

## P324 – PROPOSED LEGAL TEXT

### SECTION B: THE PANEL (Version 22.0)

#### 2. APPOINTMENT OF PANEL MEMBERS

*Amend paragraph 2.11.3 to read as follows:*

- 2.11.3 In addition to reimbursement under paragraph 2.11.1, the Panel Chairman shall be entitled to be paid by BSCCo such remuneration and benefits as may be or have been determined by ~~the Authority in consultation with~~ the Panel (excluding the Panel Chairman himself).

#### 6. ANNUAL REPORTS AND ANNUAL BSC MEETING

*Amend paragraph 6.2 to read as follows:*

##### 6.2 Annual BSC Meeting

- 6.2.1 An Annual BSC Meeting shall be held once in each BSC Year, in the month of July.
- 6.2.2 One or more representatives of each Party shall be entitled to attend and speak at the Annual BSC Meeting.
- 6.2.3 Any person entitled (other than pursuant to paragraph 4.5.1) to attend and speak at a meeting of the Panel shall be entitled to attend and speak at the Annual BSC Meeting.
- 6.2.4 The Panel Secretary shall convene the Annual BSC Meeting by giving not less than 28 days' notice, specifying the date, time and place of the meeting ~~and the names of each Eligible Director~~, to each Party, each Panel Member, and each person entitled to receive notice of a meeting of the Panel.
- 6.2.5 Each Panel Member (in person and not via an alternate), each Director of BSCCo and the Chief Executive of BSCCo shall attend the Annual BSC Meeting unless prevented from doing so by exceptional circumstances. ~~and the Panel Chairman (or in his absence the Deputy Panel Chairman failing whom a Panel Member nominated by the Panel) shall chair the meeting~~ except that any part of any Annual BSC Meeting dealing with Resolutions shall be chaired by BSCCo in accordance with paragraph 3.2.1 of Annex C-2.
- 6.2.6 The purpose of the Annual BSC Meeting shall be for:
- (a) an explanation and discussion of the accounts and reports provided pursuant to paragraph 6.1 for the previous BSC Year, and the Business Strategy and Annual Budget provided pursuant to paragraph 6.1 for the current BSC Year, and a response to any questions which Parties may have in relation to them (including any questions submitted in advance pursuant to paragraph 6.2.8); ~~and~~
  - (b) ~~the Board to make representations in the circumstances set out in paragraphs 6.2.9 to 6.2.15. Not used;~~
  - (c) Voting Parties to vote on the appointment of certain Directors in accordance with Section C4.1.9; and
  - (d) Voting Parties to vote on any Resolutions raised pursuant to Section C4.9.1 or Section C4.10.1.

- 6.2.7 ~~Without prejudice to paragraph 6.2.14, Subject to paragraph 6.2.6, the~~ Annual BSC Meeting shall not be a general meeting of BSCCo or a meeting of the Directors of BSCCo or of the Panel; and the Annual BSC Meeting shall have no power to take any decision; and no vote on any matter shall be taken at such meeting; and nothing said by any Panel Member or Director of BSCCo at such meeting shall amount to a decision of the Panel or Board of Directors of BSCCo or have any other binding effect.
- 6.2.8 Where a Party wishes the Panel, the Directors of BSCCo and/or the Chief Executive of BSCCo to address a particular question at the Annual BSC Meeting (~~other than a matter raised pursuant to paragraphs 6.2.6(c) or 6.2.6(d), and~~ having regard to the purpose of the meeting as set out in paragraph 6.2.6), such Party may submit such question to the ~~Panel Secretary~~**BSCCo** in writing in advance of such meeting and ~~the Panel Secretary~~**BSCCo** shall copy such question to all Parties.
- ~~6.2.9 Subject to paragraphs 6.2.10 and 6.2.11 but without prejudice to the rights of the BSCCo Shareholder and the Board in respect of the removal of Directors, the Panel may vote to remove any Director of BSCCo (other than the chairman of the Board) who has been appointed or re-appointed since the last Annual BSC Meeting (an "Eligible Director"). The Panel shall only be entitled to vote on the removal of an Eligible Director where:~~
- ~~(a) the appointment or re-appointment of that Eligible Director has not complied with the terms of reference of the Nomination Committee (as established in accordance with Section C4.1); or~~
  - ~~(b) the process followed by the Nomination Committee in appointing or re-appointing an Eligible Director has not otherwise been approved by the Panel under Section C4.1.7.~~
- ~~6.2.10 Where a Party or a Panel Member wishes the Panel to vote on the removal of an Eligible Director, such Party or Panel Member shall give notice to the Panel Secretary. In order to be valid and effective such notice shall:~~
- ~~(a) be in writing;~~
  - ~~(b) be given at least 14 days before the Annual BSC Meeting;~~
  - ~~(c) specify the name of the Eligible Director(s); and~~
  - ~~(d) specify the reasons for seeking the removal of each Eligible Director,~~
- ~~(together a "Ratification Notice").~~
- ~~6.2.11 The Panel Secretary shall be entitled, after consultation with the Panel Chairman, to reject a Ratification Notice where the notice has not been validly given under paragraph 6.2.10 (including, for the avoidance of doubt, where the reasons specified in the Ratification Notice do not comply with paragraph 6.2.9).~~
- ~~6.2.12 Where the Panel Secretary has received a valid Ratification Notice he shall copy such notice to all Directors of BSCCo, the company secretary of BSCCo, all Panel Members and all Parties.~~
- ~~6.2.13 The Board shall be entitled to:~~
- ~~(a) nominate one or more of its members to be heard at the Annual BSC Meeting; and~~
  - ~~(b) make representations in writing prior to the Annual BSC Meeting which shall be sent forthwith by the Panel Secretary to every person who received a copy of the Ratification Notice;~~

