

GC0086 – Independent Chairman

Requirement

The GCRP Chairman shall be independent of the relevant Licensee (National Grid Electricity Transmission plc). The appointment (and any subsequent re-appointments) shall be subject to approval by the Authority.

Timescales

To be decided. It is unlikely that the process for finding and recruiting a new Panel Chair will be completed in time for the next GCRP Panel elections.

Voting Rights

The same process for the Chair's voting rights in the CUSC could be used for the Grid Code. This would mean that the Chair has a casting vote for matters other than the Panel Recommendation Vote and will have an additional casting vote in the event of a deadlock when the Panel is voting on a Self-Governance proposal. A casting vote is not necessary in the event of a deadlock for a standard Modification, as the recommendation can legitimately reflect a split vote without hindering the ongoing process of a proposal.

Deputy Chair

As for the CUSC, it is suggested that in the event that the Independent Panel Chairman is unable to attend a GCRP meeting, the Deputy Chairman could be provided by National Grid.
Alternatively, Panel Members could elect a Deputy from those present at the Panel meeting. If this were the case, then that Panel Member would be unable to vote, but they would have the ability to pass their vote to an alternate Panel Member.

Recruitment Process

Selection Process

Options:

1. Recruitment Agency.

This could be used for drawing up a shortlist of candidates and National Grid would coordinate the appointment process.

NB. This process was used for recruiting the current CUSC Chairman and took approximately 6 months from the agency beginning their search, to the appointment being approved by Ofgem. The agency charged a £40,000 flat fee for their services, plus 12% expenses and any incidental expenses. They also recommended a fee of £50,000 - £60,000 for the role.

2. Use of a Panel sub-committee to assist in the appointment process.

This could include a representative from the Code Administrator, a representative from NGET (potentially the existing Panel Chair) and two Panel Members. The

sub-committee could be responsible for compiling terms of reference for the selection adviser, reviewing the selection adviser's capability and proposed process for short listing, agreeing the scope of the Panel Chairman's role and assess the shortlisted candidates for suitability for the role and make a recommendation as to who should be put forward to the Authority.

3. Panel Member nominations.

A potential candidate could be nominated by Panel Members, in place of using a selection adviser. This would be a significantly cheaper option, but the drawbacks are that it would be less transparent and may raise issues over impartiality and potential conflicts of interests.

CUSC Process:

The process drawn up and recommended by the Governance Standing Group under the CUSC, was that a Selection Adviser ('head hunter') is used to draw up a shortlist of candidates, a Panel sub-committee then reviews the short list, interviews candidates (if necessary) and makes a recommendation to the Panel as to which candidate (s) would be most suitable. The Panel then reviews and make a recommendation to the Authority.

Time Commitment for Panel Chair

This role would be a part-time position. It would involve 1 day every 2 months attending the meeting, and approximately 1 -2 days every 2 months for preparation (reading papers, pre-meet with the Code Administrator). This would include travel to and from the Panel meeting and the pre-meet with the Code Administrator. This would equate to 12 - 18 days per year. In addition to this, there would be a time commitment associated with urgent modifications and any extraordinary Panel meetings or business that take place. 6 days is budgeted for this scenario, taking the potential time allowance up to 24 days.

Code Administrator Recommendation

To appoint an Independent Chair using recommendations from the GCRP and other industry colleagues. A selection of Panel Members will shortlist and interview three recommended candidates and make an informed decision. The use of head hunters has proved costly and onerous in the past so the Code Administrator is not recommending this as a method for recruiting the Chair.

Appendix 1 – Candidate Attributes.

This is the potential attributes discussed by the GSG when discussing the process for the Independent CUSC Panel Chairman. The views on the merits of each attribute is set out.

	Pros	Cons
Retired	Greater availability and flexibility to attend meetings, including "urgent" meetings, at short notice, read papers, attend briefings with the Code Administrator etc.	May be "out of the loop" in terms of current knowledge on industry or commercial matters.
Currently employed	Greater awareness of current issues and commercial practice.	Less availability and flexibility to attend meetings at short notice. Potential for conflict of interest, depending on current employment.
Seniority	Brings wider knowledge and experience to the position. Adds gravitas to the position.	The more senior the candidate, whether employed or retired, the more their availability and flexibility is likely to be restricted, due to existing diary commitments. Fee charged likely to be higher the more senior the candidate.
Public Sector	Independent of market participants.	More likely to lack relevant technical and/or commercial experience of issues which matter to the industry.
Private Sector	More likely to have relevant technical and/or commercial experience of issues which matter to the industry.	Potential for conflict of interest, depending on current or previous employment.
Academic	Independent of market participants. Likely to have relevant technical expertise.	May lack practical application of specialist theory. Potential for conflict of interest, depending on funding they / their employer receives from external bodies (such as energy companies) for research etc.
Based in UK	Better availability for meetings. Lower travel expenses. Potentially greater relevant UK experience.	May lack a wider non-UK perspective, which will become increasingly relevant with European Third Package.
Based overseas	Potentially brings a wider understanding of how similar matters are dealt with overseas (e.g. European network codes).	Potential lack of experience and knowledge of UK market and commercial operations. Higher travel expenses. Less flexibility and availability.

	Pros	Cons
Has relevant technical/commercial experience of energy sector	<p>Greater understanding of issues raised and discussed, enabling better facilitation of the meeting.</p> <p>Able to recall experience of previous events or changes that are relevant to matters at hand.</p>	<p>May become overly involved in debate at meeting and step outside the role of chairing the meeting.</p> <p>Not constrained by previous events and decisions.</p>