

Office of Gas and Electricity Markets

Introduction

1. This Supplementary Estimate is required for the following purposes:

		Amount (£)	
		<u>Increases</u>	<u>Reductions</u>
<u>Changes in resources</u>			
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry and expenditure in connection with environmental programmes			
<u>Other changes</u>			
<u>Resource transfers to/from another Request for Resources</u>			
A1	Increase in Gas and Electricity Markets Authority administration costs funded by a transfer from RfR 2, Section B.	400,000	
A5	Increase in operating appropriations- in-aid from regulatory fees and licences and penalties income transferred from RfR2, Section B.		-400,000
B1	Climate Change Levy and Renewable Energy Guarantees of Origin administration costs funded by transfer from RfR2, Section A.	700,000	
C1	Energy Efficiency and other Environmental Schemes administration costs funded by a transfer from RfR2, Section B.	1,700,000	
C5	Increase in operating appropriations- in-aid from regulatory fees and licences and penalties income transferred from RfR2, Section B.		-1,700,000
<u>Token increases</u>			
A1	A token increase in administration costs to allow an Estimate to be taken to transfer resources from RfR2 to RfR1.	1,000	
		<u>Total</u>	
Total change in resources for RfR1		2,801,000	-2,100,000
			701,000

RfR 2: Expenditure in connection with environmental programmes

<u>Section</u>	<u>Reason for change</u>	<u>Increases</u>	<u>Reductions</u>
<u>Other changes</u>			
<u>Resource transfers to/from another Request for Resources</u>			
A1	Reduction in Climate Change Levy and Renewable Energy Guarantees of Origin administration expenditure costs offsetting transfer of resources to RfR1, Section B.		-700,000

B1	Reduction in Energy Efficiency and other Environmental Schemes administration costs offsetting transfer of resources to RfR1, Sections A and C.		-2,100,000
B5	Reduction in operating appropriations- in-aid from regulatory fees and licences and penalties income offsetting transfers to RfR2, Sections A and C.	2,100,000	

	<u>Total</u>	2,100,000	-2,800,000
Total change in resources for RfR2			-700,000

Total change in resources for Estimate			1,000
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- As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £1,000.
- Symbols are explained in the Introduction to this booklet.

Office of Gas and Electricity Markets

Part I

		£
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry and expenditure in connection with environmental programmes	†*	701,000
RfR 2: Expenditure in connection with environmental programmes	†	-700,000
Total additional net resource requirement		1,000
Additional net cash requirement		1,000

SUPPLEMENTARY amounts required in the year ending 31 March 2008 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 and expenditure in connection with environmental programmes

Administrative and operational costs, payments to BERR, co-operation with international regulators, administration of energy efficiency and other environmental schemes, and associated non-cash items.

RfR 2: Expenditure in connection with environmental programmes

Administration of energy efficiency and other environmental schemes and associated non-cash items.

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

† The reduction in the net resource requirement of RfR2 of £700,000 is offset by a reallocation of those resources to RfR1.

* In the Main Estimate and the Winter Supplementary Estimate the RfR title was 'Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry'.

Part II: Changes proposed

						£'000
Resources		Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry and expenditure in connection with environmental programmes						
Spending in Departmental Expenditure Limits (DEL)						
<i>Central Government spending</i>						
RfR 1 - A	Gas and Electricity Markets Authority: Administration	2	401	400	1	3
RfR 1 - B	Climate Change Levy and Renewable Energy Guarantees of Origin: Administration	-	700	-	700	700
RfR 1 - C	Energy Efficiency and other Environmental Schemes:Administration	-	1,700	1,700	-	-
Total RfR 1			2,801	2,100	701	
RfR 2: Expenditure in connection with environmental programmes						
Spending in Departmental Expenditure Limits (DEL)						
<i>Central Government spending</i>						
RfR 2 - A	Climate Change Levy and Renewable Energy Guarantees of Origin: Administration	700	-700.	-	-700	-
RfR 2 - B	Energy Efficiency and other Environmental Schemes:Administration	-	-2,100.	-2,100.	-	-
Total RfR 2			-2,800	-2,100	-700	
Total Changes to RfRs			1	-	1	

	Present Provision	Change in Provision	£000 New Provision
Capital and Cash			
Total Capital Expenditure	1,000	-	1,000
Non-Operating A in A	50	-	50
Net cash requirement	1,848	1	1,849