~~(i) if so requested by the Board; and~~

~~(ii) if not received too late to do so.~~

~~6.2.14 Immediately following the Annual BSC Meeting, a meeting of the Panel shall be convened at which the Panel shall consider the removal of the relevant Eligible Director(s). A Panel resolution to remove an Eligible Director shall, notwithstanding paragraphs 4.3.2 and 4.4.3, require at least a two thirds majority of the votes cast at the Panel meeting (and therefore the number of votes cast in favour of removing an Eligible Director must be equal to or exceed twice the number of votes against it) provided that:~~

~~(a) for the purpose of this paragraph 6.2.14, an abstention shall count as a vote cast against the resolution; and~~

~~(b) the Panel Member appointed by the Transmission Company shall not be entitled to vote on a resolution to remove an Eligible Director.~~

~~6.2.15 The Panel Secretary shall give prompt notice to the BSCCo Board, the company secretary of BSCCo, all Panel Members and all Parties of the Panel's decision under paragraph 6.2.14 and where the Panel has voted to remove an Eligible Director the Board shall, as soon as reasonably practicable thereafter, effect the removal of that Eligible Director.~~

## SECTION C: BSCCO AND ITS SUBSIDIARIES (Version 19.0)

### 4. MANAGEMENT OF BSCCO

*Amend paragraph 4 to read as follows:*

#### 4. GOVERNANCEMANAGEMENT OF BSCCO

##### 4.1 Appointment of Board of Directors and Chairman

4.1.1 The size and composition of the Board shall be determined by the Board's Nomination Committee but shall reflect the requirements set out in paragraph 4.1.3, provided that the person who is Panel Chairman for the time being shall be chairman of the Board.

4.1.2 The Board shall establish a Nomination Committee which, ~~other than in respect of the chairman of the Board who shall be appointed in accordance with Section B2,~~ shall be responsible for:

- (a) evaluating the balance of skills, experience, independence and knowledge on the Board; and
- (b) leading the process for Board appointments including:
  - (i) preparing a description of the role and capabilities required for a particular appointment; and
  - (ii) making appointment recommendations to the Board.

4.1.3 The Board shall provide written terms of reference for the Nomination Committee which shall, inter alia, specify that:

- (a) the Nomination Committee shall, in recommending appointments to the Board, have appropriate regard to reflecting different classes of, or categories of, industry participants on the Board;
- (b) a majority of the Directors (excluding the chairman and Directors appointed under Section C4.1.3(d) but including the Panel Chairman) shall have relevant electricity industry experience; ~~and~~
- (c) at least two Directors shall be, in the Nomination Committee's reasonable opinion (having regard, among other things, to any present or future business interests disclosed by those individuals), suitably independent from the electricity industry;
- (d) not more than two Directors may be employees of BSCCo, and if any employees are appointed as Directors one of those must be the Chief Executive, provided that in the event that a person ceases to be an employee of BSCCo that person shall immediately cease to be a Director; and
- (e) the Panel Chairman from time to time shall be appointed as a Director provided that, if that Panel Chairman is subsequently removed as a Director pursuant to Section C4.1.9 or Section C4.10.1, another Panel Member recommended by the

Panel shall be appointed as a Director during the remainder of the term of that Panel Chairman.

4.1.4 The Board shall:

~~(a) submit the Nomination Committee terms of reference to the Panel for its approval prior to:~~

~~(i) adopting those terms of reference; or~~

~~(ii) making any material changes thereto; and~~

~~(b) publish the Nomination Committee terms of reference on the BSC Website.~~

4.1.5 ~~Not used~~The composition of the Nomination Committee shall be set out in its terms of reference provided that:

~~(a) the chairman of the Nomination Committee shall be the chairman of the Board;~~

~~(b) at least one Nomination Committee member shall be a Director appointed under paragraph 4.1.3(b); and~~

~~(c) at least one Nomination Committee member shall be an independent Director within the meaning of paragraph 4.1.3(c).~~

4.1.6 ~~Not used~~The Panel may appoint one of its members to act as an advisor to the Nomination Committee in connection with the recruitment process for any proposed appointments to the Board. If a Panel advisor is appointed then the Nomination Committee shall:

~~(a) keep the Panel advisor informed of the conduct and progress of the recruitment process; and~~

~~(b) consult with and seek the advice of the Panel advisor at regular intervals (including before recommending an appointment to the Board).~~

4.1.7 ~~Not used~~The Nomination Committee shall at all times comply with its terms of reference provided that where it deems it necessary to exercise any of its duties otherwise than in compliance with the Nomination Committee terms of reference it shall first seek the approval of the Board and the Panel to such non-compliance

4.1.8 The Board may, based on the recommendation of the Nomination Committee:

(a) appoint a Director as chairman of its meetings; and

(b) subject to paragraph 4.2.1(a), determine the period for which the chairman is to hold office.

