SCHEDULE XX

Entry Assessment and Qualification Schedule

Version: 0.2   Effective Date: N/A

Domestic Suppliers	Mandatory
Non-Domestic Suppliers	Mandatory
Gas Transporters	N/A
Distribution Network Operators	Mandatory
DCC	N/A

Change History

Version Number	Implementation Date	Reason for Change
0.1	N/A	Version agreed for industry consultation 15 October 2018
0.2	N/A	Version agreed for consultation 14 June 2019

Contents

1   Introduction

1.1   A Party that wishes to operate as an Energy Supplier or Distribution Network Operator[1] must complete Entry Assessment to demonstrate that it is able to comply with its obligations under this Code. The process is designed to provide assurance to existing and future Parties that a new entrant's Systems and processes are fit for purpose. Applicants that successfully complete Entry Assessment will be Qualified. Market Participants other than Energy Suppliers and Distribution Network Operators shall be deemed to be Qualified.

1.2   This REC Schedule describes the process for a Party to become Qualified and (where required) to go through Re-Qualification. It also describes how the Code Manager shall support this process.

1.3   Energy Suppliers and Distribution Network Operators that have successfully completed testing pursuant to the Transition Schedule are deemed to have completed Qualification. They do not need to complete Entry Assessment but may be subject to Re-Qualification in accordance with this REC Schedule.

1.4   The Entry Assessment and Re-Qualification process may differ dependant on the sector of the market in which the Party intends to operate. For example, dependent on whether a Party that wants to be an Energy Supplier intends to operate in the gas, electricity, domestic and/or non-domestic market. The REC Performance Assurance Board shall provide information to the Code Manager on the sector-specific risks that the REC Performance Assurance Board wants to be mitigated and assured against through Entry Assessment.

1.5   Qualification for a Party may be subject to restrictions on the scope of its permitted operation in the proposed sector of the market. If Controlled Market Entry Conditions are agreed between the Party and the Code Manager as a condition of Qualification, the Party is not permitted to operate outside of these conditions.

1.6   Where a Party requests a change to its Controlled Market Entry Conditions or intends to make a Material Change to its Systems and/or processes, then it shall follow the Re-Qualification process.

1.7   Applicants for Entry Assessment and Re-Qualification are requested to contact the Code Manager at the earliest possible time to discuss their plans. This will help the applicant and the Code Manager to plan effectively.

1.8   The purpose of Entry Assessment and Re-Qualification is to provide a level of assurance that Parties can operate in accordance with the requirements of this Code. Entry Assessment and Re-Qualification are not intended to place additional requirements on Parties other than those needed to meet this purpose.

1.9   Market Exit arrangements are described in [TBC].

1.10   This REC Schedule deals only with the Entry Assessment requirements of this Code. However, as a pre-condition to Qualification, Parties may have to demonstrate that they have acceded to the BSC, UNC or other relevant Energy Codes. Such requirements will be confirmed by the Code

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[1] Note: This is intended to cover all DNO requirements under the REC including DNOs' role as Electricity Retail Data Agents. We are consulting on where the MPAS requirements, not captured under the Electricity Retail Data Agent role, will sit. Depending on where the obligations sit, we will consider further how any DNO entry assessment arrangements should operate.

Manager. To streamline the overall market entry and any Re-Qualification arrangements, the Code Manager shall seek to coordinate with other code managers to help minimise the time, effort and costs incurred by an applicant. Where appropriate, the Code Manager shall share information with these other code managers for this purpose.

1.11   In order to be an Energy Supplier or a Distribution Network Operator, a Party must hold the relevant Energy Licence. Prior to becoming Qualified, the applicant must provide evidence to the Code Manager that the applicant has the necessary Energy Licence. However, an Energy Licence is not a pre-requisite for starting Entry Assessment.

2   Entry Assessment Process

2.1   Entry Assessment and Re-Qualification processes will follow a formal plan agreed with the Code Manager. Where an applicant wishes to revise this plan, or operate outside this plan, the Code Manager shall endeavour to accommodate such reasonable revisions, but may need to give priority to any existing commitments with other applicants.

2.2   In preparation for the Entry Assessment process, applicants should contact the Code Manager to request an information pack, which describes the requirements of the Entry Assessment process and includes the application form described in Paragraph 2.7.

