specific charge type for a particular Payment Party.

**Reconciliation Payment Date**

The day at which payments in respect of a Reconciliation Settlement Run are made.

**Reconciliation Period**

The number of working days between the settlement date and the reconciliation.

**Reconciliation Settlement**

A settlement run to account for data that has become available after Initial Settlement. Reconciliation Run details are provided to the FAA in a ‘ Revised Debits/Credits’ data file.

**Reconciliation Settlement Report**

Report of a Reconciliation Settlement Run, produced by the Settlement Administration Agent.

## S

**Scaledown**

An exercise whereby a defaulted amount is pro-rated across the creditor Payment Parties and the creditor payments reduced accordingly to make good the defaulted amount and balance the BSC Clearing Account.

**Scaledown BSC Parties**

The creditor Payment Parties eligible to be scaled down in the event of a payment default.

**Scheduled Settlement Run**

A Settlement Run scheduled to be processed in the Agreed Payment Calendar.

**Set-off**

A process whereby any payments due to a Trading Party in default are set-off (reduced) by the amount of the default sum until such time as the amount in default is paid or recovered from the Party’s credit cover.

**Settlement**

The word Settlement encompasses all aspects of transactions from meter to bank, for all types of imbalances and Balancing Mechanism trades.

**Settlement Administration Agent (SAA)**

A BSC Service Agent contracted to the BSCCo to operate the Settlement system.

**Settlement Codes**

Codes which relate to Settlement Run types e.g. SF (Settlement Final), R1 (First Reconciliation, R2 (Second Reconciliation), R3 (Third Reconciliation) and RF (Final Reconciliation).

**Settlement Day**

The Settlement Day runs from midnight to midnight (BST during the summer and GMT during the winter).

**Settlement Report**

The report issued to Payment Parties by the Settlement Administration Agent which relates to a particular Settlement Run.

**Settlement Run**

Initial and Reconciliation Settlement Runs are performed by the Settlement Administration Agent prior to each Initial or Reconciliation Payment Date, for each Settlement Day.

**Statement**

Backing Documentation which provides details relating to the Advice Note detail lines. This includes a breakdown by Charge Type for each Settlement Run and detailed interest calculations.

**System Operator (NETSO)**

The entity that fulfils the role of operating the transmission system, including issuing instructions to generators or demand to change its level of output or take, and instructing the provision of Ancillary Services and other measures necessary to maintain a stable and secure system. This role in Great Britain is carried out by the NETSO

## T

**Tax Liabilities**

Any amounts due from the Payment Party in relation to H.M. Customs & Excise and Inland Revenue rulings re VAT and Income Tax.

**Time Threshold**

A date when Advice Notes are included on a combined Advice Note. Time thresholds are aligned to Quarter Dates.

**Trigger**

A breach in the time or monetary threshold limit which triggers the release of the combined Advice Note.

## V

**VAT Rate**

The rate of VAT applicable to the Payment Party’s VAT code for the specified calendar Payment Date.

## W

**Work Day**

In relation to the availability of the FAA, a working day is defined as between the hours of 9.00 a.m. and 5.00 p.m.

**Wilful Default**

The wilful non-payment of a BSC Advice Note by a Payment Party.

1. The proposed withdrawal date will also be included. [↑](#footnote-ref-1)