

## Dissolution of dormant Elexon subsidiaries

### BSC Panel

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Owner/author **Claire Kerr**

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Summary **We invite the Panel to note the Board's agreement for Elexon to commence the dissolution of Poolit Limited and Poolserco Limited and to retain ownership of BSC Co Limited.**

### 1. Background

1.1 Elexon currently has three dormant subsidiaries: Poolit Limited<sup>1</sup>, Poolserco Limited<sup>2</sup> and BSC Co Limited<sup>3</sup>.

#### Poolit Limited

1.2 Under the Electricity Pool arrangements, the Pool's Intellectual Property Rights (IPR) were originally owned by Pool members. However, in c.1998 it was agreed that all Pool IPR should be transferred into a corporate entity incorporated for that purpose, Poolit Limited.

1.3 Some residual IPR, which we believe was comprised of certain Code Subsidiary Documents (e.g. process and service descriptions that the BSC refers to), was originally retained by Poolit but:

- this residual Poolit IPR has been incorporated into, and intermingled with, Elexon owned IPR. Consequently, it would be almost impossible to identify what, if any, IPR Poolit now owns or to value it;
- Poolit no longer asserts ownership and has not done so since 2005; and
- Poolit is a dormant company.

1.4 Given that the BSC arrangements are now over 20 years old and there are substantial differences in the composition of the industry, it is difficult to conceive of any reason why Pool IPR needs to be owned by a separate company. In addition, under Poolit's financial statements, to the extent there is still any IPR vested in Poolit, it is recorded as having nil value.

#### Poolserco Limited

1.5 Poolserco Limited was established under the Pool as a vehicle for entering into contracts with service providers. When the BSC arrangements were implemented, a number of these contracts remained in force with Poolserco continuing as a counterparty.

1.6 All such contracts have now either expired or have been novated to Elexon. Consequently, Poolserco now fulfils no purpose.

#### BSC Co Limited

1.7 BSC Co Limited was acquired from National Grid as a 'name protection' company.

<sup>1</sup> Company number - 03646741

<sup>2</sup> Company number - 03646729

<sup>3</sup> Company number - 03837126

1.8 We recommend that ownership of BSC Co Ltd be retained in order to protect and control 'BSCCo' as a company name (this is the term used to refer to Elexon in the BSC).

## 2. Why dissolve dormant companies?

2.1 Maintaining dormant companies constitutes an administrative burden, albeit not particularly onerous. For each company we need to undertake the following activities annually:

- prepare annual (unaudited) accounts which are there subject to approval by the respective company boards;
- submit an annual Confirmation Statement (together with a fee of £13); and
- prepare and hold AGMs annually (we have reduced this burden by dispensing with the AGMs for these companies (there is no legal requirement for private companies to hold an AGM).

## 3. Process for dissolving Poolit and Poolserco

3.1 Dissolving these subsidiaries will not involve a significant amount of work. However, to prevent a potential 'technical' breach of the BSC<sup>4</sup>, we propose to notify National Grid and Ofgem before proceeding.

3.2 Given the historic rationale for Poolit and Poolserco (and noting that some BSC Panel Members may have been involved in the Pool arrangements), we are informing the BSC Panel of the Board's intention to transfer Poolit IPR (and any residual Poolserco IPR) to Elexon and to dissolve both companies. Further, we ask if the BSC Panel may feel it necessary to issue an Elexon Circular to notify industry of our intentions.

## 4. Next Steps

4.1 At its meeting on 7 December 2022, the Board unanimously agreed with our recommendation to commence the dissolution of Poolit Limited and Poolserco Limited and to retain ownership of BSC Co Limited.

4.2 Assuming no issues emerge from the Panel (or through any subsequent Elexon Circular), we recommend that all Poolit and Poolserco IPR should be transferred to Elexon for a nominal consideration (e.g. £1).

4.3 We then propose making an application to the Registrar of Companies ([Companies House](#)) to remove the companies from the register of companies and for them to be dissolved using the voluntary strike off procedure (as per sections 1003 to 1011 of the [Companies Act 2006](#)). This is an administrative process for dissolving a company where that company is no longer needed. None of the companies has any creditors so this would be a straightforward process that would take approximately three-four months to take effect.

## 5. Recommendations

5.1 We invite the Panel to:

- a) **NOTE** the Board's agreement to commence the dissolution of Poolit Limited and Poolserco Limited;
- b) **NOTE** the Board's agreement to retain ownership of BSC Co Limited; and
- c) **CONSIDER** whether to inform industry of our intention via an Elexon Circular.

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### For more information, please contact:

Claire Kerr, Governance and Compliance Manager

[claire.kerr@elexon.co.uk](mailto:claire.kerr@elexon.co.uk)

020 7380 4293

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<sup>4</sup> Section C3.4.5(c) contains a restriction that prohibits Elexon from "disposing of any legal or beneficial interest in any shares in...any other Subsidiary of BSCCo". The disposal of shares would normally be understood, in a legal context, to mean the sale of shares to third parties. However, the ordinary meaning of disposal could also be interpreted as including the dissolving of companies.