

REVIEW OF BSC PANEL GOVERNANCE: TERMS OF REFERENCE

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Summary	The BSC Panel was established under the BSC almost 15 years ago. In light of the current, rapidly evolving energy market, the review of BSC Panel Governance will make recommendations for changes to Panel processes, working practices, operating policies, and, where applicable, the provisions of the BSC.

1. Objective

The review of BSC Panel Governance will make recommendations for changes to Panel processes, working practices, operating policies, and, where applicable, the provisions of the BSC.

In particular, the review will seek to:

- a) Improve the efficient operation of the Panel and its Committees;
- b) Clarify the Panel's purpose, its objective(s) and its relationship with BSCCo, BSC signatories and any other interested parties;
- c) Ensure Panel responsibilities and functions are clearly de-lineated from those of BSCCo;
- d) Improve the accountability of Panel, Panel Members, Committees / Expert Groups;
- e) Better underpin independent oversight of the BSC and the management of conflicts of interest; and
- f) Where relevant and efficient to do so, align governance of Panel and its Committees with the principles that underpin the governance of UK boards of directors including committee composition, appointment of members and committee performance.

The review should also:

- Ensure that the governance and operation of the BSC Panel and its Panel Committees continues to facilitate delivery of the Applicable BSC Objectives in a transparent, economic, efficient and non-discriminatory way;
- Ensure that any recommendations arising from this review are aligned, where appropriate, with proposals developed elsewhere relating to the governance of BSCCo and that of the BSCCo Board¹.

2. Scope

Stage1

Stage 1 of the review should initially consider the following matters as potential quick wins which may be implemented without the need for changes to the BSC or BSC subsidiary documents. Further commentary on these matters arising is provided in Appendix 1.

¹ In particular, the Review of BSC Panel Governance must take account of the current Review of BSCCo Governance such that any conclusions provide for sufficient accountability of ELEXON in administering BSC Panel business.

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a) **Accountability and Independence**

In order to address those matters arising in Stage 1 of the review the review should consider the existing view of BSC Panel accountability and independence. For the avoidance of doubt, the review should not seek to amend or re-define, but to consider and clarify the current situation so as to provide context for any recommendations arising in other areas.

b) **Key Roles and Functions**

The review should seek to ensure there is clarity in the role of the BSC Panel and, where relevant, how this relates to BSCCo. This should encompass pro-active management of the BSC; development and use of a Panel Strategy; and co-ordination of change activities.

c) **Delegation of Responsibilities**

The review should consider the rules, requirements and limitations relating to the delegation of powers and responsibilities and the measures that afford the Panel oversight of such delegated matters.

d) **Operation of Panel Meetings**

The review should identify and recommend improvements to the day-to-day operation of the BSC Panel meetings and the provisions that surround the operation of the BSC Panel.

Stage 2

Any matters arising in Stage 1 which require changes to the BSC or BSC subsidiary documents will be further developed in Stage 2 of the review together with the following additional considerations relating to appointment rules:

a) **Appointment Rules for Panel Members, Panel Committee Members and Alternate Members**

The review should consider the provisions that relate to the timing of appointments and/or elections and maximum terms of office.

Subsequently, if it was felt appropriate, further work could also be conducted to consider the mechanics of the processes used for appointment (including the rules relating to elections and voting) and the rules underpinning the removal of members.

Relevant Documents

The review should consider (and may recommend changes to) the following documentation:

- The BSC provisions relating to the BSC Panel, in particular those set out in Section B and Annex B-2;
- The BSC provisions relating to the establishment of BSC Panel Committees and expert groups, in particular those set out in Section B, Section F, Section W and Section Z;
- The operating practices of the BSC Panel and any published guidance or policies relating to Panel operations;
- The Terms of Reference for Panel Committees and Expert Groups;
- Panel and Panel Committee/Expert Group member appointment documentation (including, where applicable, terms of engagement, indemnity deeds, confidentiality undertakings, statements of independence, employer release letters etc.)

There are many similar Code Panels established in the industry which have governance arrangements of their own which may provide useful comparators. There may also be parallels to be drawn with the governance requirements and good working practice set out in the UK Corporate Governance Code. With this in mind, the review should take account of:

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- National Grid's Electricity Transmission Licence;
- Ofgem's review of Code Governance;
- The differences (including the perceived increasing divergence) between the Applicable BSC Objectives and Ofgem's objectives;
- Working practices of other Code Panels (acknowledging that the BSC Panel's responsibilities extend beyond the management of change and so may, in some cases, be wider than those of other Code Panels); and
- Governance best practice as set out in the UK Corporate Governance Code.