2.3   The Entry Assessment process will be tailored to the applicant and may differ depending on the risks that are identified by the Code Manager (based on the instructions of the REC Performance Assurance Board).

2.4   Applicants will be required to complete Market Scenario Testing which will differ dependant on their Market Role and for Energy Suppliers, the sector of the market in which they wish to operate.

2.5   Where an Energy Supplier is a dual–fuel supplier, it will need to complete Entry Assessment both as a Gas Supplier and as an Electricity Supplier, but common systems and processes used across the applicant's portfolio may, with the agreement of the applicant and the Code Manager, be assessed as a whole.

Initiating the Entry Assessment process

2.6   The Code Manager shall make available an Entry Assessment application form on the Website.

2.7   The Entry Assessment application form will request information from an applicant to confirm that it has met the prerequisite criteria to start Entry Assessment, which are that the applicant has:

(a)   acceded, or applied to accede, to this Code;

(b)   a valid Market Participant ID (the arrangements for which are specified in the UNC or BSC, as applicable);

(c)   established a configured link to the Switching Network, in accordance with the Service Management Schedule and

(d)   (in relation to a Distribution Network Operator, Electricity Supplier and where required to use the DTN under this Code, a Gas Supplier) acceded to the Data Transfer Service Agreement (DTSA).

2.8   Within [X] Working Days of receiving a completed Entry Assessment application form, the Code Manager shall offer a planning meeting (to be held as soon as reasonably practicable), at which the Code Manager and the applicant will discuss:

(a)   the expectations and requirements of Entry Assessment;

(b)   the potential for Controlled Market Entry Conditions;

(c)   arrangements for developing and agreeing a high-level plan for Entry Assessment, including the applicant's plan for getting the necessary Energy Licence;

(d)   the next steps to be undertaken by the applicant; and

(e)   any other matters considered relevant by the Code Manager.

2.9   An applicant must agree a high-level plan for Entry Assessment with the Code Manager prior to submitting a Self-Assessment Form.

Self-Assessment

2.10   The Code Manager shall make available a Self-Assessment Form on the Website.

2.11   The Self-Assessment Form will only request details of the applicant's proposed switching activity, operating model, systems and processes and a risk assessment and mitigation plan in respect of its compliance with the REC. The Self-Assessment Form must be signed by a director (or similar senior manager) of the applicant, and shall cover:

(a)   **High-Level Entry Assessment Plan** - The applicant must confirm that it is operating to the plan that has been agreed with the Code Manager setting out the timetable for completing Entry Assessment. Any changes to the plan must be agreed with the Code Manager.

(b)   **Entry Assessment Questionnaire** – This questionnaire requests information to demonstrate that adequate preparations have been made to commence Entry Assessment.

(c)   **System Architecture Definition** - The applicant shall provide an initial version of its description and representation of the Systems and processes that the applicant will use to meet its obligations under this Code, being its system architecture definition. Where changes are made to this system architecture definition during Entry Assessment, an updated version shall be provided to the Code Manager prior to the applicant's integration testing.

(d)   **Internal Test Strategy and Plan** - The applicant shall provide its internal test strategy and plan showing how it intends to conduct testing of the Systems and processes that the applicant will use to meet its obligations under this Code.

(e)   **Change and Configuration Management Procedures** - The applicant shall provide its change and configuration management procedures. These are expected to be the procedures already being used by the applicant at the relevant time.

(f)   **Configuration Management Return** - The applicant must set out how it will meet its relevant obligations under this Code (as specified in the Self-Assessment Form), and must

update and resubmit this as it passes through the stages of self-assessment and testing. The Configuration Management Return will depend on the sector of the market in which the applicant intends to operate, and may include (where specified in the Self-Assessment Form):

- business process references that are relevant for demonstrating compliance with this Code;

- progress on agreements with the industry parties that are necessary to meet obligations of the REC such as agreements with Supplier Agents, Shippers and other Market Participants;

- list of any providers of managed services (or other service providers) that the applicant intends to use to fulfil the business processes that are relevant for demonstrating compliance with this Code; and

- list of Systems that will support the business processes.