4.1.9 BSCCo shall, when Directors (other than employees of BSCCo) have been appointed or re-appointed since the last Annual BSC Meeting, prepare and circulate to all Parties not later than 28 days prior to an Annual BSC Meeting the text of a resolution for Voting Parties to approve that appointment or re-appointment ("**Appointment Resolution**") at the next Annual BSC Meeting in accordance with the relevant provisions of Annex C-2. If an Appointment Resolution is rejected by Voting Parties at a vote then the relevant person shall cease to be a Director either:

(a) five (5) Working Days after results are published under paragraph 4.2.2(c) of Annex C-2; or

(b) if an audit has been commissioned under paragraph 4.2.3 of Annex C-2, promptly after that audit's confirmation, if it occurs, of the published results.

## **4.2 Directors**

4.2.1 A person appointed as Director under paragraph 4.1:

- (a) shall hold office for a term not exceeding ~~two~~three years, but shall be eligible for re-appointment on expiry of such term;
- (b) may resign or be removed from office in accordance with the provisions of the Articles of Association of BSCCo;
- (c) ~~Not used~~~~shall cease to hold office if removed in accordance with Section B6.2.9 to B6.2.15; and;~~
- (d) shall, if also a Panel Member, cease to hold office if he also ceases to hold office as a Panel Member pursuant to Section B2.7.4(d); and
- (e) shall cease to hold office if removed in accordance with the provisions of paragraphs 4.1.9 or 4.10.1.

## **4.3 ~~Not used~~Transitional arrangements in respect of Directors who are Industry Panel Members**

~~4.3.1 Each Director of BSCCo who is an Industry Panel Member at the Relevant Implementation Date for Modification Proposal P281 shall remain in office until the earlier of:~~

- ~~(a) the expiry of that Director's term of office;~~
- ~~(b) the resignation by that Director of his office;~~
- ~~(c) that Director ceasing to hold office in accordance with Section B2.7.4(b), (c) or (d); or~~
- ~~(d) the appointment (under paragraph 4.1 or 4.3.2) of a replacement Director with relevant industry experience.~~

~~4.3.2 The Chairman may appoint, after consultation with the Panel, up to two Directors with relevant industry experience to serve as ad hoc Directors until such time as they are replaced by, or confirmed as (as the case may be), Directors nominated and appointed in accordance with paragraph 4.~~

## **4.4 Expenses and remuneration**

4.4.1 Each Director shall be entitled to be reimbursed by BSCCo for the reasonable costs and expenses (including travel and accommodation costs) properly incurred by such Director in attending meetings of or otherwise in the conduct of the business of the Board.

4.4.2 In addition to reimbursement under paragraph 4.4.1, any Director ~~appointed under paragraph 4.1.3(e)~~ shall be entitled to be paid by BSCCo such remuneration and benefits for the role of Director as may be determined by the ~~Panel Chairman after consultation with the Panel~~Board.

4.4.3 ~~Not used~~~~Except as provided in paragraph 4.4.2, no Director shall be entitled (in that capacity) to be paid any remuneration or benefits other than his costs and expenses in accordance with paragraph 4.4.1.~~

4.4.4 The secretary of BSCCo shall not be entitled to remuneration in that capacity, but without prejudice to the terms on which he is employed by BSCCo.

4.4.5 The remuneration and benefits payable to a Director for the role of Director pursuant to paragraph 4.4.2 shall be disclosed in the Annual BSC Report.

#### **4.5 Indemnity**

4.5.1 The Directors of BSCCo shall be indemnified by BSCCo as and to the extent provided in the Articles of Association of BSCCo.

#### **4.6 Chief Executive**

4.6.1 After consultation with the Panel, the Board may appoint, and may from time to time remove, reappoint or replace, a person, ~~not being a Director,~~ to be the Chief Executive of BSCCo.

4.6.2 Subject to paragraph 4.6.1, the person appointed as Chief Executive shall be employed or otherwise engaged by BSCCo on such terms as the Board shall decide.

4.6.3 ~~Subject to paragraph 4.6.1, the~~ The Chief Executive ~~may~~~~shall not~~ be a Director, but if they are not a Director they shall be entitled to receive notices of and to attend and speak (but not to vote) at all meetings of the Board, and (if requested by the Chairman of the Board) shall be required to attend such meetings, provided that the Board may require him to be absent from any part of a meeting at which any matter concerned with his employment or engagement by BSCCo is to be considered.

