



# Panel Elections 2018 - General Guidance

## Purpose

This note 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 to download from 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 Chairman 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 the Citizens Advice / Citizens Advice Scotland
- a Panel Member appointed by the Transmission Company
- two independent Panel Members appointed by the Panel Chairman in accordance with B2.5.1 of the BSC
- a further Industry Panel Member (if necessary) appointed by the Panel Chairman in accordance with B2.6.1 of the Code

In addition to the members noted above, a representative of the Authority 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.

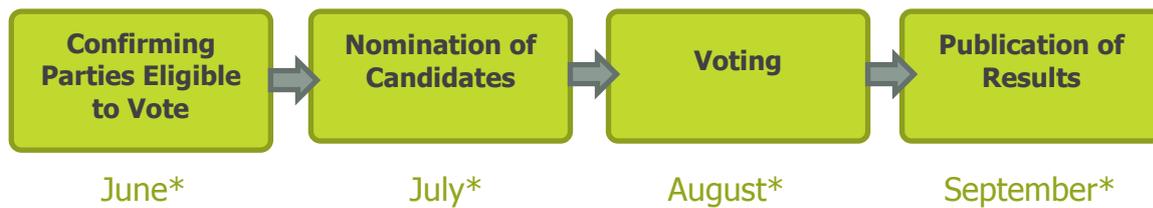
Panel Members must act impartially and not be representative of any one Party or class of Parties. With the exception of the Panel Chairman, they are appointed for a period of two years. The term of office of the present Panel Members expires on **30 September 2018**.

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 from **1 October 2018**. The election process will run through June to September 2018.

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 criteria for identifying Parties who are eligible to nominate candidates for the election and to vote.

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 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.

### Changes made to the BSC since the previous Panel Election

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 website<sup>1</sup>.

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 2018**. This early information gathering will facilitate the smooth running of the election.

## 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 late June 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 proposed, they will be automatically appointed without a formal election process.

## Further Industry Panel Member

If, following the election process, the Panel Chairman 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 his/her appointment.

## Appointment of Transmission Company & Citizens Advice representatives

The Transmission Company 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.

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<sup>1</sup> 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.

## The 2018 BSC Panel Election Timetable

The following table sets out the key dates in the 2018 BSC Panel election. All dates are subject to a properly working email and postal system. If any problems are experienced, we will seek to ensure that BSC Parties are treated fairly and consistently and are not disenfranchised by circumstances beyond their control.

Process Step	Who	How	Recipient	Key Date
Establishing contacts, trading party group configurations and the lead Trading Party for the purpose of voting	Trading Parties	Trading Parties to inform ELEXON if any of the contacts, trading party group configurations or the lead Trading Party for the purpose of voting are incorrect.	ELEXON (Election Coordinator)	By 11.59pm on <b>20 June 2018</b>
	ELEXON (Election Coordinator)	ELEXON will update the Voting Share Register as applicable. This list will then detail the Trading Parties entitled to nominate candidates, and the trading party groups entitled to vote.	ELEXON Website	By 5pm on <b>25 June 2018</b>
Seeking Nominations for BSC Panel Members	ELEXON (Election Coordinator)	ELEXON will send out invitations to the established contacts within all Trading Parties to nominate candidates for the role of industry Panel Member for the BSC Panel.	Trading Parties	By 5pm on <b>29 June 2018</b>
	Trading Parties	Trading Parties to send nominations to ELEXON. (Nominated candidates will be invited to submit a brief biography).	ELEXON (Election Coordinator)	By 5pm on <b>25 July 2018</b>
	ELEXON (Election Coordinator)	ELEXON will publish a list of the nominated candidates for the BSC Panel Election.	ELEXON Website	By 5pm on <b>30 July 2018</b>
Voting for Industry Panel Members	ELEXON (Election Coordinator)	ELEXON will circulate the list of candidates, their biographies and a set of voting papers to individual Trading Parties that are not part of a trading party group and the relevant lead Trading Party for each trading party group.	Trading Parties eligible to vote	By 5pm on <b>30 July 2018</b>
	Trading Parties eligible to vote	Individual Trading Parties and lead Trading Parties for trading party groups may submit their votes for candidates for the BSC Panel.	ELEXON (Election Coordinator)	By 5pm on <b>24 August 2018</b>

We hope to announce the results of the BSC Panel election at the beginning of September and, in any case, no later than **14 September 2018**.

## The Voting Process

Voting papers are emailed and sent by hard copy to Trading Party contacts and it is a BSC requirement (Section H9.2) that Parties submit their papers by hard copy. The voting papers must be signed by the relevant contact.

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 submit the forms during the voting period. Every attempt is made to contact Trading Party contacts who have not submitted voting papers, but responsibility lies with the Trading Party to ensure its voting forms are received by ELEXON.

If Parties do not receive all the voting papers they believe they are entitled to, or if papers are mislaid, please contact the Election Coordinator at [panelections@elexon.co.uk](mailto: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.

### 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 six 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	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 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	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	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.

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

## Frequently Asked Questions

### Will other BSC Parties know how I voted?

Voting is confidential. Papers cannot be submitted anonymously as ELEXON needs to confirm that each Trading Party has voted and that the correct number of voting papers have been submitted. Once the voting papers 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?

No. 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, it can only 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

The Election Coordinator for the 2018 BSC Panel Elections is **Claire Kerr**. All queries relating to the elections should be directed to her at [panelections@elexon.co.uk](mailto:panelections@elexon.co.uk) or on 020 7380 4293.

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