

*The BSC Panel*

Email: [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

Date: 10 July 2013

Dear Panel member,

### **Appointment of the Balancing and Settlement Code (BSC) Panel chair**

Thank you for your letter of 18 June 2013 confirming the recommendation of the BSC Panel that Michael Gibbons should be appointed as independent BSC Panel Chair,<sup>1</sup> for a 3 year term effective from 1 October 2013.

Having considered the assessment and recommendation of the Nomination Committee and the Panel and reviewed the information that has been provided to us,<sup>2</sup> I can confirm that we approve this appointment and the remuneration, in accordance with Section B paragraphs 2.1.1 and 2.11.3 of the BSC.

In approving this appointment, we note that the BSC Panel's Nomination Committee has led the appointment process and undertaken its own assessment of the role and remuneration as part of that process. We understand that the responsibilities of the role remain unchanged, and that the process that has been followed has taken into account, amongst other things, the requirement that the Chair must be independent.<sup>3</sup> We also understand that the recommended remuneration has been assessed and benchmarked against similar roles by the recruitment agent that was engaged by the Nomination Committee to support it in its work. The remuneration that the new Chair will receive is similar to the existing Chair remuneration and this is effectively a freeze in remuneration for the role.

We further note that Mr Gibbons is currently a director of 2CO Power (Yorkshire) Limited which holds an Electricity Generation licence. We would therefore welcome an assurance from Mr Gibbons to the effect that during his tenure as independent chair of the BSC he will not act on behalf of 2CO Power (Yorkshire) Limited, or any other organisation, on any matter related to the UK electricity industry which may bring him into conflict with his role as independent BSC Panel Chair.<sup>4</sup>

Yours faithfully,

**Hannah Nixon**  
**Senior Partner, Smarter Grids and Governance Distribution**

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<sup>1</sup> The BSC Panel Chair is also the Chair of the BSC Company (Elexon Limited).

<sup>2</sup> We note that it is a matter for the BSSCo's Board to be satisfied that the recommendation (and remuneration) is in accordance with its own governance responsibilities and fiduciary duties.

<sup>3</sup> Standard Condition C3 1(f)(i) of the Electricity Transmission licence.

<sup>4</sup> We note the letter of 14<sup>th</sup> June 2013 from Mr Gibbons to Cripps Sears & Partners regarding conflicts of interest.