4.6.4 ~~Subject to paragraph 4.6.1, t~~The Board shall delegate to the Chief Executive authority to conduct the day to day business of BSCCo.

#### **4.7 Proceedings of the Board**

4.7.1 Subject to the provisions of the Code, proceedings of the Board shall be conducted and governed in accordance with the requirements contained in the Articles of Association of BSCCo.

#### **4.8 General Meetings**

4.8.1 The Directors of BSCCo may call a General Meeting.

4.8.2 Voting Parties may require the Directors of BSCCo to call a General Meeting.

4.8.3 The Directors of BSCCo shall be required to call a General Meeting in accordance with Annex C-2 once BSCCo has received a request for a Resolution to be voted on from Voting Parties with a combined Actual Voting Share (as published on the BSC Website on the day such request is received) of at least five (5) per cent (%).

4.8.4 A request from a Voting Party:

(a) must state the nature of the business to be dealt with at the General Meeting;

(b) must include the Voting Party's rationale and any supporting documentation; and

(b) may include the text of a Resolution that is intended to be moved at the General Meeting.

4.8.5 A request:

(a) may be in hard copy form or in electronic form; and

(b) must be authenticated by the Authorised Signatory of the Voting Party or Voting Parties making it.

4.8.6 A vote on a Resolution at any General Meeting or the Annual BSC Meeting shall be conducted in accordance with the provisions of Annex C-2.

#### **4.9 Non-Binding Resolutions**

4.9.1 In respect of any General Meeting or the Annual BSC Meeting, one or more Voting Parties may, subject to paragraph 4.8, propose a vote on a non-binding resolution in relation to any matter related to the activities of the Board ("**Non-Binding Resolution**").

#### **4.10 Binding Resolutions**

4.10.1 In respect of any General Meeting or the Annual BSC Meeting, one or more Voting Parties may, subject to paragraph 4.8, propose a vote on a binding resolution to remove one or more Directors from the Board ("**Binding Resolution**"). If the Binding Resolution is approved by Voting Parties at a vote then the relevant person shall immediately cease to be a Director.

## **6. BUSINESS STRATEGY AND ANNUAL BUDGET**

*Amend paragraph 6 to read as follows:*

### **6.1 Introduction**

6.1.1 For each BSC Year (the "**Plan Year**") BSCCo shall have:

- (a) a Business Strategy, setting out the principal activities which BSCCo expects to be carrying out in the Plan Year and each of the two following BSC Years, on the basis of the functions and responsibilities which are or have been assigned to BSCCo under or pursuant to the Code but excluding the activities of Permitted Affiliates, except as contemplated in paragraph 1.3.1 of Annex C-1;
- (b) an Annual Budget, setting out the expenditure which BSCCo considers reasonably necessary in order to carry out such activities in the Plan Year,

each established and from time to time amended in accordance with this paragraph 6.

6.1.2 The Panel and all Parties shall be invited to comment prior to finalisation of the Business Strategy for each BSC Year ~~shall be approved by the Panel~~ in accordance with paragraph 6.3.

6.1.3 BSCCo shall provide a copy of each Business Strategy and Annual Budget, and each revision thereof, to the Authority, the Panel and each Party, promptly after adopting or making any revision to such Business Strategy or Annual Budget.



## 6.2 Scope of Business Strategy and Annual Budget

- 6.2.1 BSCCo will discuss with the Panel ~~and obtain its approval of~~ the scope and format from time to time of the Business Strategy and Annual Budget.

## 6.3 Business Strategy

- 6.3.1 For each BSC Year, BSCCo shall:

- (a) ~~Not used not later than 1<sup>st</sup> December in the preceding BSC Year, make an initial presentation to the Panel of its proposals for the Business Strategy;~~
- (b) not later than 1<sup>st</sup> January in the preceding BSC Year, prepare an initial draft Business Strategy, provide a copy to the Panel and to all Parties, and invite comments from persons eligible to propose Code Modifications thereon;
- (c) not later than ~~1<sup>st</sup>~~ 20<sup>th</sup> February in the preceding BSC Year, ~~after considering all comments received by BSCCo, prepare and provide to the Panel a revised draft of the Business Strategy together with~~ publish a summary of the comments received on the initial draft; and
- (d) not later than ~~1<sup>st</sup>~~ 15<sup>th</sup> March in the preceding BSC Year, ~~after considering all comments received by BSCCo after discussing the draft with the Panel,~~ make such further revisions to the draft Business Strategy as ~~the Panel~~ BSCCo may consider appropriate having regard to the functions and responsibilities of BSCCo and the objectives in Section B1.2.1, and finalise and ~~subject to the approval of the Panel~~ adopt the Business Strategy.

- 6.3.2 Where BSCCo ~~or the Panel~~ considers that there are options or alternatives as to any activity which BSCCo may carry out in the Plan Year, which or the costs of which are materially different from each other, the initial draft Business Strategy provided under paragraph 6.3.1(b) shall set out such options or alternatives.

