

4.7 Issue Form

Issue Form - BSCP40/04	Issue 110 <i>(mandatory by BSCCo)</i>
Issue Title <i>(Mandatory by originator)</i> Modernising ECVN/MVRN submission and acknowledgement processes	
Issue Description <i>(Mandatory by originator)</i> <u>Summary</u> The method of Energy Contract Volume Notification (ECVN) submission has remained the same since New Electricity Trading Arrangements (NETA) go-live in March 2001 with Section P of the BSC allowing for 20 minutes from submission to acknowledgement (after which an ECVAA System Failure is declared). The current practice of notification can put Trading Parties and their counterparties at financial risk, particularly when notifying close to the Submission Deadline. This is because the rejection feedback can be close to or after the Submission Deadline leaving insufficient time to make a correction. The current solution is underpinned by ageing technology from submission, authentication, acknowledgment and reporting. Elexon operates to a 15 minutes service level rather than the 20 minutes ECVAA System Failure point for acknowledgement, this service level has been met in eight of the past 12 months. Customer feedback has indicated a preference for a reduced service level that is relevant to trading in real time and therefore requiring immediate acknowledgement of their trades. This may increase competition by increasing liquidity in trades closer to the Submission Deadline.	
Data Submission The data transfer between participants and ECVAA takes place via File Transfer Protocol (FTP), ECVAA webservice (website) or High Grade Service. The FTP has limitations on bandwidth, authentication, security and two-way information flow. This is compounded by the current design in batching flows to be ingested, validated and acknowledged, adding significant processing time and latency for the acknowledgements being sent on average after 10 minutes. The ECVAA webservice (EWS) and High Grade Service has high operational cost with limited capability for submission and reporting.	
Authentication The authentication process is serviced by customised utility XSEC based on OpenPGP, primarily designed for email encryption. While it does provide some enhanced security over an FTP traffic, there are alternative solutions that can increase security. Integration can be more complex for new entrants and there is an opportunity to adopt authorisation and authentication best practice as part of a new solution.	
Acknowledgment The current implementation of ECVAA acknowledgement has a high latency and can take up to 20 minutes before an issue is classified as an ECVAA system failure. This can be detrimental to parties that require immediate feedback so that they can trade with a lower notification risk closer to the Submission Deadline. Elexon propose examining options for handling acknowledgements based on the latest technology offerings, such as HTTP status code via POST APIs with an industry workgroup.	
Reporting	

The BSC mandates a number of reports from ECVAAs to BSC Parties including the Issue Authorisation Report (I013), Issue Notification Report (I014) and Forward Contract Report (I022)¹. For context, ECVAAs-I022 runs every day at 09:00, 14:30, 18:30 and 22:00. The ECVAAs-I022 shows the notified contract position for each Party for the next 7 days. This can also be accessed via the EWS interactively. As with the acknowledgements above, these timings should be viewed as a minimum requirement but there is a need to access the information in real-time by leveraging endpoints available on Elexon Insights Solution² product.

Other European Practices

The Issue Group may also take consideration of other European trading and settlement practices to compare and contrast alternate approaches and the pros/cons of these.

We suggest that the following questions form a 'terms of reference' for the Issue Group to aid the flow of discussion:

1. How does the current FTP method limit current operational approach?
2. What are your preferred method for ECVN submission?
3. What is the maximum time you would expect between submission and acceptance?
4. Would a shorter time enable you to trade closer to the submission deadline?
5. What operational challenges do you experience in using XSEC?
6. What do you use the ECVAAs Web service for?
7. Would you see real-time Forward Contract data as a valuable service?
8. What lessons could we learn from European settlement services on energy contract notification?

Justification for Examining Issue *(Mandatory by originator)*

Current performance within the Non-Functional Requirements required for ECVAAs result in additional operational costs for Trading Parties as they need to monitor for acknowledgements which are regularly over 10 minutes. Two BSC Parties have expressed views for a change to move away from SFTP to API or other modern data transfer methods. There is a risk in trading closer to the Submission Deadline from a Negative Acknowledgement which reduces liquidity in trading and competition.

Legacy technology for High Grade communications has a high operating cost and may no longer be needed given advancement in communications over the past 20 years. There is an opportunity to reduce the operational cost of communications for both Elexon and BSC Parties.

¹ <https://bscdocs.elexon.co.uk/interface-definition-documents/neta-interface-definition-and-design-document-part-1-interfaces-with-bsc-parties-and-their-agents#block-654211dafd837bb8f84c2672>

² <https://bmrs.elexon.co.uk/>

Potential Solution(s) *(Optional by originator)*

The concept of modernising is focused around improving the communications to and from the ECVAA in the short term, rather than a full replacement of the system.

Subject to the Issue Group exploring the requirements, an initial solution could be a replacement of the current service by an event driven architecture with API layers. The data submission could be a highly available POST authenticated APIs with instant HTTP status codes and near real time reporting via authenticated RESTful GET APIs for ECVAA reporting. The solution could cater for manual uploads via a new user interface.

The merit of a front-end interactive website can be assessed as well by the Issue Group. The current ECVAA Web Service was designed for dual notification, a method that was never used in practice. The web service could also be split into components for submission and reporting, with reporting using modern technology like the Elexon Insights Solution.

The Issue Group can reiterate the expected Service Levels and propose options for changes in Section P and Communications Requirements document. Along with improvements to existing service levels there could be alternative approaches to time stamping submissions.

It is also noted that ECVAA performs the Credit Check procedures which have been considered under Issue 106 'Review of BSC Credit Cover Arrangements'³. There may be significant changes to Credit Check that align to Market Wide Half Hourly Settlement implementation that impact the ECVAA.

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³ <https://www.elexon.co.uk/smg-issue/issue-106/>