

Open letter to BSC Parties: The Governance of ELEXON

17 July 2013

Dear BSC Party

Earlier this year, the BSCCo Board and BSC Panel jointly commissioned an independent review of BSC Governance. They appointed former Lloyds of London deputy Chairman [Bill Knight](#)¹ to undertake the review. Richard Brealey (Panel Vice-Chair) and Peter Teague (ex-non-Executive Director of the BSCCo Board and Chairman of the ELEXON Audit Committee) were appointed to support the review in accordance with the terms of reference² jointly set by the Panel and BSCCo Board.

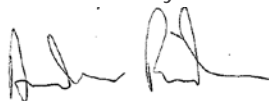
The review looks at ELEXON's current governance with regard to the confines of the BSC, particularly in the light of discussions over recent years in relation to changes to BSCCo's vires. It was set up to identify actions that could ensure that BSCCo Board, ELEXON and Panel processes and working practices align with principles of good governance in a period of rapid evolution in the industry and can deal effectively with any conflicts or divergence of stakeholder interest such that the industry, regulator, consumers and other stakeholders have confidence in the operation and conduct of the Panel, the BSCCo Board and ELEXON.

In conducting the Review, Bill has sought views from Board members, BSC Panel members, ELEXON staff, Ofgem and others in the industry. Bill Knight has written a report setting out his findings and making recommendations for change. The report has been presented to the BSC Panel and BSCCo Board, who have considered its findings and agreed that it should be made available to BSC Parties. It has also been shared with Ofgem.

The Board and Panel recognise that the report proposes some areas of radical change. They look forward to further assessing the implications of the proposals, and to working with Ofgem, National Grid and BSC Parties over the coming months to ensure that the governance structures of ELEXON, the BSCCo Board and Panel continue to be workable, fit for purpose and meet the needs of all stakeholders.

The report has been published on the [ELEXON website](#).

Yours faithfully



Andrew Pinder, BSCCo Chair and BSC Panel Chair

¹ Bill has 34 years' experience as a City solicitor and corporate lawyer, acting in take-overs and listings. He was involved in privatising the railways and was a director of the Financial Reporting Council, chairing the Financial Reporting Review Panel. He has served as Deputy Chairman of the Council of Lloyd's and was a special adviser to the Treasury Select Committee on the FSA enquiry into the failure of The Royal Bank of Scotland. He was awarded the OBE in 2012 for services to financial regulation.

² See Appendix 1 of the report.