

Office of Gas and Electricity Markets

Introduction

1. This Estimate covers the resource expenditure of the Office of Gas and Electricity Markets.

The Office of Gas and Electricity Markets (OFGEM) comprises the Gas and Electricity Markets Authority and was set up in December 2000 under the provisions of the Utilities Act 2000. OFGEM's principal aim is to protect the interests of consumers, wherever appropriate by promoting effective competition.

Further details of the expenditure contained within this Estimate can be found in the Department of Trade and Industry's Departmental Report Cm 6216.

Monies collected on behalf of the Secretary of State, either on behalf of Energywatch or in respect of the Secretary of State's own costs are shown as payments to DTI.

Central expenditure is offset mainly by income from licence fees recovered from the gas and electricity industries.

2. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resources 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry.	1,000
Request for Resources 2: Expenditure in connection with the Climate Change Levy	700,000
Total net resource requirement	701,000
Net cash requirement	1,785,000

Amounts required in the year ending 31 March 2005 for expenditure by the Office of Gas and Electricity Markets on:

RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry

Administrative and operational costs, payments to DTI, co-operation with international regulators and associated non cash items

RfR 2: Expenditure in connection with the Climate Change Levy

The accreditation of renewable energy producers and certification of output under the Finance Act 2000.

The **Office of Gas and Electricity Markets** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
RfR 1	1,000	—	1,000
RfR 2	700,000	306,000	394,000
Total net resource requirement	701,000	306,000	395,000
Net cash requirement	1,785,000	1,309,000	476,000

Part II: Subhead detail

£'000

2004-05						2003-04 Provision	2002-03 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry									
37,301	13,410	-	50,711	50,710	1	1,000	50	2	1
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Gas and Electricity Markets Authority: Administration									
37,301	110	-	37,411	37,410	1	1,000	50	1	1
B Payments to DTI									
-	13,300	-	13,300	13,300	-	-	-	1	-
RfR 2: Expenditure in connection with the Climate Change levy									
700	-	-	700	-	700	-	-	680	220
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Gas and Electricity Markets Authority: Administration									
700	-	-	700	-	700	-	-	680	220
Total for Estimate:									
38,001	13,410	-	51,411	50,710	701	1,000	50	682	221

Part II: Resource to cash reconciliation

	2004-05		2003-04		2002-03	
	Provision		Provision		Outturn	
	£'000					
Net Total Resources		701		682		221
Voted capital items						
Capital		1,000		1,000		707
Less Non-operating A-in-A		50		950		618
Total net voted capital		950		50		89
Accruals to cash adjustment						
Adjustments to remove non-cash items:						
Cost of Capital charges		218		284		490
Depreciation		-1,250		-1,300		-950
New provisions and adjustments to previous provisions		-		-		-2,287
Profit/loss on sale of assets		-		-		253
Prior period adjustments		-		-		-
Other non-cash items		-45		-45		-45
Increase (+) / Decrease (-) in stock		-		-		-
Increase (+) / Decrease (-) in debtors		-		-589		1,254
Increase (-) / Decrease (+) in creditors		-		3,275		-1,739
Use of provisions		1,211		1,457		1,009
Total accruals to cash adjustments		134		3,082		-2,015
Excess cash to be CFERd		-		-		1,926
Net Cash Requirement		1,785		3,814		221

Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):-

	2004-05		2003-04		2002-03	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as AinA	-	-	-	-	-	-
Non-operating income not classified as AinA	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	1,926
Total	-	-	-	-	-	1,926

Forecast Operating Cost Statement

	2004-05 Provision	2003-04 Provision	2002-03 Outturn	£'000
Net Administration Costs				
RfR 1	-109	718	259	
RfR 2	<u>700</u>	<u>680</u>	<u>220</u>	
Total Net Administration costs	591	1,398		479
Net Programme Costs				
RfR 1	110	-716	-258	
RfR 2	<u>-</u>	<u>-</u>	<u>-</u>	
Total Net Programme costs	110	-716		-258
Total Net Operating Cost	701	682		221
<i>of which:</i>				
Net Resource Outturn	701	682		221
CFERs	-	-		-
Non-voted expenditure	-	-		-
Resource Budget Outturn	701	682		221

