

BSC PANEL ELECTIONS – GENERAL GUIDANCE

Guidance Note

Public

Contents

Contents	1
Purpose	2
Background	2
Key Steps in the BSC Panel Election	3
Confirming Parties Eligible to Vote	3
P324 changes to Panel Elections	3
Nominations	4
Voting and the Publication of Election Results	4
Changes made to the BSC since the previous Panel Election	4
Further Industry Panel Member	4
Appointment of Transmission Company & Citizens Advice representatives	4
The Voting Process	5
How Votes Are Counted?	5
Frequently Asked Questions	10
Will other BSC Parties know how I voted?	10
If I am a Generator, am I entitled to submit a vote for my Consumption Energy Account?	10
Does Elexon challenge the trading party group details?	10
Why are companies in administration/receivership on the list of Trading Parties entitled to participate in the election?	10
What is required by nominees in respect of their biographies?	10
Contact Details	11

Purpose

This guidance outlines how industry members are elected to the BSC Panel and the key stages of the election process. Further information on the BSC Panel and the election process can be found in:

- [BSC Section B and Annex B-2](#)
- [Determining Trading Party Groups](#)

These documents are available on the [BSC Website](#).

Background

The BSC Panel plays an important role in helping to ensure that the provisions of the BSC are given effect; it must do so promptly, fairly, economically, efficiently, transparently and in such a manner as will promote effective competition in the generation, supply, sale and purchase of electricity. It assesses Modification Proposals against a defined set of criteria laid out in the Transmission Company's Licence, determines trading parameters and ensures that BSC Parties comply with the BSC rules.

The BSC Panel consists of:

- a Panel Chair appointed by the Authority
- up to five persons (Industry Panel Members) appointed by Trading Parties via an election in accordance with Annex B-2
- up to two Panel Members appointed by Citizens Advice / Citizens Advice Scotland
- a Panel Member appointed by the Transmission Company
- two independent Panel Members appointed by the Panel Chair in accordance with B2.5.1 of the BSC
- a further Industry Panel Member (if necessary) appointed by the Panel Chair in accordance with B2.6.1 of the Code

In addition to the members noted above, a representative of the Authority (Ofgem) is also entitled to attend and speak at any BSC Panel meeting, as is a representative of Distribution System Operators appointed by a distribution representative body in accordance with B2.13 of the BSC. Neither of these representatives is a Panel Member and neither is allowed to vote at BSC Panel Meetings.

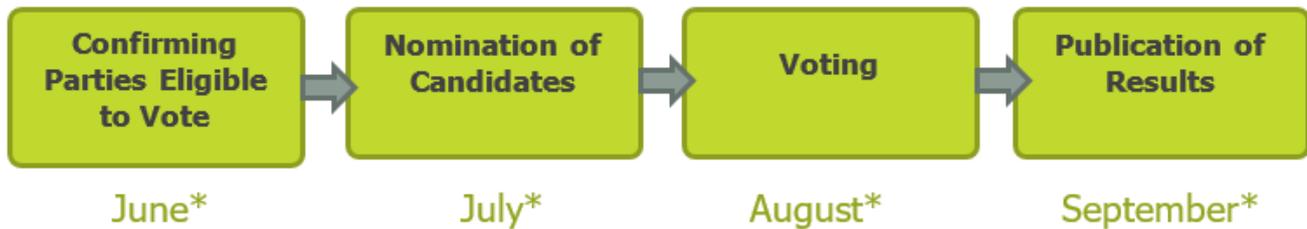
Panel Members must act impartially and not be representative of any one Party or class of Parties. With the exception of the Panel Chair, they are appointed for a period of two years.

Elexon administers the election and appointment of members to the BSC Panel. The BSC Panel election will result in the appointment of five Industry Panel Members for a two-year period. The election process runs through June to September in an election year.

More information is available on the [BSC Panel Elections](#) page of the BSC website.

Key Steps in the BSC Panel Election

The BSC Panel Election process includes the following key steps.



* These timings are indicative only. Specific dates can be found in the election timetable.

Confirming Parties Eligible to Vote

The BSC stipulates the criteria for identifying Parties who are eligible to nominate candidates for the election and to vote, which is Trading Parties.

Each voting Trading Party may submit a voting paper for each Energy Account that it holds (i.e. a Production account and a Consumption account). However, in some cases, Trading Parties may be affiliated (linked) with one another and so be treated as a trading party group by the BSC. Only one Trading Party in a trading party group can submit voting papers in the Industry Panel Member elections.

