

Representation received by Email

UNC Independent Panel Chair

Date: 10 February 2014

Organisation:

British Gas Trading Limited

Abstract:

- 1) What criteria do you consider to constitute an independent Chair?

The Chair should be concerned with ensuring the efficient running of Panel meetings in accordance with the agreed processes under which the Panel is expected to conduct itself. The Chair must demonstrate objectivity with regard to the relevant processes, allow all Panel members equal opportunity to express opinions, must demonstrate strict impartiality when considering Code parties' views, and ensure a consistent approach to Panel proceedings and in the interpretation (if required) of Panel rules. The Chair should not attempt to lead the Panel to any pre-determined conclusion that might discriminate against any Code party.

- 2.) Do you consider that the Joint Office Chief Executive, appointed from a Gas Transporter business, fulfils the Transporter's Licence obligation to appoint an independent chair, and why?

If the person were able to demonstrably meet the above criteria then this should not be a problem. However, this ought to result from an open procurement process to appoint the Chair.

- 3.) Do you have any views on the *process* of appointing the Independent Chair in this way?

There does not appear to be a properly transparent process for appointing the Chair, rather an assumption that The Chief Executive of the Joint Office will automatically take the role.

Ideally, the position of Chair should be advertised widely to attract a range of prospective suitable candidates. In accordance with their licence obligations, Gas Transporters should run the selection process and seek Panel, wider industry and, ultimately, Ofgem's approval for the preferred candidate. The Gas Transporters should be required to clearly explain the preferred candidate's suitability for the role. This

should include a summary of the candidate's knowledge of the gas industry and how costs are considered to be proportionate.

The appointment should be for a set period (e.g. 24 months) with a review after, say, 18 months at which time the Panel should be asked whether to renew the Chair's tenure or to ask Gas Transporters to advertise for candidates.

Gas Transporters should also ensure that an alternate Chair is identified to stand in for the Chair when that person cannot be present for a Panel meeting (e.g. due to illness).

- 4.) Are there any further examples or evidence you can provide to support the points made?

It should not be assumed that the current "process" (i.e. appointing the Chief Executive of the Joint Office as Chair) results in a Chair who cannot act independently. However, it is not transparent how candidates are selected and it is likely that it is from a very limited pool.

In addition to asking about the process for selection it would be worthwhile considering how the performance of the Chair can be monitored, assessed and, if necessary, rectified so as to provide an on-going incentive to the Chair to conduct business appropriately.