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2004-05 Provision	2003-04 Provision	2002-03 Outturn
Net Resource Outturn (Estimates)	701	682	221
<i>Adjustments to remove:</i>			
provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
non-voted expenditure in the OCS	-	-	-
Consolidated Fund Extra Receipts in the OCS	-	-	-
Other adjustments	-	-	-
Net Operating Cost (Accounts)	701	682	221
<i>Adjustments to remove:</i>			
capital grants to local authorities	-	-	-
capital grants financed from the Capital Modernisation Fund	-	-	-
European Union income and related adjustments	-	-	-
voted expenditure outside the budget	-	-	-
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-
resource consumption of non departmental public bodies	-	-	-
unallocated resource provision	-	-	-
Other adjustments	-	-	-
Resource Budget Outturn (Budget)	701	682	221
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	701	682	221
Annually Managed Expenditure (AME)	-	-	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2004-05 Provision	2003-04 Provision	2002-03 Outturn
Net Voted Capital Outturn (Estimates)	950	50	89
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	-	253
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-
capital spending by non-departmental public bodies	-	-	-
capital grants to local authorities	-	-	-
capital grants financed by the Capital Modernisation Fund	-	-	-
local authority credit approvals	-	-	-
capital spending by levy funded bodies	-	-	-
unallocated capital provision	-	-	-
Other adjustments	-	-	-
Capital Budget Outturn (Budget)	950	50	342
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	950	50	342
Annually Managed Expenditure (AME)	-	-	-

Notes to the Main Estimate *(continued)*

Explanation of Accounting Officer responsibilities

The Treasury has appointed the Chief Executive of OFGEM, Alistair Buchanan, as Accounting Officer with overall responsibility for preparing the Department's Estimate.

The allocation of Accounting Officer responsibilities in the Office of Gas and Electricity Markets is as follows:

Request for Resources 1: Alistair Buchanan Accounting Officer and Permanent Head of Department

Then as applicable:

Request for Resources 2: Alistair Buchanan, Accounting Officer and Permanent Head of Department

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in *Government Accounting*.

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A)

	£'000					
	2004-05 provision		2003-04 provision		2002-03 outturn	
	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry						
Licence fees for Energywatch	13,300	—	12,400	—	11,200	—
Licence fees for Electricity and Gas	34,000	—	36,400	—	33,197	—
Recovery of costs of administering the Fossil Fuel Levy	110	—	175	—	140	—
Receipts in respect of rent charges to customers	3,300	—	3,295	—	4,944	—
Sale of capital assets	—	50	—	950	—	342
Total RfR 1	50,710*	50**	51,870	950	49,481	342

*Amount that may be applied as appropriations in aid in addition to the net total, arising from regulation of monopolies and promoting competition, regulation of monopolies and promoting competition. Includes gas and electricity licence fees; recovery of costs for administering the Fossil Fuel Levy; income from fees and charges levied under the Gas Act 1986 and Electricity Act 1989, as amended by the Utilities Act 2000; receipts in respect of letting, disposal, vacation or occupation of property or accommodation and any other cost recovery receipts.

**Amount that may be applied as non-operating appropriations in aid arising from the sale of capital assets.

Notes to the Main Estimate *(continued)*

Analysis of Consolidated Fund extra receipts

	£'000					
	2004-05 provision		2003-04 provision		2002-03 outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Excess cash received to cover provision for future liabilities	—	—	—	—	—	1,926
Dividends	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—
Total	—	—	—	—	—	1,926

Notes to the Main Estimate *(continued)*

Administration costs limits and Departmental Expenditure Limits

Administration costs limits £'000

	Gross provision	Income	Total administration costs limit
Gross administration costs limits			
Net administration costs limits	38,001	-37,410	591

Departmental Expenditure Limits (DEL) £'000

	Voted*	Non-voted	Total
Resource DEL	701	—	701
Capital DEL	950	—	950
Less depreciation	-1,250	—	-1,250
Total DEL	401	—	401

- * i. *Capital DEL includes items treated as resource in Estimates and Accounts, but which are treated as part of Capital DEL, under stage 2 of Resource Accounting and Budgeting, as implemented in the 2002 Spending Review*
 ii. *Excludes EU receipts included in Estimates, but excluded in Budgets*

Comparisons of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2004-05 of £701,000 is 2.8 per cent higher than the final provision and forecast outturn for 2003-04 of £682,000.

Notes to the Main Estimate *(continued)*

Cash which may be retained to offset expenditure

£'000

Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid

	2004-05 provision	2003-04 provision	2002-03 outturn
	50,760	52,820	49,823