A Trading Party constitutes a trading party group with any other Trading Parties who are:

- A subsidiary of that Trading Party;
- A holding (parent) company of that Trading Party; or
- A company which is a subsidiary of the same holding company as that Trading Party.

P324 changes to Panel Elections

As implemented under BSC Modification [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#), a Trading Party Group means a Trading Party and every Affiliate of that Trading Party (and if it has no Affiliate, only that Trading Party). All Trading Parties are required to declare their affiliations annually, ahead of the Annual BSC Meeting and, when applicable, the Panel Election process. They also need to re-confirm their affiliations prior to any vote held at any other time. For the avoidance of doubt, Distribution Businesses are unable to vote in the Panel Elections as they are not Trading Parties. The current view of Voting Parties is published in the [Voting Share Register](#) on the Elexon corporate website¹.

A new Authorised Person category was created within BSCP38 'Authorisations' for the purpose of confirming these affiliations (ZB 'Notification of Voting Parties'). This ability will also be included under the existing Category A authorisation. To assist Parties in determining whether they are part of a Trading Party Group, we have prepared an information sheet, '[Determining Trading Party Groups](#)', which expands upon the definition provided within the Code. This document, also available on our website, is for guidance only as Parties are responsible for determining whether they are within a Trading Party Group. The deadline for confirming that the details listed on the Voting Share Register are correct is **20 June in an election year**. This early information gathering will facilitate the smooth running of the election.

¹ This information includes details of each Trading Party Group's voting share for the purposes of votes to remove, or confirm the appointment, of BSCCo Directors. The voting shares themselves are not relevant for the Panel Elections.

Nominations

Each BSC Party which is a Trading Party on **20 June** in the year of the election may nominate one candidate. We will identify such Trading Parties and will write to them in accordance with the election timetable seeking nominations. Section B of the BSC sets out the roles and responsibilities of Panel Members and we will issue further guidance to all Trading Parties along with the request for nominations.

Voting and the Publication of Election Results

Each voting Trading Party may cast up to three preference votes on each voting paper. We will count valid voting papers in line with the rules stipulated in the BSC and the elected Industry Panel Members will be announced shortly afterwards.

If five or less candidates are nominated by Trading Parties, they will be automatically appointed without a formal election process.

Changes made to the BSC since the previous Panel Election

As implemented under BSC Modification [P387 'Allowing email communications for the BSC Panel Elections process'](#), BSC Section H 'General' Paragraph 9.2.5 was amended to allow BSC Panel Election notices, nomination/voting papers etc. to be sent and received via email/electronic methods by both Elexon and voting Trading Parties during the BSC Panel Elections period.

Further Industry Panel Member

If, following the election process, the Panel Chair considers that the interests of Trading Parties of a particular class are not reflected in the composition of the new BSC Panel he can appoint a suitable person to the BSC Panel. We will announce any decision to appoint such a further Industry Panel Member as soon as possible after their appointment.

Appointment of Transmission Company & Citizens Advice representatives

The National Electricity Transmission System Operator (NETSO) – National Grid ESO, and Citizens Advice / Citizens Advice Scotland Panel Members are appointed for a two-year period by their respective organisations. In parallel with the election process outlined below, the Panel Secretary will invite those organisations to give notice of their appointments to the new BSC Panel.

The Voting Process

Trading party groups are responsible for establishing which Trading Party is the voting Trading Party. If no agreement is obtained among the trading party group, Elexon determines which voting papers are used by drawing lots.

Each Trading Party, whether individual Trading Party or nominated Trading Party per trading party group, receives one set of voting papers per Energy Account:

- one for the Production Energy Account; and
- one for the Consumption Energy Account.

All Parties eligible to vote are entitled to submit two voting forms, one for each Energy Account, irrespective of their role (e.g. Suppliers can use their Production Energy Account vote as well as their Consumption Energy Account vote).

BSC Trading Parties can select up to three preferred candidates from the list of candidates on each voting paper and rank them in order of preference (1,2,3). Parties do not have to indicate a second or third preference but may not vote more than once for the same candidate on the same form. All voting papers carry equal weight.

Late voting papers are invalid but we will issue reminders to Trading Parties to submit the forms during the voting period. Ultimately, it is up to Trading Parties to determine if they would like to vote in a BSC Panel election, and if so, to ensure their vote is received by Elexon by the deadline.