(g)   **Business Processes** – The applicant shall provide a complete set of the required business processes as they exist at the time of submitting the Self-Assessment Form. The required business processes will be specified in the Self-Assessment Form. During Entry Assessment, if any business process is updated, a copy of the updated business process must be submitted to the Code Manager.

(h)   **Work Instructions** – The applicant shall provide its detailed work instructions that support the business processes noted in sub-paragraph (g) above. A complete set of these work instructions must be made available to the Code Manager for assessment, prior to commencement of the applicant's internal integration testing.

2.12   The applicant shall submit all evidence in a format reasonably required by the Code Manager. Any delays in providing this information may impact on the time taken to complete Entry Assessment.

2.13   The Code Manager shall use sampling to verify the applicant's Self-Assessment Form and request further details from the applicant as necessary for completing the Code Manager's review of the Self-Assessment Form. Whilst this verification will normally be carried out at the Code Manager's offices, the Code Manager reserves the right to perform all or part of the assessment at the applicant's premises where considered necessary. The following activities will be performed:

(a)   **Business Solution Assessment** - The Code Manager shall assess the applicant's business solution. This assessment is solely to obtain assurance that the applicant's Systems and processes are adequate to enable the applicant to comply with its obligations under this Code, and that the applicant has entered into all relevant contracts.

In areas where the Code Manager does not find the necessary compliance, this will be documented and communicated to the applicant. It is then the responsibility of the applicant to propose and carry out corrective actions to resolve all issues to the satisfaction of the Code Manager. If the applicant has already begun internal testing at this point, an impact assessment must also be carried out to determine whether areas of the Systems or processes that have already been tested are affected. The results of this impact assessment should be notified to the Code Manager by the applicant.

Following its assessment of the impact assessment, the Code Manager shall specify any requirements for re-testing.

(b) **Integration Testing Assessment** - There are various levels of testing that are typically carried out by applicants, such as unit testing, interface testing, system testing etc. Integration testing involves running key scenarios that may be encountered in live operation using integrated systems and processes

The applicant must conduct integration testing to prove that its Systems and procedures meet the relevant Code requirements. At the commencement of Entry Assessment, the Code Manager shall review the applicant's approach to integration testing, as detailed in its internal test strategy and plan. Issues raised at this point will be assessed by the Code Manager who may request changes or additional testing by the applicant.

Once the applicant has completed integration testing, it must submit test evidence from all the tests including test status and fault reports. This evidence will be verified on a sample basis by the Code Manager to check for completeness and compliance with the requirements of Entry Assessment. If, during this assessment, the Code Manager does not gain the necessary level of assurance that testing has been completed satisfactorily, this will be communicated to the applicant. Corrective actions and follow-up will then be required as specified by the Code Manager.

2.14 The Code Manager shall use the information provided by the applicant in the Self-Assessment Form to complete an objective assessment of the applicant's ability to comply with the relevant obligations in this Code (as specified by the REC Performance Assurance Board).

2.15 Following completion of its assessment, the Code Manager shall evaluate the applicant's compliance with Entry Assessment requirements thus far and produce a report setting out the Code Manager's conclusions and recommendations. The Code Manager shall provide this report to the applicant who will be asked to agree or comment on the conclusions and recommendations.

2.16 All issues raised in the Code Manager's report on the applicant's Self-Assessment Form must be cleared to proceed to Market Scenario Testing. The Code Manager shall specify in this report the extent of the Market Scenario Testing needed for further progression through Entry Assessment.

2.17 Appeals by the applicant in respect of the report on its Self-Assessment Form are covered in Paragraph 4.

Market Scenario Testing

2.18 The applicant must complete Market Scenario Testing as specified in the Code Manager's report on the applicant's Self-Assessment Form. The purpose of Market Scenario Testing is to give a level of assurance that the applicant can support certain activities within the timescales and to the standards required in the Code using its Systems, processes and operational staff.

2.19 Prior to an Energy Supplier commencing Market Scenario Testing, it must ensure that it has the necessary Data Access Agreement in place to access ECOES and DES as described in the Data Access Schedule. If an Energy Supplier is not subsequently Qualified, access to ECOES and DES will be withdrawn in accordance with the Data Access Schedule.

