

4.5. MP Form

Modification Proposal – BSCP40/03	MP No: P252 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i> Removal of Trading Parties' ability to submit two votes at elections of BSC Panel industry members	
Submission Date <i>(mandatory by originator):</i> 24 February 2010	
Description of Proposed Modification <i>(mandatory by originator)</i> <p>This proposal seeks to reflect the principle of “one party, one vote” in the elections for BSC industry Panel members. It seeks to remove the ability of Trading Parties to cast two votes where they have two Energy Accounts, a Production and Consumption account, and instead would allow them one vote per Trading Party as contemplated by the original Neta governance design.</p> <p>Under the current election process for BSC industry panel members, Trading Parties can appoint up to five persons. Trading Parties are permitted to submit one voting paper for each Energy Account, Production and/or Consumption, which they hold. Only one Trading Party in a trading party group may submit voting papers. In practice all trading parties are constituted with both production and consumption accounts irrespective of whether they use them both, so it is the norm for all eligible voting parties to have two votes to cast.</p> <p>This proposal would improve the governance of the current arrangements by removing a distinction which does not reflect genuinely different constituencies and by reducing the opportunity it provides for organised tactical voting.</p> <p><i>P251 Revision of the election process for BSC industry panel members</i> is a Pending Modification Proposal which also addresses the election of BSC Panel industry members. It is however targeted at a different aspect of this process. P251 does not address the number of votes cast by a Trading Party and this issue is out of its scope.</p>	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i> <p>Under the current voting process Trading Parties are entitled to submit one vote for each Energy Account that they hold, Production and/or Consumption in elections of industry Panel members.</p> <p>There is some evidence to suggest that this may not be well understood by all Trading Parties: the 2008 elections showed 59 voting participants from a total voting population of 160, with some parties not using both of their votes. Nevertheless, the existence of the ability to cast two votes gives rise to the following issues and problems:</p> <ul style="list-style-type: none"> ▪ the current process does not reflect the principle of one party, one vote: the existence of Production and Consumption Accounts does not reflect a relevant distinction in the election of BSC Panel Members in respect of either the objectives of the Panel or its duties and powers. There is therefore no need for Trading Parties to have two votes; 	

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<ul style="list-style-type: none"> ▪ there is anecdotal evidence that the ability of Trading Parties to cast two votes has in the past lead to tactical voting with a view to maximising the number of seats secured for a particular interest or constituency. Thus aligned trading parties could vote their production accounts one way, and consumption accounts another; and ▪ the proposal would improve overall BSC governance by improving the accuracy with which industry Panel membership reflects the views of the electorate, making the process more accessible and transparent, and establishing better democratic accountability through one party, one vote. 	
<p>Impact on Code <i>(optional by originator)</i></p> <p>Section B of the BSC states:</p> <p>2.2.1 Trading Parties may appoint up to five persons as Panel Members by election in accordance with Annex B-2</p> <p>Annex B2 states:</p> <p>3.1.2 Subject to paragraph 3.1.3, each Trading Party may submit one voting paper for each Energy Account which is held by that Trading Party.</p> <p>3.1.3 Only one Trading Party (the “voting” Trading Party) in a trading party group may submit voting papers.</p> <p>It is proposed that 3.1.2 is amended to:</p> <p>3.1.2 Subject to paragraph 3.1.3 each Trading Party may submit one voting paper.</p>	
<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code <i>(optional by originator)</i></p> <p>None expected</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i></p> <p>None expected</p>	

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<p>Impact on other Configurable Items <i>(optional by originator)</i> None expected</p>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i></p> <p>a) Efficient discharge of the obligations of the Transmission Licence None identified</p> <p>b) Efficient, economic and co-ordinated operation of the national electricity transmission system None identified</p> <p>c) Promoting effective competition in the generation and supply of electricity and in the sale and purchase of electricity</p> <p>The proposal would enable the voting process to reflect the principal of one party, one vote by removing the potential for a Trading Party to vote twice, on behalf of both its production and consumption Energy Accounts. These do not represent valid different constituencies but rather a potential distortion to the voting process. The proposal could therefore be expected to improve the fairness and transparency of the election process and remove a facility for organised tactical voting. In turn this could be expected to help ensure that the Industry Panel membership more accurately reflects expertise voted for by the electorate and to encourage engagement by Parties with Code administration, with a potential positive influence on the modification process and its outcomes.</p> <p>d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.</p> <p>Eliminating Trading Parties' ability to vote twice in elections for BSC industry panel members should help to produce a result which is a better reflection of the views of the electorate by reducing the impacts of organised tactical voting. This should improve democratic accountability and incentivise greater participation and therefore improve overall governance of the Code.</p>	
<p>Urgency Recommended: No <i>(optional by originator)</i></p>	

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<p>Justification for Urgency Recommendation (mandatory by originator if recommending progression as an Urgent Modification Proposal)</p> <p>N/A</p>	
<p>Details of Proposer (1):</p> <p><i>Name Bill Bullen</i></p> <p><i>Organisation Utilita.....</i></p> <p><i>Telephone Number 0845 450 4117.....</i></p> <p><i>Email Address billbullen@utilita.co.uk.....</i></p>	
<p>Details of Proposer (2):</p> <p><i>Name Kirsten Elliott-Smith</i></p> <p><i>Organisation Immingham CHP.....</i></p> <p><i>Telephone Number 0207 408 6651.....</i></p> <p><i>Email Address Kirsten.elliott-smith@conocophillips.com.....</i></p>	
<p>Details of Proposer's Representative:</p> <p><i>Name Bob Brown</i></p> <p><i>Organisation Cornwall Energy.....</i></p> <p><i>Telephone Number 07811 326156.....</i></p> <p><i>Email address bob@cornwallenergy.com.....</i></p>	

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Details of Representative's Alternate: <i>Name Ed Reed</i> <i>Organisation Cornwall Energy</i> <i>Telephone Number 07920 123181</i> <i>Email address ed@cornwallenergy.com</i>	
Attachments: No (mandatory by originator)	