

Update: Baglan group of companies - power supply to the Energy Park



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On 24 March 2021, upon the petition of the directors, winding-up orders were made against Calon Energy (Baglan Bay) Limited, Baglan Generating Limited, Baglan Pipeline Limited, and Baglan Operations Limited and the court appointed the Official Receiver, Gareth Jonathan Allen, as Liquidator.

The court appointed David John Pike and Michael Robert Pink from Interpath Advisory as Special Managers to assist the Official Receiver with the liquidation.

Background

The Baglan group of companies comprise a gas turbine power station located in Baglan Bay, South Wales. In June 2020 the ultimate parent company entered administration and in July 2020 the power station ceased generating electricity. Power is supplied to the Baglan Energy Park through a substation on the site – known as the private wire network.

Baglan Energy Park, a 180-acre site, remains home to a large number of other businesses and organisations, and the Official Receiver has striven to ensure all key stakeholders have been kept abreast of developments.

Liquidation

A liquidator's statutory duties are set out in insolvency legislation and their primary role is to ensure the assets of the companies are realised and distributed to creditors. The legislation also sets out that a liquidator is only empowered to carry on the business of a company where it is necessary for the beneficial winding up of the company. Throughout the liquidation the Official Receiver has sought and acted upon

the advice of his legal advisors, including the advice of Leading Counsel.

In order to facilitate an orderly wind-down of operations at the site, the Official Receiver has maintained the supply of electricity and in so doing has continued to supply the Energy Park from the private wire network since his appointment in March 2021. This includes the maintenance and operation of the high voltage electricity lines with all the associated risks to health and life, for which the Official Receiver is personally liable.

This has meant the tenants on the Baglan Energy Park have benefited from an uninterrupted power supply and have had time to put in place contingency plans for the eventual switching off of the private wire network and conclusion of liquidations of the Baglan group. This could only continue whilst power was required to wind down the companies and complete site closure activities.

These are complex and challenging aspects of the liquidations. As part of the closure plan the Official Receiver has also carried out other significant activities at the site, including removing hazardous substances and depressurising the 11.8 km high pressure gas pipeline.

Latest developments

The Official Receiver has been funded to undertake his duties by the UK Government and has worked tirelessly with key stakeholders to keep them informed of developments in real time. The Official Receiver has consistently emphasised the temporary nature of ongoing supply and shared plans to achieve the wind down of the Baglan group of Companies. From the outset of the liquidations of the Baglan group of Companies the Official Receiver has explained the limit of his statutory powers as liquidator to continue electricity supply, and stressed the urgency for customers and stakeholders to develop their contingency plans.

Following a detailed risk assessment, the Official Receiver and the Special Manager's primary focus has been the preparation, finalisation, and execution of a sequenced

closure plan, which has been shared with all stakeholders.

As part of those closure activities, and with advice from Leading Counsel, the termination of the supply of electricity from the private wire network was planned to complete on 14 January 2022 and communicated to customers and stakeholders in October 2021.

Following applications to court by a number of customers and a stakeholder challenging the Official Receiver's decision to terminate the supply of electricity, the Official Receiver has agreed a consent order that includes a term that power supply to its customers located in Baglan Energy Park will not be terminated until the applications are determined by the court.

If you are a customer or creditor of the Baglan group of companies, please contact the Special Managers via email: Baglancustomers@kpmg.co.uk.

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