- 6.3.3 With the consent of the Panel, BSCCo may vary the times by which the steps in paragraph 6.3.1 are to be taken.

- 6.3.4 After adopting the Business Strategy, BSCCo shall keep the Business Strategy (so far as it relates to the Plan Year) under review, ~~and shall propose any revision thereto which appears requisite,~~ and shall ~~revise~~ make any revision to the Business Strategy ~~which appears requisite in accordance with any approval of~~ after seeking such further comments from the Panel ~~but not otherwise~~ and all Parties as the Board considers necessary.

## 6.4 Annual Budget

- 6.4.1 At the same time as preparing each draft of the Business Strategy under paragraph 6.3, BSCCo shall prepare or revise, and submit to the persons to whom each draft Business Strategy is submitted, a draft Annual Budget for the Plan Year.

- 6.4.2 Following ~~approval by the Panel~~ finalisation of the Business Strategy, BSCCo shall finalise and adopt the Annual Budget.

- 6.4.3 Following any revision of the Business Strategy, BSCCo shall review and if appropriate revise the Annual Budget.

- 6.4.4 The Annual Budget for each BSC Year and any revision (including under paragraph 6.5) of such Annual Budget shall be approved by the Board.

## 6.5 Budget overspend

6.5.1 If the aggregate amount of BSCCo's expenditure in any BSC Year exceeds, or BSCCo anticipates that it may exceed, the amount contained in the Annual Budget, BSCCo shall promptly:

- (a) notify the Panel and all Parties, giving details of the excess expenditure and an explanation of the reasons therefor; and
- (b) submit to the Panel and all Parties a draft revision of the Annual Budget, together with ~~any possible options~~ its proposal for modifying the Business Strategy ~~which if~~ BSCCo considers ~~may be it~~ appropriate to modify the Business Strategy so as to reduce or limit its expenditure in the relevant BSC Year ~~(and an indication of the effect of such proposals on the Annual Budget).~~

6.5.2 After ~~discussion with the Panel (and seeking~~ such ~~consultation with further comments from the Panel and Trading Parties as the Panel may stipulate~~ Board considers necessary), but ~~subject to and~~ taking account of any consequent revision of the Business Strategy ~~which the Panel may have approved~~, BSCCo shall revise the Annual Budget ~~so as to include the excess expenditure.~~

*Insert new Annex C-2 after Annex C-1 of Section C to read as follows:*

**ANNEX C-2: VOTING PROCEDURES FOR BINDING RESOLUTIONS, NON-BINDING RESOLUTIONS AND APPOINTMENT RESOLUTIONS**

**1 GENERAL**

**1.1 Introduction**

1.1.1 This Annex C-2 sets out the basis and procedures which should be used for the raising of and voting on Resolutions by Voting Parties (as described in paragraph 2) at General Meetings or BSC Annual General Meetings in accordance with Section C4.1.9, C4.8.1, or Section C4.9.1 (as appropriate). .

1.1.2 For the purposes of this Annex C-2:

- (a) "Authorised Signatory" means a person authorised by a BSC Party in writing to act for it in accordance with paragraph 1.2.1 of this Annex C-2;
- (b) "Provisional Voting Share" has the meaning given to that term in paragraph 2.1.2 of this Annex C-2;
- (c) "Voting Party Resolution" means a Binding Resolution or a Non-Binding Resolution;
- (d) "Voting Share Cap" has the meaning given to that term in paragraph 2.1.2 of this Annex C-2; and
- (e) "Quorum Requirements" means the quorum requirements set out in paragraph 3.1 of this Annex C-2.

1.1.3 Each Party shall procure that BSCCo is notified of the persons it authorises as Authorised Signatory from time to time to:

- (a) notify a Trading Party Group or Distribution Business Group;
- (b) require the Directors of BSCCo to call a General Meeting; or
- (c) propose Resolutions and vote on Resolutions under this Annex C-2,

in accordance with the requirements of BSCP38. If for any reason it is unclear which person is the Authorised Signatory for a Voting Party Group for any of the above purposes, the Authorised Signatory shall be determined at random by BSCCo.

**1.2 Resolutions raised by Parties (Binding Resolutions and Non-Binding Resolutions)**

1.2.1 An Authorised Signatory may require BSCCo to raise a Non-Binding Resolution or Binding Resolution ("Voting Party Resolution") by following the process set out in Section C4.8.