2.20   Any information that is required by an applicant for testing purposes prior to beginning Market Scenario Testing will be provided to it by the Code Manager. Any such information must only be used for the purposes of testing and is subject to the confidentiality obligations in this Code.

2.21   Market Scenario Testing consists of a combination of internal and external tests using market scenarios agreed with the Code Manager. These will be performed internally on the applicant's Systems and externally using the CSS, the Switching Network and the Data Transfer Network, as follows: [*further detail to be added on the roles of the Code Manager and the CSS in testing to be added here and full details in the tech spec once confirmed and in the light of experience during the DBT Phase.*]

(a)   the internal tests consist of several routine scenarios that the applicant can expect to perform in the live market. The applicant is responsible for simulating data flows for all Market Participants other than its own Market Participant Role based on pre-defined data supplied by the Code Manager. The tests will be executed in real time with evidence presented to the Code Manager at agreed points. Internal tests must be completed to the satisfaction of the Code Manager before any external testing is started.

(b)   the external market testing is designed to demonstrate that the applicant has configured its connection to the Switching Network and Data Transfer Network correctly and can correctly transmit, receive and validate all relevant data from and to its Systems in accordance with Code data transfer standards. The external market testing will include sending and receiving data and several exception tests whereby invalid data will be sent to the applicant for identification and resolution using its Systems and business processes.

2.22   The Code Manager shall evaluate all Market Scenario Testing results and raise any issues within [x] Working Days of receiving the results. Applicants will be required to resolve issues, and this may require the applicant to demonstrate compliance by re-running certain tests prior to completion of Entry Assessment.

Evaluation, Approval and Controlled Market Entry

2.23   The Code Manager shall evaluate the applicant's compliance with the Entry Assessment requirements and discuss the status of any issues raised with the applicant. The Code Manager shall produce a consolidated outcome report detailing the results of its assessment.

2.24   If the Code Manager considers that the applicant has met these requirements, the Code Manager shall inform the applicant that it is Qualified (subject to also holding the required Energy Licence, as described in Paragraph 1.11). The Code Manager shall also inform the Authority, the CSS Provider, the REC Performance Assurance Board and BSCCo of the decision.

2.25   If there are unresolved problems or if the applicant has made a Material Change, it may be necessary to re-visit appropriate parts of Entry Assessment before the Code Manager can complete its evaluation. In such circumstances, this work will need to be rescheduled by both the applicant and Code Manager.

2.26   The Code Manager may reject an applicant's request to become Qualified if an error, problem, or issue of non-compliance occurred during assessment or testing which presents an unacceptable risk to Consumers or other Users. If it does so, the Code Manager shall set out the reasons for its decision.

2.27   If an application is rejected by the Code Manager, the applicant will need to carry out remedial work and this will need to be assessed by the Code Manager. Where the remedial work is extensive, the applicant may have to submit a new Application for Entry Assessment if it wishes to become Qualified.

2.28   Where an Energy Supplier or Distribution Network Operator has become Qualified, it may be subject to Controlled Market Entry Conditions set by the Code Manager. Controlled Market Entry Conditions may include thresholds or milestones beyond which the Party would be required to undertake Re-Qualification. Where Controlled Market Entry Conditions apply, the relevant Party shall only be Qualified to the extent of any agreed conditions.

2.29   Controlled Market Entry Conditions should only be applied where they are necessary to provide other Users and Consumers with reasonable assurance that any initial problems experienced will be contained. They should also provide the applicant with an opportunity to prove its Systems and business processes in a controlled environment.

2.30   When a Party believes it has met the completion criteria for removal of Controlled Market Entry Conditions (other than where Re-Qualification is required as described in Paragraph 2.28), it should contact the Code Manager with a self-assessment statement signed by a director (or similar senior manager) confirming its ability to operate in accordance with this Code.

2.31   The Code Manager shall review the applicant's self-assessment statement within [x] Working Days of receipt, and agree a date with the applicant to undertake any further audit of its business records to verify compliance with this Code. The Code Manager shall advise the applicant of its decision on whether to remove or amend any Controlled Market Entry Conditions.

2.32   Appeals by an applicant in respect of the decision on whether to remove or amend any Controlled Market Entry Conditions are covered in Paragraph 4.

