

Debt to Society FAQ

We have written this FAQ in light of the ongoing interest in our 2025 Debt to Society report. This FAQ clarifies the main points in that report.

How big is the windfall for electricity and gas networks?

Our 2025 report showed that the financial outperformance for networks during RIIO-2 was £4 billion. We expect this figure to have grown, as inflation remained above 2% during 2025/26.

Can electricity and gas networks return this windfall immediately?

This windfall has inflated the Regulated Asset Value (RAV) of the networks. The RAV itself is recovered from consumers over several decades, whilst investor returns applied to the inflated base are paid annually. This means that the £4 billion windfall is paid for by consumers over time and the network companies are not sitting on it as cash that can be returned immediately.

What would be the downside of clawing back this money for consumers?

We recognise the importance to consumers of a stable regulatory framework, which is why we have focussed on voluntary commitments from the electricity and gas networks. We think there is a strong moral case for network companies to make use of this unearned outperformance to help people who have suffered through the cost of living crisis.

What are the risks of inaction by the network companies?

We are increasingly concerned that the magnitude of debt outperformance could reach a point where the legitimacy of the regulatory regime comes under question. At that point, the stable regulatory framework is put at risk. Actions taken now could avoid this risk.

What could a voluntary commitment look like?

Voluntary commitments could include funding Ofgem's Debt Relief Scheme. Voluntary contributions from the networks could be a way of introducing a Debt Relief Scheme whilst avoiding short-term increases in consumer energy bills.

Are you planning any further work in this area?

We're preparing an update to our review of the effectiveness of the RIIO2 price controls. As with 2025's Debt to Society, the headline finding will remain debt outperformance. This is largely driven by inflation being higher than long-term expectations. Further debt outperformance is expected in 2025/26.