
Office of Gas and Electricity Markets

Introduction

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

Amount £

Changes in Resources

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

Increases:

A token increase in administration costs of £1,000 to cover a gross increase of £251,000 offset by a matching increase of £250,000 in Appropriations -in- Aid	1,000
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Total change in resources for RfR1	1,000
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Total change in resources for Estimate	1,000
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2. As a result of the above there is an increase in the net cash requirement of £1,000
3. Symbols are explained in the Introduction to this booklet.

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 2007 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.

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

Spending in Departmental Expenditure Limits (DEL)

RfR 1 - A Gas and Electricity Markets Authority: Administration	2	251	250	1	3
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Total RfR 1		251	250	1	
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Total Changes to RfRs		251	250	1	
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£000

	Present Provision	Change in Provision	New Provision
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Capital and Cash

Total Capital Expenditure	1,000	-	1,000
Non-Operating A in A	50	-	50

Net cash requirement	7,616	1	7,617
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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								
38,920	210	-	39,130	39,127	3	1,000	50	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Gas and Electricity Markets Authority: Administration								
38,920	210	-	39,130	39,127	3	1,000	50	
RfR 2: Expenditure in connection with the Climate Change Levy								
700	-	-	700	-	700	-	-	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Gas and Electricity Markets Authority: Administration								
700	-	-	700	-	700	-	-	
Total for Estimate:								
39,620	210	-	39,830	39,127	703	1,000	50	

Part II: Resource to cash reconciliation

	Present	Increase (+)/ Decrease (-)	£'000 Revised
Net Resource Requirement	702	1	703
Voted capital items			
Capital	1,000	-	1,000
<i>Less:</i> Non-operating A in A	50	-	50
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	5,768	-	5,768
Use of provisions	991	-	991
Total accruals to cash adjustments	5,964	-	5,964
Excess cash to be CFERd	-	-	-
Net Cash Requirement	7,616	1	7,617

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Operating Cost Statement

	£'000
	2006-07 provision
Net Administration Costs	
RfR1	-207
RfR2	700
Total Net Administration Costs	493
Net Programme Costs	
RfR1	210
RfR2	-
Total Net Programme costs	210
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
	2006-07 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>	
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
	2006-07 Provision
Net Voted Capital (Estimates)	950
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	-
<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 Annex 4.1 of Government Accounting. 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

2006-07
Provision

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

Administration	39,127
<i>of which:</i>	
Charges to customers (including rent)	3,401
Licence fees and levies (including payment to energywatch)	35,726

Total RfR1	39,127 †
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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 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.

Total Operating A in A	39,127
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Analysis of non - operating appropriations in aid (A in A)

Administration	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 in addition to the net total 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	-	493	-	493
<i>Near-cash in RDEL</i>	1	-	-92	991	899
Capital**	-	-	950	-	950
Less Depreciation†	-	-	-1,000	-	-1,000
Total	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

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
39,177