

Via Email to: debtconsultations@ofgem.gov.uk

05/02/2025

Resetting the Energy Debt Landscape: The Case for a Debt Relief Scheme

Dear Ofgem,

I am writing on behalf of Smart Choice Metering (SCM) a Meter Operator specialising in debt solutions and Smart Choice Renewables (SCR) a leading renewable energy installer. We execute PDV's and Warrants nationwide alongside more than 100,000 Smart meter installs in support of modernising the nations power grid. Our renewables arm of the group completes domestic and industrial commercial Solar and Battery installations to further our progress towards net zero as an country.

While we understand and appreciate the need for a resolution to energy debt challenges, we believe the suggested solution of clearing debts does not fully address the long-term needs of both consumers and the broader energy landscape.

Instead, SCM and SCR would like to propose a green, renewable energy alternative that not only helps consumers manage their debt but also accelerates the UK's transition to a low-carbon economy. Our proposal centres around using the funds to install renewable energy solutions, such as solar panels and battery storage systems, that would reduce energy costs for consumers while resolving their debt obligations over time.

Our Proposal: Integrating Renewable Energy with Debt Relief

The key difference between our proposal and the current approach in your document is that we focus on renewable energy as a long-term, sustainable solution. We propose that the funds allocated to clearing the energy debt could be redirected to facilitate the installation of solar panels and battery storage systems for qualifying consumers.

As an example, consider a customer who has accumulated £4,000 in debt during the energy crisis. Under our proposal, if the customer meets specific criteria that will ethically and practically support funding:

1. **Investment in Solar/Battery Storage:** Invest £5k installation of solar panels and or £2.1k into a 5.8kw domestic Battery
2. **Debt Reduction via Energy Savings:** While the customer continues to pay their energy bills, the savings generated by the solar panels and battery storage would directly reduce the debt at the previous kw value accumulated. Over time, this setup would not only provide long-term financial benefits to the customer but also significantly decrease the original energy debt.
3. **Debt Resolution and ROI:** Assuming standard energy savings from solar energy generation on a 3 bed house of 3785kwh a year, the debt would be fully resolved on a £4k Debt within 4.4 years, leaving an additional 20.6 years of benefit for the customer and net zero targets. For customers that don't own a roof for solar and can't facilitate an installation, standalone



battery solutions that can reach all properties could generate as much as £439 per year, closing a £2000 debt within 4.5 Years with 5.5 years of ongoing benefit for the customer and grid.

While there are numerous ways an energy supplier can support customer in this process, allowing them to return energy at the market value originally purchased would maintain the emphasis on customer benefit.

Ethical and Green Benefits

Redirecting the funds to invest in solar and battery storage solutions aligns with the UK's decarbonisation goals and offers a range of ethical and environmental benefits, including:

- **Promoting Sustainability:** The proposed solution actively promotes renewable energy adoption, reducing reliance on fossil fuels and contributing to the UK's carbon reduction commitments.
- **Energy Security:** By empowering consumers with their own solar energy solutions, we reduce reliance on volatile energy markets, helping consumers achieve greater energy security.
- **Affordability for Consumers:** As energy costs continue to rise, providing consumers with the ability to generate their own energy can lead to substantial long-term savings, even beyond the repayment of their debt.
- **Social Responsibility:** This solution provides a fairer and more sustainable way of managing energy debt, by helping customers not only resolve their debt but also become part of the green energy movement.

Additional Benefits

In addition to the environmental and ethical advantages, our proposal offers several other key benefits:

1. **Long-Term Financial Stability for Consumers:** The combination of solar and battery storage provides consumers with a predictable reduction in their energy bills, reducing their vulnerability to price volatility in the future.
2. **Job Creation and Local Economic Growth:** The installation of solar panels and batteries generates employment opportunities in the green energy sector, benefiting local communities and contributing to the UK's green economy.
3. **Decreased Dependency on the National Grid:** Solar and battery storage solutions will help alleviate pressure on the national grid, particularly during peak demand periods, by allowing consumers to generate and store their own energy.
4. **Alignment with Government Energy Goals:** By encouraging green energy solutions, SCM's proposal helps fulfil the UK's climate goals, ensuring that the funds used for debt relief also contribute to the larger transition to a net-zero economy.



While we understand the pressing need to address energy debt in the current environment, we believe that Ofgem's proposal of debt cancellation, though well-intentioned, overlooks a more sustainable, long-term solution. By investing in renewable energy solutions like solar panels and battery storage, SCM and SCR believe we can resolve energy debt while simultaneously advancing the UK's green energy transition and providing lasting benefits to consumers.

We welcome the opportunity to discuss this proposal further with Ofgem and explore how we can work together to build a more sustainable, affordable, and equitable energy landscape for all.

Thank you for considering this alternative solution. We look forward to your feedback.

Sincerely,



Joe Laborero

Director

Smart Choice Metering

Joe.laborero@smartchoicemetering.co.uk