1.2.2 BSCCo shall, (with reference to the process set out in paragraph 2):

- (a) within two (2) Working Days of receipt of a proposed Voting Party Resolution, notify an affected Director (in the case of a Binding Resolution) and the Board (in the case of all Resolutions) that a Resolution has been raised; and
  - (b) within fifteen (15) Working Days of receipt of a proposed Voting Party Resolution, send a notice to all Parties, the Board and the Authority informing them of the details of a General Meeting to be held not earlier than twenty (20) Working Days and not later than thirty (30) Working Days following the date of the notice, and including the information set out in paragraph 1.2.4 together with, in the case of Voting Parties, their Actual Voting Share.
- 1.2.3 Every notice calling a General Meeting shall specify the place, date and time of the meeting, and include a statement that a Voting Party entitled to attend and vote is entitled to appoint a proxy. The notice shall specify the general nature of the business to be transacted at the meeting, shall set out the text of all resolutions to be considered by the meeting, together with any rationale or supporting documentation provided by the proposer, and may include information provided by the Board or a Director in response to a Resolution.
- 1.2.4 Voting Parties (other than the Transmission Company) wishing to appoint a proxy shall notify BSCCo via their Authorised Signatory of the details of that proxy not less than two (2) Working Days prior to the relevant General Meeting. In order to accept the appointment of a proxy BSCCo may require:
- (a) such details as it may determine concerning the identity of the proxy; and
  - (b) the Authorised Signatory's instructions as to how the proxy is to vote.
- 1.3 Resolutions raised by BSCCo (Appointment Resolutions)**
- 1.3.1 Where BSCCo wishes to raise an Appointment Resolution in accordance with Section C4.1.9, not later than 28 days prior to an Annual BSC Meeting, it shall prepare and circulate to all Parties, the Board and the Authority a notice including the text of the Resolution and explanatory notes as to how a Voting Party may appoint a proxy or vote in person on the Appointment Resolution at the Annual BSC Meeting, together with a request to Parties to declare any Trading Party Group or Distribution Party Group.
- 1.3.2 Voting Parties (other than the Transmission Company) wishing to appoint a proxy shall notify BSCCo via their Authorised Signatory of the details of that proxy not less than two (2) Working Days prior to the relevant Annual BSC Meeting. In order to accept the appointment of a proxy BSCCo may require:
- (a) such details as it may determine concerning the identity of the proxy; and
  - (b) the Authorised Signatory's instructions as to how the proxy is to vote.
- 1.4 Distribution Business Groups and Trading Party Groups**
- 1.4.1 Each Party shall notify BSCCo via its Authorised Signatory of its Voting Party Group by 1 June in each year.
- 1.4.2 Each Party shall promptly notify BSCCo via its Authorised Signatory of any amendment to its Voting Party Group.
- 1.4.3 Voting Parties for the purposes of voting on a Resolution shall be published on the BSC Website from time to time. Voting Parties Groups shall initially be those most recently

published on the BSC Website for the purposes of Panel elections. The register of Voting Parties shall be adjusted and re-published:

- (a) annually, within five (5) Working Days of Parties' provisions of revised information under paragraph 1.4.1; and
- (b) at any time, within five (5) Working Days of BSCCo's receipt of a notification under paragraph 1.4.2.

## **2. VOTE ALLOCATION MECHANISM**

2.1.1 The base number of votes allocated to eligible voting parties (as described in this paragraph 2) shall be 10,000 votes which shall be allocated on the basis set out in this paragraph 2. Eligible voting parties for the purposes of this Annex C-2 means:

- (a) the Transmission Company;
- (b) each Trading Party and/or each Distribution System Operator; and
- (c) for Authorised Signatory purposes only, where a Trading Party or a Distribution System Operator is Affiliated to any other Trading Party or Distribution System Operator, the largest aggregation of such Parties that are Affiliated to each other ("Voting Party Group").

each being referred to in the Code as a "Voting Party".

2.1.2 For the purposes of this Annex C-2:

<b><u>Defined Term</u></b>	<b><u>Acronym</u></b>	<b><u>Definition</u></b>
<b><u>"Actual Voting Share"</u></b>	<u>VSA<sub>v</sub></u>	<u>The voting share allocated to a Voting Party v for the purpose of voting on a Resolution following the application of the Voting Share Cap;</u>
<b><u>"Provisional Voting Share"</u></b>	<u>VSP<sub>y</sub></u>	<u>The voting share allocated to a Voting Party before the application of the Voting Share Cap.</u>
<b><u>"Voting Party"</u></b>	<u>v</u>	<u>Has the meaning given to that term in paragraph 2.1.1 and in respect of whom votes will be allocated in accordance with paragraph 2.1.5;</u>
<b><u>"Voting Share Cap"</u></b>	<u>VSC</u>	<u>The cap applied to a Voting Party's Provisional Voting Share in order to determine that Voting Party's Actual Voting Share. The Voting Share Cap is six (6) per cent;</u>

2.1.3 The Actual Voting Share for each Voting Party shall be calculated by BSCCo and published on the BSC Website within 5 Working Days of:

- (a) the monthly publication of the Annual Funding Share values for that month; and
- (b) BSCCo's receipt at any time of updated Trading Party Group or Distribution Business Group information from an Authorised Signatory.

