

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			
<u>Sectic Reason for change</u>			
<u>Other changes</u>			
<u>Resource transfers within the Request for Resources</u>			
A	Virement of provision from Other Current to Administration within RfR1, section A to reflect reclassification of non-cash expenditure from programme to administration costs	210,000	-210,000
<u>Token increases</u>			
A	A token increase in administration costs to cover an increase in gross spending of £355,000 offset by a matching increase of £354,000 in Appropriations-in-Aid.	1,000	
		<u>Total</u>	
Total change in resources for RfR1		211,000	-210,000
			1,000
Total change in resources for Estimate			1,000

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £1,000.

3. 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

1,000

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

Administrative and operational costs, payments to DBERR, co-operation with international regulators 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.

Part II: Changes proposed

Resources		Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	£'000 New Net Provision
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry						
Spending in Departmental Expenditure Limits (DEL)						
<i>Central Government spending</i>						
RfR 1 - A	Gas and Electricity Markets Authority: Administration	1	355	354	1	2
Total RfR 1			355	354	1	
Total Changes to RfRs			355	354	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	1,847	1	1,848

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							
37,385	-	-	37,385	37,383	2	1,000	50
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Gas and Electricity Markets Authority: Administration							
37,385	-	-	37,385	37,383	2	1,000	50
RfR 2: Expenditure in connection with environmental programmes							
2,800	-	-	2,800	2,100	700	-	-
Spending in Departmental Expenditure Limits							
<i>Central Government spending</i>							
A Climate Change Levy and Renewable Energy Guarantees of Origin: Administration							
700	-	-	700	-	700	-	-
B Energy Efficiency and other Environmental Schemes: Administration							
2,100	-	-	2,100	2,100	-	-	-
Total for Estimate:							
40,185	-	-	40,185	39,483	702	1,000	50

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>Revised</u>
			£'000
Net Resource Requirement	701	1	702
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	1,847	1	1,848

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	2
RfR2	700
Total Net Administration costs	702
Net Programme Costs	
RfR1	-
RfR2	-
Total Net Programme costs	-
Total Net Operating Cost	702
<i>of which:</i>	
Net Resource Requirement	702
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-
Resource Budget	702

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2007-08 Provision
Net Resource Requirement (Estimates)	702
<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)	702
<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)	702
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	702
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

Alastair 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

Administration	37,383
<i>of which:</i>	
Sale of goods and services	96
Regulatory licences, fines, penalties and taxes	37,287

Total RfR1	37,383 †
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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. Includes gas and electricity licence fees; recovery of costs for administering the Fossil Fuel Levy; income from fees and charges levied under the 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.

RfR 2: Expenditure in connection with environmental programmes

Administration	2,100
<i>of which:</i>	
Regulatory licences, fines, penalties and taxes	2,100

Total RfR2	2,100 †
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† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: regulatory fees, licences, and penalties relating to energy efficiency and other environmental schemes.

Total Operating A in A	39,483
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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

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	-	702	-	702
<i>of which:</i>					
Administration budget †	211	-	702	-	702
Near-cash in RDEL	1	-	-93	991	898
Capital DEL ††	-	-	950	-	950
Less Depreciation †††	-	-	-1,000	-	-1,000
Total DEL	1	-	652	-	652

† 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

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

£'000

39,533