# Energy network owners profit by £4 billion during crisis, report claims



Households across the UK are facing a significant financial burden, with energy network owners reportedly benefiting from nearly £4 billion in what has been described as "excess profit" during the energy crisis. This substantial windfall, amounting to £3.9 billion, has been attributed to a regulatory loophole exploited by companies managing Great Britain's gas pipes and power lines.

An analysis conducted by Citizens Advice revealed that the excess profits were accrued over a four-year period, primarily due to Ofgem, the energy regulator, overestimating the borrowing costs of these network owners as interest rates escalated. This miscalculation has had a profound impact on consumers, suggesting that households have unwittingly contributed to these inflated profits while grappling with record debt levels during ongoing cost of living challenges.

In response to the findings, Dame Clare Moriarty, the chief executive of Citizens Advice, stated, "We now know that while households have struggled with sky-high energy bills, network companies have been making astronomical profits." She highlighted the disconnect between consumer experiences during the crisis and the financial gains of energy network firms, characterising the profits as "undeserved" and beyond reasonable expectations.

Future Energy Networks remarked that as regulated businesses, the returns realised by Great Britain's network operators were in line with methodologies established by Ofgem. They underscored that these returns enable substantial investment in the UK's energy infrastructure.

Dame Moriarty reiterated calls for the network companies to act equitably, suggesting that they should redirect these excess profits towards initiatives that could provide debt relief and targeted support for consumers still facing financial hardships. In light of these criticisms, an Ofgem spokesperson addressed Citizens Advice's claims, asserting that the issues raised would eventually only add “a few pounds a year” to consumer bills.

The spokesperson also clarified that following extensive public consultations, Ofgem has resolved to adjust its price controls to prevent situations where inflationary shocks lead to excessive financial benefits for network companies. They indicated that while it was essential for these companies to bolster their balance sheets, they also had a responsibility to assist consumers in distress. As the energy landscape continues to evolve, the implications of these developments remain to be fully understood by consumers and regulators alike.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://morningstaronline.co.uk/article/energy-network-companies-rake-in-over-ps4bn-in-excess-profits> - This article supports the claim that energy network companies have made nearly £4 billion in excess profits due to a regulatory loophole, with Citizens Advice highlighting the issue of overestimated borrowing costs.
* <https://www.the-independent.com/news/uk/home-news/energy-bills-price-cap-network-b2700875.html> - This article corroborates the analysis by Citizens Advice that energy network companies have profited from high inflation, leading to significant excess profits, and discusses the impact on consumer bills.
* <https://www.citizensadvice.org.uk/about-us/media-centre/press-releases/energy-network-companies-pocket-gbp4-billion-in-excess-profits-from-cost-of/> - Citizens Advice's press release explains how the excess profits were due to a flaw in Ofgem's price control, which overestimated borrowing costs, and calls for these profits to support struggling households.
* <https://www.ofgem.gov.uk/> - Ofgem's official website provides context on their role in setting price controls for energy network companies and their efforts to address regulatory issues affecting consumer bills.
* <https://www.energy-uk.org.uk/> - Energy UK's website offers insights into the energy sector's perspective on regulatory frameworks and investments in infrastructure, which are relevant to the financial performance of energy network companies.