2.1.4 The **Actual Voting Share** for each Voting Party v will be determined as the lesser of the Provisional Voting Share and the Voting Share Cap, or:

$$\underline{VSA_v = \min(VSP_v, VSC)}$$

2.1.5 The **Provisional Voting Share** for each Voting Party v will be determined as:

(a) For the Transmission Company:

$$\underline{VSP_v = 600}$$

(b) For each Voting Party that is a Trading Party Group but is not a Distribution Business Group:

$$\underline{VSP_v = \max(\lfloor (8600 * (\Sigma_{p(v)} FSA_{pm} / \Sigma_p FSA_{pm})) \rfloor, 1)}$$

(c) For each Voting Party that is a Trading Party Group and a Distribution Business Group:

$$\underline{VSP_v = \max(\lfloor (8600 * (\Sigma_{p(v)} FSA_{pm} / \Sigma_p FSA_{pm})) \rfloor + \lfloor (800 / D) \rfloor, 1)}$$

(d) For each Voting Party that is a Distribution Business Group but is not a Trading Party Group:

$$\underline{VSP_v = \max(\lfloor (800 / D) \rfloor, 1)}$$

where:

FSA<sub>pm</sub> is the Annual Funding Share for Trading Party p determined for the month m that is the most recent month for which Annual Funding Shares can be calculated in accordance with Section D1.2.1(e);

Σ<sub>p(v)</sub> is the sum across all Trading Parties p that belong to the Trading Party Group that forms Voting Party v;

Σ<sub>p</sub> is the sum across all Trading Parties p; and

D is the number of individual Distribution Business Groups

2.1.6 The **Voting Share Cap** will be determined as:

$$\underline{VSC = \lfloor (\Sigma_v VSP_v) * 0.06 \rfloor}$$

where Σ<sub>v</sub> is the sum across all Voting Parties v

### **3. QUORUM AND CONDUCT OF MEETING**

#### **3.1 Quorum**

3.1.1 No business in relation to a Resolution shall be transacted at a meeting unless the Quorum Requirements have been met.

3.1.2 The Quorum Requirements in respect of votes under this Annex C-2 are as follows:

(a) A minimum of at least ten (10) Voting Parties should be present at the relevant meeting either in person or through a duly appointed proxy;

- (b) The Voting Parties casting a vote at the meeting (in person or through a duly appointed proxy) should hold an aggregate Actual Voting Share of at least thirty (30) per cent (%) of the total Actual Voting Share; and
  - (c) an Authorised Signatory of the Transmission Company should be present at the meeting.
- 3.1.3 If within 30 minutes after the time for which a General Meeting has been convened the Quorum Requirements have not been met:
  - (a) the Board shall fix the time and date of the adjourned meeting; and
  - (b) BSCCo shall give notice of the adjourned meeting.
- 3.1.4 If within 30 minutes after the time for which a vote on a Resolution is scheduled at an Annual BSC Meeting has been convened the Quorum Requirements have not been met:
  - (a) the Board shall fix the time and date of the adjourned meeting; and
  - (b) BSCCo shall give notice of the adjourned meeting.
- 3.1.5 For the purposes of this Annex C-2 (including the provisions of this paragraph 3.1) any person (including a proxy) can attend any meeting virtually (including, without limitation, teleconference and videoconference) if that person is able to exercise a right to speak and be heard and to vote.
- 3.1.6 BSCCo shall review the Quorum Requirements:
  - (a) from time to time; and
  - (b) in accordance with a request from the Authority or the Panel.
- 3.1.7 If a review under paragraph 3.1.6 results in a recommendation that the Quorum Requirements should be modified, the Panel shall decide at the following Panel meeting whether to propose a modification to the Quorum Requirements in accordance with Section F.
- 3.2 Conduct of Meeting**
  - 3.2.1 Each General Meeting and any part of any Annual BSC Meeting dealing with Resolutions shall be chaired by the chairman of the Board, except:
    - (a) if the chairman is the subject of a Binding Resolution, a vice-chairman of the Board (if appointed) will chair the meeting; or
    - (b) if there is no vice-chairman of the Board, or if that person is also the subject of a Binding Resolution, another Director selected by the Board will chair the meeting; or
    - (c) if the entire Board is the subject of a Binding Resolution, the Transmission Company attendee will chair the meeting.
  - 3.2.2 Resolutions at Annual BSC Meetings shall, subject to the provisions of this Annex C-2, be conducted in accordance with the provisions of Section B6.2.

3.2.3 The following shall be entitled to attend and speak at any General Meeting or, for the purposes only of a vote on a Resolution (but without prejudice to Section B6.2 in respect of other business to be conducted), any Annual BSC Meeting:

- (a) the representative (which may include its Authorised Signatory) of any Voting Party;
- (b) any proxy that has been duly appointed by a Voting Party;
- (c) any Director of BSCCo;
- (d) in respect of an Annual BSC Meeting, any person who is entitled to attend the Annual BSC Meeting shall be entitled to attend the business relating to a Resolution but shall not be permitted to speak except pursuant to paragraph 3.2.3(e); and
- (e) any other person who the chairman has permitted to attend and speak at such meeting.

## **4. VOTING**

### **4.1 Administration of Voting**

4.1.1 BSCCo shall administer each vote pursuant to this Annex C-2.

4.1.2 In respect of each Voting Party only an Authorised Signatory may submit a vote or authorise a proxy to submit a vote on their behalf.