3. Approach and Timetable

The review will be led by the Panel Secretary with support from a sub-group of 3 Panel members to be appointed by the BSC Panel. Provision will be made for support to be provided by an external lawyer or other external experts as the sub-group feels appropriate.

The sub group will meet as required to develop options and assess the findings of the review as work progresses.

It is anticipated that, in conducting the review the sub-group will seek views from BSC Panel Members and other Panel attendees, Ofgem, National Grid and other interested parties as appropriate. This may be through workshops, one-to-one interviews, by correspondence or a combination of these approaches.

A representative of the Authority will be invited to participate in the review.

The review will take place in two stages. The matters to be considered in each stage will be as outlined above.

Stage 1

The matters arising in stage 1 will be considered through winter 2014/15. The findings from stage 1 will be reported to the Panel in February/March 2015.

Stage 2

Any matters arising in stage 1 that require further consideration (due to impacts on the BSC or its Code Subsidiary Documents) together with those areas relating to appointment rules identified above will be considered in early 2015. The findings from stage 2 will be reported to the Panel in April/May 2015.

4. Costs

The cost for the review will encompass no more than £30k of external spend (i.e. excluding use of ELEXON resources to support the review) and this can be accommodated within the total BSCCo budget.

Approval of the BSC Panel will be sought in the event that additional funds are needed to support the review prior to any additional costs being incurred.

5. Deliverables

Stage 1 Report

The stage 1 report will set out the conclusions of stage 1 of the review and make recommendations for improvements in Panel governance. The report will include the rationale for any proposed changes and it will

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outline the steps required to implement its recommendations. The report will also identify any matters arising that will be further considered in stage 2.

It is anticipated that the stage 1 report may recommend changes to:

- The operating practices of the BSC Panel and any relevant published guidance or policies²;
- The Terms of Reference for Panel Committees and Expert Groups;
- Panel and Panel Committee/Expert Group member appointment documentation (including, where applicable, terms of engagement, indemnity deeds, confidentiality undertakings, statements of independence, employer release letters etc.).

Stage 2 Report

The stage 2 report will set out the conclusions of stage 2 of the review in a similar manner to the stage 1 report. It will include the rationale for any proposed changes and it will outline the implementation steps required to implement its recommendations.

It is anticipated that the stage 2 report may recommend changes to:

- The BSC provisions relating to the BSC Panel, in particular those set out in Section B and Annex B-2;
- The BSC provisions relating to the establishment of BSC Panel Committees and expert groups, in particular those set out in Section B, Section F, Section W and Section Z.
- And also, as the case may be, any further changes to those documents identified in stage 1.

6. Next Steps

The progression of changes identified in the review will not form part of the scope of this review. Following consideration of the recommendations set out in each report, the BSC Panel will determine which, if any, of the proposed amendments should be progressed.

The implementation steps may vary with respect to each recommendation. Some changes may be able to be made by the BSC Panel, other recommendations may require, or in any case, benefit from further engagement with Panel Committees, expert groups and / or BSC Parties.

Wherever appropriate, recognised industry processes (including the Modification and Change processes set out in the BSC) will be used to progress identified improvements.

² In considering the above matters, the Panel may wish to reflect on the utilisation of policies. Policies play an important governance role and can help an effective committee perform optimally in both routine and difficult times. They can be broken down into discrete areas including:

- Long Range Planning Policies – to help define the committee’s purpose, its vision and mission;
- Governance Policies – to help determine the committee’s philosophy and its accountability;
- Monitoring Policies – to clarify the way the committee expects information on performance, conformance and risk to be presented;
- Delegation Policies – to set out the delegation of power from the committee (to other committees or to the delivery body – in this case, ELEXON Ltd.)

