

Assessment Procedure Consultation Responses

P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'

This second Assessment Procedure Consultation was issued on 1 July 2016, with responses invited by 22 July 2016.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
SmartestEnergy	1 / 0	Supplier
First Utility	1 / 0	Supplier
ScottishPower	6 / 0	Generator, Supplier, Non Physical Trader, ECVNA, MVRNA, Supplier Agent
RWE npower plc	8 / 0	Generator, Supplier, Non Physical Trader
National Grid Electricity Transmission plc	1 / 0	Transmission Company

Question 1: Do you agree that the revised P324 solution better facilitates the Applicable BSC Objectives compared to the current baseline?

Summary

Yes	No	Neutral/No Comment	Other
4	1	0	0

Responses

Respondent	Response	Rationale
SmartestEnergy	No	<p>Sadly, this otherwise helpful modification has been spoiled by introducing the following elements: 1) allowing for up to two members of the BSCCo executive team to be appointed as Directors; and 2) allowing the Board to remunerate any of its non-executive Directors. This second issue in particular should have been raised separately once the genuine governance aspects were in place. It would appear that remuneration is being introduced through the back door even though Ofgem have previously rejected it. As far as the first element is concerned, we are of the view that paid employees of Elexon should not be on the board as voting members, although they should attend. It is important for the Board to be directing Elexon, not the other way around. It would also lead to "HR issues" if an Elexon employee were voted off the board.</p> <p>As a package we have reluctantly come to the conclusion that the modification does not better facilitate the current baseline.</p>
First Utility	Yes	<p>The revised P324 solution would better facilitate BSC Objective (d) on improving the efficiency of industry arrangements by making the provisions for setting the remuneration of the Panel chairman consistent with the process for chairmen of other Code Panels, where the Authority has no input. Overall, P324 will also enable BSC Parties to have a more active role in how the BSCCo is managed.</p>
ScottishPower	Yes	<p>P324 would overall better meet the Applicable BSC Objectives.</p> <p>By clarifying the roles of the Board, the BSC Panel and BSCCo and increasing the accountability of the Board to BSC Parties, P324 would improve the efficiency in implementing the BSC arrangements</p>

Respondent	Response	Rationale
		better facilitating Objective (d). The proposal is neutral against the other Objectives
RWE npower plc	Yes	RWE npower believes that P324 does facilitate BSC Objective D and we agree with the proposer that P324 would improve the accountability of the Board to the industry, which would improve efficiency in the arrangements. We also agree that P324 would allow BSC Parties a more active role in determining the management of BSCCo, by providing a means to remove Directors in whom they do not have confidence. We also believe that the Proposed Modification would better facilitate the Applicable BSC Objectives compared to this potential alternative solution. For these reasons we believe that P324 should be approved.
National Grid Electricity Transmission plc	Yes	We believe that P324 would better facilitate Applicable BSC Objective (d) as it would improve accountability of the Board to the industry by allowing BSC Parties a means of removing Directors and of raising non-binding resolutions. In addition, P324 would add clarity to the roles of the Board and the Panel which would further improve efficiency in the balancing and settlement arrangements.

Question 2: Do you agree that the Authority should not be involved in determining the remuneration of the Panel Chairman?

Summary

Yes	No	Neutral/No Comment	Other
4	0	1	0

Responses

Respondent	Response	Rationale
SmartestEnergy	No comment	-
First Utility	Yes	Please see our response to Question 1 above.
ScottishPower	Yes	The original requirement for the Authority to approve the remuneration for the Panel Chairman arose from the direct appointment of the Panel Chair by Ofgem. Under P324 the Panel Chairman's remuneration would be set by the Panel and we do not see the need for the Authority to approve this. Removing the requirement under section B.2.11.3 has the potential to marginally improve administrative efficiency by removing an unnecessary step.
RWE npower plc	Yes	RWE npower believes that the Authority should not be involved in determining the remuneration of the Panel Chairman. The final determination on the level of remuneration should be made by the Panel and not by the Authority. This would be consistent with the provisions for setting the remuneration for chairmen of other Code Panels, where the Authority has no input.
National Grid Electricity Transmission plc	Yes	Further to the views of the Ofgem representative made at the workgroup meeting and the discussions of the workgroup members, we agree that the Authority should not be involved in this process. We note that removing the Authority's involvement in determining remuneration would be consistent with the provisions for chairmen of other Code Panels, where the Authority has no input.

Question 3: Do you believe that the draft legal text delivers the intention of P324?

Summary

Yes	No	Neutral/No Comment	Other
3	0	2	0

Responses

Respondent	Response	Rationale
SmartestEnergy	No comment	-
First Utility	No comment	-
ScottishPower	Yes	-
RWE npower plc	Yes	RWE npower supports the draft legal text provided, which does deliver the intention of P324. More importantly, any changes are restricted to Board governance and do not go beyond the intention of P324 into Panel governance, particularly in relation to parties ability to remove the Panel Chairman from the Board via a binding resolution.
National Grid Electricity Transmission plc	Yes	-

Question 4: Do you agree with the Workgroup's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	-
First Utility	Yes	We are supportive of the extension from 10 working days to 20 working days for Elexon to implement the modification due to the additional effort subsequently identified. In regards to the timeframe of 3 November 2016 or 20 working days if the Authority's decision is received after 6 October 2016, we are not aware of any benefits to alternative implementation dates.
ScottishPower	Yes	As the proposed changes have no impact on BSC systems it would be appropriate to coordinate P324 implementation with the November 2016 BSC Systems Release.
RWE npower plc	Yes	RWE npower agrees with the recommended implementation date provided that a more defined process and clear criteria concerning the remuneration of Non-Executive Directors can be established with the necessary caps and controls within the specified timescale. This way BSC parties who have a funding share can be confident can take comfort that any remuneration is reasonable.
National Grid Electricity Transmission plc	Yes	-

Question 5: Do you have any further comments on P324?

Summary

Yes	No
0	5

Responses

Respondent	Response	Comments
SmartestEnergy	No	-
First Utility	No	-
ScottishPower	No	-
RWE npower plc	No	-
National Grid Electricity Transmission plc	No	-