If Parties have any difficulty in submitting a vote, please contact the Election Coordinator at panelections@elexon.co.uk as soon as possible.

How Votes Are Counted?

The following section is a summary of the calculation of votes as detailed in [BSC Annex B-2](#) of the Balancing and Settlement Code.

The election takes place across a number of voting rounds. The calculations make use of a **qualifying total** which is determined separately in each round. This total is compared against a combination of first, second and third preference votes received by each candidate from the eligible voting papers depending upon the voting round.

If only five candidates are nominated, those five will be appointed and there will be no election.

Round One

In the first voting round, the number of first preference votes allocated to each candidate is determined. The **qualifying total** for this round of the election is $(T/N) + 1$, where T is the total number of first preference votes in all voting papers and N is the number of Industry Panel Members to be elected. Any candidate who receives equal to or greater than the qualifying total is elected to the Panel.

EXAMPLE – Round One

Assume 6 candidates for 5 Industry Panel Member vacancies; candidates A, B, C, D, E and F. Assume 20 voting papers are received, with 1st, 2nd, and 3rd preference votes assigned as in the table below (Figure 1).

Preferences	1st	2nd	3rd									
Voting Papers	A	C	B	A	C		D	C	B	E	B	
	A	C	B	B	C	F	D	C	B	E		
	A	C	B	B	C	F	D	C	B	E		
	A	C	D	B	C	F	D	C	B	F	B	A
	A	C		B			D	C	B	F	E	

Figure 1

The qualifying total required by candidates for election for the Panel is then:

$$(20/5) + 1 = 5$$

Where 20 is the total number of 1st preference votes in all papers and five is the number of Industry Panel Members to be elected.

So any candidate with five or more 1st preference votes is elected to the Panel. Thus, candidate A and candidate D are elected with five and five votes respectively.

Round Two

If the five seats have not been filled, there is a second round. In the second voting round, the remaining candidates are those not elected in the first round. **The voting papers with first preference votes for candidates elected in the first round are discounted.** The total number of first and second preference votes allocated to each other candidate on the remaining voting papers is determined. The **qualifying total** for this round of the election is now $(T'/N') + 1$, where T' is the number of first and second preference votes in all remaining voting papers and N' is the number of Panel Members remaining to be elected. Any candidate who receives equal to or greater than the qualifying total is elected to the Panel.

EXAMPLE – Round Two

Any candidates not elected in the first round proceed to the second round. Any voting papers with 1st preference votes for elected candidates are now discounted, as illustrated in the table below (Figure 2). The remaining 1st and 2nd preference votes are counted.

Preferences	1st	2nd	3 rd	1st	2nd	3 rd	1st	2nd	3 rd	1st	2nd	3 rd
Voting Papers	A	C	B	A	C		D	C	B	E	B	
	A	C	B	B	C	F	D	C	B	E		
	A	C	B	B	C	F	D	C	B	E		
	A	C	D	B	C	F	D	C	B	F	B	A
	A	C		B			D	C	B	F	E	

Figure 2

The qualifying total is now:

$$(15/3) + 1 = 6$$

Where 15 is the total number of 1st and 2nd preference votes in all remaining papers and three is the number of Industry Panel Members remaining to be elected.

So any candidate with six or more 1st or 2nd preference votes is elected. Thus, candidate B is elected with six votes.

Round Three

If the five seats have not been filled, there is a third round. In the third voting round, the remaining candidates are those not elected in the first or second rounds. **The voting papers with first or second preference votes for candidates elected in the first or second rounds are discounted.** The total number of first, second and third preference votes allocated to each other candidate on the remaining voting papers is determined. The **qualifying total** for this round of the election is now $(T''/N'') + 1$, where T'' is the number of first, second and third preference votes in all remaining voting papers and N'' is the number of Panel Members remaining to be elected. Any candidate who receives equal to or greater than the qualifying total is elected to the Panel.

EXAMPLE – Round Three

Any candidates not elected in the first or second round proceed to the third round. Any voting papers with 1st or 2nd preference votes for elected candidates are discounted, as illustrated in the table below (Figure 3). The remaining 1st, 2nd and 3rd preference votes are counted.

Preferences	1st	2nd	3 rd	1st	2nd	3rd	1st	2nd	3rd	1st	2nd	3rd
Voting Papers	A	C	B	A	C		D	C	B	E	B	
	A	C	B	B	C	F	D	C	B	E		
	A	C	B	B	C	F	D	C	B	E		
	A	C	D	B	C	F	D	C	B	F	B	A
	A	C		B			D	C	B	F	E	

Figure 3

The qualifying total is now:

$$(4/2) + 1 = 3$$

Where four is the total number of 1st, 2nd and 3rd preference votes in all remaining papers and two is the number of Industry Panel Members remaining to be elected.