Part II: Revised subhead detail including additional provision

Resources						Capital		£'000
1	2	3	4	5	6	7	8	
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A	
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry and expenditure in connection with environmental programmes								
40,186	-	-	40,186	39,483	703	1,000	50	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Gas and Electricity Markets Authority: Administration								
37,786	-	-	37,786	37,783	3	1,000	50	
B Climate Change Levy and Renewable Energy Guarantees of Origin: Administration								
700	-	-	700	-	700	-	-	
C Energy Efficiency and other Environmental Schemes:Administration								
1,700	-	-	1,700	1,700	-	-	-	
RfR 2: Expenditure in connection with environmental programmes								
-	-	-	-	-	-	-	-	
Spending in Departmental Expenditure Limits								
<i>Central Government spending</i>								
A Climate Change Levy and Renewable Energy Guarantees of Origin: Administration								
-	-	-	-	-	-	-	-	
B Energy Efficiency and other Environmental Schemes:Administration								
-	-	-	-	-	-	-	-	
Total for Estimate:								
40,186	-	-	40,186	39,483	703	1,000	50	

Part II: Resource to cash reconciliation

	<u>Present</u>	Increase (+/ Decrease (-)	£'000 <u>Revised</u>
Net Resource Requirement	702	1	703
Voted capital items			
Capital	1,000	-	1,000
<i>Less:</i> Non-operating A in A	<u>50</u>	<u>-</u>	<u>50</u>
Total net voted capital	950	-	950
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	255	-	255
Depreciation	-1,000	-	-1,000
New provisions and adjustments to previous provisions	-5	-	-5
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-45	-	-45
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	-	-	-
Increase(-)/decrease (+) in creditors	-	-	-
Use of provisions	<u>991</u>	<u>-</u>	<u>991</u>
Total accruals to cash adjustments	196	-	196
Excess cash to be CFERd	-	-	-
Net Cash Requirement	1,848	1	1,849

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Operating Cost Statement

	£'000
	2007-08 provision
Net Administration Costs	
RfR1	703
RfR2	-
Total Net Administration costs	703
Net Programme Costs	
RfR1	-
RfR2	-
Total Net Programme costs	-
Total Net Operating Cost	703
<i>of which:</i>	
Net Resource Requirement	703
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-
Resource Budget	703

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2007-08 Provision
Net Resource Requirement (Estimates)	703
<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 Costs (Accounts)	703
<i>Adjustments to remove:</i>	
Gains/losses from sale of capital assets	-
Capital grants	-
European Union income related to capital grants	-
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 (Budget)	703
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	703
Annually Managed Expenditure (AME)	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2007-08 Provision
Net Voted Capital (Estimates)	950
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	-
capital grants	-
European Union income related to capital grants	-
supported capital expenditure (revenue)	-
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	-
Capital Budget (Budget)	950
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	950
Annually Managed Expenditure (AME)	-

Notes to the Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

Request for Resources 1	Alistair Buchanan, Chief Executive of OFGEM
Request for Resources 2	Alistair Buchanan, Chief Executive of OFGEM

Alistair Buchanan as the Accounting Officer of the Office of Gas and Electricity Markets has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Office of Gas and Electricity Markets.

The responsibilities of an Accounting Officer are set out in chapter 3 of Managing Public Money. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims, and objectives and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

£'000

2007-08

RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry and expenditure in connection with environmental programmes

Administration	39,483
<i>of which:</i>	
Sale of goods and services	96
Regulatory licences, fines, penalties and taxes	39,387

Total RfR1	39,483 †
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† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: regulation of monopolies and promoting competition; administration of energy efficiency and other environmental schemes. 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 the Electricity Act 1989, as amended by the Utilities Act 2000; receipts in respect of letting, disposal, vacation or occupation of property or accommodation; income from services to other government organisations and any other cost recovery receipts.

Analysis of non - operating appropriations in aid (A in A)

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

Programme	50
<i>of which:</i>	
Sale of assets	50

Total RfR1	50 †
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† Amount that may be applied as non-operating appropriations-in-aid arising from : the sale of capital assets

Total Non- Operating A in A	50
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Notes to the Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	1	-	703	-	703
<i>of which:</i>					
<i>Administration budget †</i>	1	-	703	-	703
<i>Near-cash in RDEL</i>	1	-	-92	991	899
Capital DEL ††	-	-	950	-	950
Less Depreciation †††	-	-	-1,000	-	-1,000
Total DEL	1	-	653	-	653

† The total of 'Administration budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

†† Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

††† Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

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	39,533