2.33   The Code Manager shall provide monthly updates to the REC Performance Assurance Board detailing the status of any and all requests for the amendment or removal of Controlled Market Entry Conditions.

3   Re-Qualification

3.1   An Energy Supplier and a Distribution Network Operator must be Re-Qualified:

(a)   before it makes a Material Change, and

(b)   where Controlled Market Entry Conditions require it to be Re-Qualified before it can operate outside of its Controlled Market Entry Conditions.

3.2   Where an Energy Supplier or Distribution Network Operator is requesting Qualification for a sector of the market that it has not previously been Qualified, it must complete the full Entry Assessment process detailed in Paragraph 2.

3.3   The Code Manager shall make available a Re-Qualification application form on the Website. The Re-Qualification application form will outline any supporting documentation required from the applicant.

3.4   Within [x] Working Days of receiving a completed Re-Qualification application form, the Code Manager shall offer a planning meeting with the applicant (to be held as soon as reasonably practicable).

3.5 The Code Manager shall assess the completed Re-Qualification application form, and propose appropriate actions based on:

(a) scope of the request;

(b) any Controlled Market Entry Conditions in place;

(c) the applicant's previous Entry Assessment(s); and

(d) the applicant's operational experience.

3.6 The relevant Re-Qualification requirements may include a requirement to perform any element(s) of Entry Assessment. The Code Manager shall discuss the required actions with the applicant and agree a plan.

3.7 Following review of the Re-Qualification request, the Code Manager shall determine whether the applicant should remain Qualified and any Controlled Market Entry Conditions that should apply.

3.8 Where a Party fails Re-Qualification, the Code Manager will seek to identify if the Systems and processes that caused the Party to fail Re-Qualification are being used by the Party in its live operations. If this is the case, the Code Manager will work with the Party to agree a plan for rectification. The Code Manager will also provide information at the earliest possible opportunity to the REC Performance Assurance Board describing the Systems and processes in question and why they were not sufficient for the Party to successfully complete Re-Qualification, the materiality of their continued operation and any plan agreed with the applicant for rectification.

3.9 Appeals by an applicant in respect of the Code Manager's decision are covered in Paragraph 4.

3.10 Changes resulting from industry-wide requirements will require Re-Qualification only when decided by the REC Performance Assurance Board.

4 Appeals

4.1 Where a Party is dissatisfied with the Code Manager's decision on its application to become Qualified, the Code Manager's decision on removal of Controlled Market Entry Conditions, or the Code Manager's decision regarding Re-Qualification, then the Party may raise an appeal to the REC Performance Assurance Board within [xx] Working Days of receiving the Code Manager's decision. Appeals should be made in writing by submitting the appeal proforma available on the Website.

4.2 On receipt of an appeal under Paragraph 4.1, the Code Manager shall include consideration of the appeal at the next available REC Performance Assurance Board. The Code Manager shall provide the relevant consolidated outcome report and any additional evidence to the REC Performance Assurance Board for its consideration. The appealing Party shall be invited to attend the REC Performance Assurance Board meeting to explain the rationale for its appeal.

4.3 The REC Performance Assurance Board shall:

(a) determine that the Party has met the requirements and should be Qualified or Re-Qualified, as the case may be;

(b)   determine that the Party has met the requirements to a sufficient level and should be Qualified, or Re-Qualified as the case may be, subject to Controlled Market Entry Conditions;

(c)   determine that the Party, where it is already Qualified, should have its Controlled Market Entry Conditions removed or amended;

(d)   determine that the Party, where it is already Qualified, should not have its Controlled Market Entry Conditions removed or amended; or

(e)   determine that the Party has not met the requirements and its request to become Qualified, Re-Qualified or to have its Controlled Market Entry Conditions removed should be rejected.

4.4   Where the REC Performance Assurance Board is not able to make a determination as described in Paragraph 4.3, it shall escalate the matter to the REC Board so that it can provide guidance or make a determination.

4.5   A Party that is dissatisfied with the REC Performance Assurance Board's decision (or the REC Board's decision as the case may be) under this Paragraph 4 may appeal the decision to the Authority. Any such appeal is subject to Clause 22 of the main body of this Agreement.