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Appendix 1 – Commentary on Matters Arising

The following matters are set out as an initial view of the aspects of BSC Panel Governance which should be looked at in the review. This is not intended to be an exhaustive or a comprehensive analysis of the areas for assessment. It is an illustrative commentary intended to inform the review and it should be expected that additional matters may come to light during the review. The areas which the review may encompass include, but are not limited to, the following matters arising:

Stage 1:

a) Accountability and Independence

A series of committees have investigated corporate governance issues over the 1990s and 2000s. Following the first of these³, a Canadian committee suggested that accountability must take into account parties other than shareholders:

“Corporate Governance” means the process and structure used to direct and manage the business and affairs of the corporation with the objective of enhancing shareholder value, which includes ensuring the financial viability of the business. The process and structure define the division of power and establish mechanisms for achieving accountability among shareholders, the board of directors and management. The direction and management of the business should take into account the impact on other stakeholders such as employees, customers, suppliers and communities’

Toronto Stock Exchange (1994)

In its review of Code Governance in 2010, Ofgem confirmed its view that ‘industry codes are the contractual arrangements that underpin the electricity and gas wholesale and retail markets and which define aspects of the terms under which industry participants can access the electricity and gas networks’.

Given that the BSC operates as a contract between the market participants (and the system operator), some have said that the BSC Panel is responsible for independently managing this multi-party contract to ensure that it is given effect and operates fairly and effectively for the benefit of all parties (or prospective parties) to the contract. Alternatively, another view might be that the Panel is intended to be the custodian of the BSC on behalf of the Authority, ensuring that any proposed changes to the contract are robustly assessed and that parties to the contract comply with its provisions.

In overseeing the BSC, Panel Members share many similarities with trustees who, in legal terms, hold authority, or a position of trust or responsibility for the benefit of another. In this case, Panel members could be said to be acting on behalf of parties to the contract (and other stakeholders as well).

Directors of UK companies are accountable to the owners of the company for its continuing prosperity and the owners have the ultimate sanction of dismissing some or all directors and replacing them with new appointees (in practice this is often achieved by confirming appointments of the board at the company’s annual general meeting).

However, directors are not mandated delegates of shareholders. If they were, this would imply that they should forego their own individual judgement in order to follow the wishes and demands of shareholders. The Institute of Directors (IoD) is clear that a director who was merely the mouthpiece of the shareholders would, by fettering their discretion in this way, be failing in their duty to act in the best interests of the company.

³ The Cadbury report (1992)

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The independence requirements placed on Panel Members reflect this approach and re-enforce the concept that Panel Members' duty of care falls more widely than the organisation(s) that appointed them.

Consequently, the review should ensure that the Panel is clear as to the extent to which its Members owe a duty of care to the Authority, existing BSC Parties and Trading Parties, prospective BSC Parties and Trading Parties and other stakeholders (including for example, European and GB government, trade associations and other energy industry groups and committees, large industrial and commercial energy consumers and domestic energy consumers).

b) Key Roles and Functions

The BSC places an obligation on the BSC Panel to conduct its business with a view to achieving a number of key objectives. These objectives can be summarised as giving full and prompt effect to the BSC consistent with achieving the Applicable BSC Objectives in a transparent, economic, efficient and non-discriminatory way.

The BSC Panel must undertake work and make recommendations so as to better facilitate the delivery of these objectives. ELEXON, as the BSCCo, is the independent organisation which supports the Panel in its work and is the delivery body that ensures that the contract (i.e. the BSC) is given effect.

In its review of Code Governance in 2010, Ofgem confirmed its view that 'governance processes [should be] transparent and accessible, which is particularly important for small participants and consumer groups'.

However, the Knight report⁴ concluded that there is a lack of clarity in the relationship between the BSCCo board and the Panel. The Panel and the BSCCo board are inextricably linked through a shared Chairman and through their joint responsibility in approving the annual BSCCo business plan. However, as the BSC has bedded in, and ELEXON's role has started to shift as activities have expanded beyond the BSC, it has become apparent that the relationship between the Panel and BSCCo Board is not clear or straightforward.

Thought should be given to ensuring there is clarity in the role of the BSC Panel and, where relevant, how this relates to BSCCo. The BSCCo Board has been considering this matter and is developing proposals to take forward in dialogue with the Panel. From a BSC Panel perspective other considerations may include:

i) Pro-active Management of the BSC:

Under the Transmission Licence the Panel has been charged with managing the BSC in order to facilitate the Applicable BSC Objectives. At various times, the Panel has also been asked to make other considerations when conducting its work including impacts on Green House Gases (GHG) and consumers.