So any candidate with three or more 1st, 2nd or 3rd preference votes is elected. Thus, candidate E is elected with three votes.

Further Round

A further round is necessary if any Panel Members remain to be elected after the third round. In this round, all voting papers are counted (i.e. including all those discarded in previous rounds), and the remaining candidates are ranked in order of the number of first preference votes allocated to them. The candidate(s) with the greatest number of such votes is elected. If there is a tie in the number of first preference votes between two or more candidates, the tied candidate(s) with the greatest number of second preference votes is elected. If there is a tie in the number of second preference votes between two or more candidates, Elexon draws lots to select the elected candidate(s) from among those tied.

EXAMPLE – Further Round

Candidates A, D, B and E have been elected; thus one Panel Member remains to be elected from among candidates C and F.

Preferences	1st	2nd	3 rd	1st	2nd	3rd	1st	2nd	3rd	1st	2nd	3rd
Voting Papers	A	C	B	A	C		D	C	B	E	B	
	A	C	B	B	C	F	D	C	B	E		
	A	C	B	B	C	F	D	C	B	E		
	A	C	D	B	C	F	D	C	B	F	B	A
	A	C		B			D	C	B	F	E	

Figure 4

Counting all voting papers (i.e. including all those discounted in all preceding rounds), the remaining candidates are ranked in order of the 1st preference votes allocated to them. The candidate with the greatest number of such votes is then elected. Candidate F has two votes and candidate C has none, so candidate F is elected to the Panel.

Frequently Asked Questions

Will other BSC Parties know how I voted?

Voting is confidential. Votes cannot be submitted anonymously as Elexon needs to confirm that each Trading Party has voted and that the correct number of votes papers have been submitted. Once the votes are submitted to the Election Coordinator, the information is confidential and not disclosed to other Parties, Panel Members, Elexon staff or any other party.

If I am a Generator, am I entitled to submit a vote for my Consumption Energy Account?

All Trading Parties entitled to vote are also entitled to complete and submit a voting form for both Consumption and Production Energy Accounts, irrespective of the role the Party plays in the industry.

Does Elexon challenge the trading party group details?

Elexon may on its discretion reach out to Parties where it believes there are errors in the trading party groups. However, generally the BSC puts the onus on Parties to provide accurate information. If Parties are unsure about their own internal company structure they are urged to contact their Company Secretary. If Elexon receives information indicating that some details may be incorrect, we may ask Trading Parties to confirm the details with their Company Secretary.

Why are companies in administration/receivership on the list of Trading Parties entitled to participate in the election?

BSC Parties in administration/receivership are in Default of the BSC and have had their ability to vote rescinded by the BSC Panel under the provisions of BSC Section H3.2.2(g). However, they still hold Energy Accounts for Settlement purposes and have an interest in the balancing and Settlement arrangements. The BSC obliges Elexon to contact the Administrator/Receiver(s) and offer them the opportunity to nominate candidates (as distinct from voting).

What is required by nominees in respect of their biographies?

The BSC states that the Panel Members should be industry 'experts' and not act as a representative of a BSC Party or class of Parties. In the interests of new BSC Parties or those less familiar with the industry members, it is useful to have a description of the background in which candidates gained their expertise. A brief outline of nominees' past and present roles is requested.

Contact Details

All queries relating to the elections should be directed to panelections@elexon.co.uk.

Intellectual Property Rights, Copyright and Disclaimer

The copyright and other intellectual property rights in this document are vested in Elexon or appear with the consent of the copyright owner. These materials are made available for you for the purposes of your participation in the electricity industry. If you have an interest in the electricity industry, you may view, download, copy, distribute, modify, transmit, publish, sell or create derivative works (in whatever format) from this document or in other cases use for personal academic or other non-commercial purposes. All copyright and other proprietary notices contained in the document must be retained on any copy you make.

All other rights of the copyright owner not expressly dealt with above are reserved.

No representation, warranty or guarantee is made that the information in this document is accurate or complete. While care is taken in the collection and provision of this information, Elexon Limited shall not be liable for any errors, omissions, misstatements or mistakes in any information or damages resulting from the use of this information or action taken in reliance on it.