These notes refer to the Energy Act (Northern Ireland) 2011 (c.6) which received Royal Assent on 10 February 2011

Energy Act (Northern Ireland) 2011

EXPLANATORY NOTES

BACKGROUND AND POLICY OBJECTIVES

Special administration regime for the electricity and gas sector

A special administration regime is a mechanism designed to ensure the uninterrupted operation of gas and electricity networks essential to security of supply in the event of actual or threatened insolvency of a network company.

In the normal course of events, the duties of a receiver or administrator appointed under the Insolvency (Northern Ireland) Order 1989 (the **Insolvency Order**) include obtaining the best possible price for the company assets on behalf of the creditors and shareholders. In the case of an energy network company, there is a risk that this might require the company to cease operating the relevant network. This would be against the wider public interest, especially if the security of electricity or gas supply to thousands of consumers were to be threatened.

The Act therefore introduces a 'special energy administration regime' for the energy sector. This safeguards the provision of essential electricity and gas supplies from the local networks, by providing that the relevant network shall continue to be maintained and developed as an efficient and economic system.