However, the Panel has been established as a comparatively reactive body. Its powers to shape the ongoing balancing arrangements are limited to revising certain parameters and shaping the terms of reference for industry assessment of proposed changes. The Panel has limited powers to propose changes to the arrangements and has it delegated much of its work to independent Panel Committees and expert groups.

Some Panel Members have suggested that, in today's evolving industry, the BSC Panel could take a more pro-active stance in ensuring that the contract remains effective and fit for purpose. However, it is not clear what this means in practice for the BSC Panel's interaction with BSC Parties and other interested parties who are not signatories to the BSC (e.g. consumers).

The review should consider how the Panel could take a more pro-active stance in ensuring that the contract remains effective and fit for purpose. This might include consideration of the Panel's role in setting

⁴ The [Knight report](#) is an independent review of ELEXON's governance commissioned jointly by the BSCCo Board and BSC Panel

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parameters and managing risk and compliance, how the Panel should make use of its powers to raise changes to the BSC and its role in providing appropriate checks and balances.

- ii) Development and use of a Panel Strategy: The Panel is considering a BSC Panel Strategy separately from this review; however, it may be appropriate to consider whether a Panel Strategy implies a directive role for the BSC Panel which might include setting a vision for the future of the BSC which could encompass commercial, economic, social, technological and political environments.
- iii) Co-ordination of Change Activities: Ofgem has indicated that Industry Code Panels should be doing more to ensure that programmes of work are co-ordinated both within and across Industry Codes. Most recent discussions in this area have related to P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8', P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes (DCP179)' and DCP179 'Amending the CDCM tariff structure'. The review should identify to what extent the BSC Panel can or should take a lead in co-ordinating industry change.

c) Delegation of Responsibilities

The review should consider what features of good governance are needed (if any) to ensure that there is clarity with respect to the accountability and independence of members for Panel Committees and Expert Groups.

Such considerations should encompass the rules, requirements and limitations relating to the delegation of powers and responsibilities and the measures that afford the Panel oversight of such delegated matters. This area of work should consider:

- i) The role of Panel Sponsors in relation to Panel Committees and Expert groups;
- ii) The roles and responsibilities of Panel Committee Chairs;
- iii) The extent to which the Panel should monitor and co-ordinate the work of Panel Committees and any issues arising and what measures are needed to enable the appropriate level of oversight;
- iv) The extent to which Panel Members should sit on Panel Committees / Expert Groups as voting members;
- v) The Panel's role with respect to Modifications, the extent to which this is distinct from that of a Modification Workgroup and what impacts this may have on the way in which the Panel conducts the Report Phase (or whether there is a corresponding need for the Report Phase at all);
- vi) The role of the Panel and the requirements placed on it where the BSC mandates separation of functions such as the requirement to establish a Performance Assurance Board and a Trading Disputes Committee and (on a case by case basis) Modification Groups including the oversight of their established powers and responsibilities;
- vii) The role of the Panel and the requirements placed on it where it has chosen to delegate its powers and functions to a Panel Committee (such as the Supplier Volume Allocation Group or the Imbalance Settlement Group) or to the Code Administrator (ELEXON Ltd).
- viii) The extent to which Panel Committees reflect the operation of the BSC Panel (for example, whether Panel Committees are able to make decisions by majority or whether it is appropriate require that decisions should be unanimous, or otherwise referred to the BSC Panel).

d) Operation of Panel Meetings

The review should identify and recommend improvements to the day-to-day operation of the BSC Panel meetings and the provisions that surround the operation of the BSC Panel. This should include consideration of:

- i) How the Panel should best conduct its meetings to ensure efficient and robust decision making. For example:

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- Would it be appropriate to assume that Panel Members have read papers and so move straight to discussions and questions on the matters raised?
 - Is the running order appropriate and does it allow for sufficient focus to be placed on all aspects of the Panel's work (i.e. is sufficient time allocated to non-Modification business)?
 - Should the Panel be able to consider its business via teleconference and should this include Modification business?
 - To what extent should the Panel conduct business by e-mail?
 - How often should the Panel hold meetings? Should the Panel meet more often, or less often? What is an appropriate length for meetings and what happens if meetings overrun?
 - Is there any way to reduce the amount of paperwork for Panel Members or simplify the distribution of Panel Paperwork (which can currently span multiple e-mails)?
 - What steps could be taken (if any) to streamline and simplify voting and decision-making? Should Panel recommendations record individual votes against each relevant objective?
 - To what extent can the Panel further improve transparency? Should individual Panel member comments be ascribed to particular members in Panel minutes?
- ii) How the Panel should operate with respect to Alternate members. For example:
- Should Alternates operate as a pool or on a one-to-one basis?
 - Is the notification and appointment process satisfactory?
 - Are Panel Alternates afforded sufficient time to read through paperwork?
 - Should Alternates be able to attend on behalf of multiple Panel Members?
 - Should Panel Alternates get multiple votes?