4.1.3 A Voting Party's Actual Voting Share for the purposes of a vote shall be the Actual Voting Share published on the BSC Website at 17:00 on the last Working Day before the day of the vote.

### **4.2 Voting**

4.2.1 Provided the Quorum Requirements are met a vote on any Resolution shall be determined by a simple majority of votes cast.

4.2.2 BSCCo shall count the votes on any Resolution held and:

- (a) within one Working Day of a meeting shall publish indicative results of such a vote; and
- (b) within five Working Days of the meeting shall publish final confirmation of the result of the vote.

### **4.3 Audit**

4.3.1 Provided a Voting Party requests an audit within five (5) Working Days of a confirmation under paragraph 4.2.2(b), BSCCo shall commission an audit of that vote, which shall be completed within thirty (30) Working Days.



## SECTION F: MODIFICATION PROCEDURES (Version 26)

### 2. CODE MODIFICATION PROCEDURES

*Amend paragraph 2.1.1 to read as follows:*

#### 2.1 Modification Proposals

2.1.1 A proposal to modify the Code may be made by any of the following:

- (a) a Party (other than BSCCo or the BSC Clearer);
- (b) Citizens Advice and Citizens Advice Scotland;
- (c) such other bodies representative of interested third parties as may be designated in writing for this purpose by the Authority from time to time;
- (d) the Panel:
  - (i) on the recommendation of BSCCo in accordance with Section C3.8.8 or Section H9.8;
  - (ii) on the recommendation of BSCCo following receipt by BSCCo of a change request proposing a change to a Core Industry Document and/or the System Operator-Transmission Owner Code which would, if made, have an impact on the Code;
  - (iii) on the recommendation of BSCCo where BSCCo becomes aware of a change in circumstances, since approval of a Proposed Modification, which would make the implementation of that Approved Modification impossible or significantly more costly than anticipated at the time such Modification was approved or no longer relevant;
  - (iv) on the recommendation of BSCCo to rectify manifest errors in or to correct minor inconsistencies (or make other minor consequential changes) to the Code;
  - (v) on the recommendation of the Trading Disputes Committee in consequence of a Trading Dispute;
  - (vi) on the recommendation of the Performance Assurance Board in accordance with Section Z8.2; ~~and~~
  - (vii) on the recommendation of a report in relation to a VoLL Review in accordance with Section T1.12;

(vi) on the recommendation of a report in accordance with paragraph 3.1.7 of Annex C-2,

provided that, where the Panel decides to make a proposal in any of the circumstances set out in paragraphs (i) to (vii), such proposal shall be without prejudice to the Panel's decision, pursuant to paragraph 2.7, as to whether or not to recommend to the Authority that such modification should be made;

- (e) a CfD Counterparty to reflect a proposed change to the CFD Arrangements which would, if made, have an impact on the Code;

- (f) the CM Settlement Body to reflect a proposed change to the CM Arrangements which would, if made, have an impact on the Code; and
- (g) the Authority (in relation only to modifications which it reasonably considers are necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency).

**ANNEX X-1: GENERAL GLOSSARY** (Version ~~5371~~1.0)

*Insert the following new definitions in alphabetical order:*

<b><u>"Actual Voting Share":</u></b>	<u>has the meaning given to that term in paragraph 2 of Annex C-2;</u>
<b><u>"Appointment Resolution":</u></b>	<u>has the meaning given to that term in Section C4.1.9;</u>
<b><u>"Binding Resolution":</u></b>	<u>has the meaning given to that term in Section C4.10.1;</u>
<b><u>"Distribution Business Group ":</u></b>	<u>means a Distribution System Operator and every Affiliate of that Distribution System Operator (and if it has no Affiliate, only that Distribution System Operator);</u>
<b><u>"General Meeting":</u></b>	<u>means a meeting of all Voting Parties to vote on a Voting Party Resolution but shall not be a general meeting of BSCCo as referred to in the Companies Act 2006 and BSCCo's Articles of Association;</u>
<b><u>"Non-Binding Resolution":</u></b>	<u>has the meaning given to that term in Section C4.9.1;</u>
<b><u>"Trading Party Group":</u></b>	<u>means a Trading Party and every Affiliate of that Trading Party (and if it has no Affiliate, only that Trading Party);</u>
<b><u>"Voting Party":</u></b>	<u>has the meaning given to that term in paragraph 2.1.1 of Annex C-2;</u>

:

<u>"Voting Party Group":</u>	<u>has the meaning given to that term in paragraph 2.1.1(c) of Annex C-2;</u>
	<u>:</u>

<u>"Voting Party Resolution":</u>	<u>has the meaning given to that term in paragraph 1.1.2(c) of Annex C-2.;</u>
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*Amend Table X-1 by deleting the following definitions:*

<del>"Eligible Directors":</del>	<del>has the meaning given to that term in Section B6.2.9;</del>
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<del>"Ratification Notice":</del>	<del>has the meaning given to that term in Section B6.2.10;</del>
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