



Energy Act 2004

2004 CHAPTER 20

PART 3

ENERGY REGULATION

CHAPTER 3

SPECIAL ADMINISTRATION REGIME FOR ENERGY LICENSEES

Energy administration orders

155 Objective of an energy administration

- (1) The objective of an energy administration is to secure—
 - (a) that the company's system is and continues to be maintained and developed as an efficient and economical system; and
 - (b) that it becomes unnecessary, by one or both of the following means, for the energy administration order to remain in force for that purpose.
- (2) Those means are—
 - (a) the rescue as a going concern of the company subject to the energy administration order; and
 - (b) transfers falling within subsection (3).
- (3) A transfer falls within this subsection if it is a transfer as a going concern—
 - (a) to another company, or
 - (b) as respects different parts of the undertaking of the company subject to the energy administration order, to two or more different companies,of so much of that undertaking as it is appropriate to transfer for the purpose of achieving the objective of the energy administration.

Changes to legislation: Energy Act 2004, Section 155 is up to date with all changes known to be in force on or before 20 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (4) The means by which transfers falling within subsection (3) may be effected include, in particular—
- (a) a transfer of the undertaking of the company subject to the energy administration order, or of a part of its undertaking, to a wholly-owned subsidiary of that company; and
 - (b) a transfer to a company of securities of a wholly-owned subsidiary to which there has been a transfer falling within paragraph (a).
- (5) The objective of an energy administration may be achieved by transfers falling within subsection (3) to the extent only that—
- (a) the rescue as a going concern of the company subject to the energy administration order is not reasonably practicable or is not reasonably practicable without such transfers;
 - (b) the rescue of that company as a going concern will not achieve that objective or will not do so without such transfers;
 - (c) such transfers would produce a result for the company’s creditors as a whole that is better than the result that would be produced without them; or
 - (d) such transfers would, without prejudicing the interests of those creditors as a whole, produce a result for the company’s members as a whole that is better than the result that would be produced without them.
- (6) In this section “the company’s system”, in relation to an energy administration, means—
- (a) the system of electricity distribution or of electricity transmission, or
 - (b) the pipe-line system for the conveyance of gas,
- which the company subject to the energy administration order has been maintaining as the holder of a relevant licence.
- (7) In this section “efficient and economical”, in relation to a system for electricity distribution or electricity transmission, includes co-ordinated.
- [^{F1}(8) Subsection (9) applies if the company in relation to which an energy administration order is made has functions conferred by or by virtue of—
- (a) Chapter 2, 3 or 4 of Part 2 of the Energy Act 2013, or
 - (b) an order made under section 46 of that Act (power of Secretary of State to transfer certain functions).
- (9) The objective of an energy administration (in addition to the objective mentioned in subsection (1)) is to secure—
- (a) that those functions are and continue to be carried out in an efficient and effective manner; and
 - (b) that it becomes unnecessary, by one or both of the means mentioned in subsection (2), for the energy administration order to remain in force for that purpose.
- (10) The duty under section 154(3), so far as it relates to the objective mentioned in subsection (9)—
- (a) applies only to the extent that securing that objective is not inconsistent with securing the objective mentioned in subsection (1);
 - (b) ceases to apply in respect of any function of a company if an order is made under section 46 of the Energy Act 2013 as a result of which the function is transferred from that company to another person.]

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Textual Amendments

F1 S. 155(8)-(10) inserted (18.2.2014) by Energy Act 2013 (c. 32), ss. 48(3), 156(2)

Modifications etc. (not altering text)

- C1** Pt. 3 Ch. 3: power to modify conferred (31.3.2022 for specified purposes, 1.6.2022 in so far as not already in force) by Nuclear Energy (Financing) Act 2022 (c. 15), ss. 38, 44(1)(c)(2)(c)
- C2** Ss. 154-171 modified (1.10.2005) by Energy Administration Rules 2005 (S.I. 2005/2483), rules 1, 184 (with rules 3, 187)
- C3** Ss. 154-171 modified (7.6.2013) by The Energy Supply Company Administration Rules 2013 (S.I. 2013/1046), rules 1, 205(2)-(4) (with rules 3, 208)
- C4** Ss. 154-171 modified (E.W.) (1.8.2020) by The Smart Meter Communication Licensee Administration (England and Wales) Rules 2020 (S.I. 2020/629), rules 1, 3(2)-(4) (with rule 4(1))
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Commencement Information

I1 S. 155 in force at 5.10.2004 by S.I. 2004/2575, art. 2(1), Sch. 1

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 137(3)(c)-(e) inserted by [2011 c. 16 s. 117\(b\)](#)
- s. 173(2C) inserted by [2023 c. 52 Sch. 14 para. 10](#)
- Sch. 22 para. 4(1A) inserted by [2023 c. 52 Sch. 14 para. 11\(2\)\(b\)](#)