Stage 2

a) Appointment Rules for Panel Members, Panel Committee Members and Alternate Members

It has been the case for a number of years that very few candidates are nominated to stand in the Panel election and, generally, where elections take place, a relatively small proportion of Trading Parties/Trading Party Groups cast a vote. It has been noted that the Panel election process takes place, in accordance with the BSC, over the summer months and that this may be a contributing factor in the generally low level of engagement in the process. The review should consider whether there are any benefits arising from amending the timing of the election.

The UK Corporate Governance Code states that non-executive directors should be appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a director. It goes on to say that any term beyond six years for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. The review of Panel Governance should consider whether maximum terms of office should apply to Panel Membership and, if so, what a reasonable maximum term might be.

Subsequent considerations, if it was felt appropriate, might also examine whether the mechanics of the processes used for appointment (including the rules relating to elections and voting) could be simplified and streamlined to encourage participation or to better reflect the views and votes of Trading Parties.

Finally, the review should consider whether the rules underpinning the removal of members are appropriate and sufficient.

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Appendix 2 – Related Matters to be Progressed Elsewhere

The following matters were identified for progression outside the scope of the Review of Panel Governance.

Reviewing Panel Performance and Continuous Improvement

The UK Corporate Governance Code states that a board should 'undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors'. It goes on to state that this evaluation should consider the balance of skills, experience, independence and knowledge. It should encompass how the board works as a unit. Individual evaluation should aim to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for board and committee meetings and any other duties).

The Panel may wish to consider how it should evaluate its own performance. Generally, two solutions can be adopted:

- The committee assesses itself, usually by setting explicit benchmarks and goals; or
- The committee appoints an external expert or neutral person to assess performance.

Although different approaches can be used, in examining the performance of boards, the IoD notes that a major challenge to any board is its openness to learning and development and that it is often the board's own culture that prevents it from changing. The IoD goes on to note that common issues can arise, including:

- What is the relationship between individual performance and board performance?
- Who is being assessed, the directors or the board?
- What is being assessed and how?
- How do you measure the overall impact of the board?
- How do you know when a board is being effective as oppose to being efficient?

The Panel Members considering the scope of the review concluded that, should the Panel wish to consider mechanisms to review and improve its performance, these should be considered separately to any review of the Panel's own governance. Accordingly, the Panel may wish to revisit this matter in autumn 2015.

Review of the BSC Modification Processes

A number of matters arising have been identified which relate to the defined processes and day-to-day operation of the BSC Modification process. These include, but are not limited to:

- Whether the Panel should be able to propose Modifications;
- Whether the provisions that enable Modifications to be amalgamated are compatible with the "proposer ownership principle; and
- Whether there should be regular, standing meetings that enable issues to be raised and considered on a regular basis, prior to matters being put forward as Modification Proposals; and
- Whether all phases of the existing Modification process are still required (e.g. the Definition phase)?

The Panel has previously noted that ELEXON will undertake a review of the BSC Modification Processes and Modification Working group Terms of Reference in 2015 to ensure that the BSC defines, and ELEXON continues to deliver, good working practice. This review will take account a range of matters, including the considerations referenced above.

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Review of BSCCo Governance

The Review of BSCCo Governance review began in summer 2014 and will run in parallel with the Review of Panel Governance, concluding in 2015. This review is being progressed by the BSCCo Board in dialogue with the BSC Panel. Its focus encompasses improvements to ELEXON's accountability and it is considering recommendations regarding the appointment and de-appointment of BSCCo directors.

The BSC Panel should remain engaged in the review of BSCCo Governance (e.g. via joint workshops and regular updates etc.) so as to ensure that, in so far as is possible and where relevant to do so, the recommendations arising under each review are aligned.

Particular considerations to address via the Review of BSCCo Governance may include:

- Ensuring there is sufficient accountability of ELEXON in administering BSC Panel business;
- Ensuring that ELEXON is able to provide a demonstrably independent code administration function that aligns with the requirements of the BSC (i.e. for ELEXON to give effect to the BSC without undue discrimination between Parties or classes of Party); and
- Ensuring that processes exist to identify and manage any conflicts of interest that may arise; and
- Ensuring that any proposed changes to the governance of BSCCo continue to provide appropriate checks and balances which may include BSC Panel oversight and input to the way in which ELEXON delivers key BSC services (e.g. via Tender Framework Committees for the procurement of BSC Agent services).

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Appendix 3 – Elements to Exclude from the Review of BSC Panel Governance

The following matters have been considered for progression and ultimately discarded from the scope of the review.

Composition of the BSC Panel and appointment principles

The Knight report observed that: 'independence was likely to be an issue with any elected body and while elected Panel members do their best to fulfil their duties as laid down in the BSC, which are to act impartially and not to give undue regard to the interests of those appointing them, there was a perception that Panel members act in a partisan manner and that 'a problem of perception is a real problem'.

It could be argued that the current provisions for the appointment of Panel Members bear some of the hallmarks of a trustee model of representation. Trustee models are frequently contrasted with delegate models of representation. Constituents elect their representatives as 'trustees' (or 'entrust' them) for their constituency. These 'trustees' have sufficient autonomy to deliberate and act in favour of the greater common good and national interest, even if it means going against the short-term interests of their own constituencies. By contrast in the delegate model, the representative is expected to act strictly in according to a mandate from the represented. Essentially, a trustee considers an issue and, after hearing all sides of the debate, exercises their own judgment in making decisions about what should be done. Nevertheless, trustees can still find they face regular conflicts of interest, particularly where they are appointed by outside bodies.

Having discussed these matters in light of other considerations regarding accountability and duties of care in the evolving market, the Panel Members considering the scope of the review concluded that further work to explore potential amendments to the membership of the BSC Panel or the principles by which various Panel Members were appointed (either by election or direct appointment) should remain out of the scope of the Review of Panel Governance.

It was noted that, this did not preclude BSC Parties from raising Modifications to the BSC should they wish to see changes in the composition of the BSC Panel.

Alignment with Critical Friend Principles

Ofgem has previously said that it sees the role of a 'critical friend' being that of a 'devil's advocate', testing the appropriateness of analysis that is being contemplated and the strength of the conclusions that can be drawn from it.

Principle 1 of the Code Administration Code of Practice requires Code Administrators to act as Critical Friends. It describes this as a 'Code Administrator who provides support to all with an interest in the code Modification process, but paying particular attention to underrepresented parties, small market participants and consumer representatives.' The question then arises as to whether it automatically follows that the BSC Panel and its Panel Committees and Expert Groups should support and facilitate the behaviours of a critical friend which include (but are not limited to):

- Ensuring people are available to discuss issues and Modifications with all interested parties;
- Ensuring users understand the minimum requirements for Modifications to be progressed;
- Ensuring that:
 - unsubstantiated assumptions or assertions do not go unchallenged;
 - all arguments for and against a Modification are adequately discussed at Workgroup and Panel level and reflected in Modification documents; and
 - previous discussions or decisions that may be relevant to the Modification being considered are highlighted.

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- Ensuring that the Code Administrator is able to provide impartial input into the terms of reference set by the Panel and the Workgroup's analysis, taking into account for example, relevant views expressed by Ofgem;
- Ensuring that small market participant/consumer representatives viewpoints can be articulated and debated at Workgroup and Panel meetings and that other Workgroup members or panellists do not seek to stifle or prevent such debate; and
- Holding teleconference rather than 'face to face' meetings if this is more convenient for those that wish to participate, including smaller market participants.

While it was acknowledged that this remains an important part of the role of the code administrator, the Panel Members considering the scope of the review concluded that it was not for Panel or Panel Committees to act as critical friends and so this matter should remain out of scope of any review of Panel Governance.

Panel Reporting and the Annual BSC Meeting

The UK Corporate Governance Code states that board's should 'use the Annual General Meeting (AGM) to communicate with investors and encourage their participation'. The Annual BSC Meeting established in the BSC is not an AGM of the BSCCo, neither is it a meeting of the BSC Panel.

The Panel Members considering the scope of the review concluded that there was no need, at this time, to review the purpose and operation of the Annual BSC Meeting.