

---

# Office of Gas and Electricity Markets

---

## Introduction

1. This Estimate covers the resource and cash expenditure of the Office of Gas and Electricity Markets.
2. 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.
3. Further details of the expenditure contained in this Estimate can be found in the Department of Energy and Climate Change's (DECC) Departmental report.
4. Monies collected on behalf of the Secretary of State, either on behalf of Consumer Focus and Consumer Direct, or in respect of the Secretary of State's own costs are shown as payments to the Department for Business, Enterprise and Regulatory Reform (BERR).
5. Central expenditure is offset mainly by income from licence fees recovered from the gas and electricity industries.
6. Symbols are explained in the Introduction to this booklet.

---

# Office of Gas and Electricity Markets

---

## Part I

	£
<b>Request for Resources 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry, and expenditure in connection with environmental programmes.</b>	<b>701,000</b>
<b>Total net resource requirement</b>	<b>701,000</b>
<b>Net cash requirement</b>	<b>10,156,000</b>

---

Amounts required in the year ending 31 March 2010 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 other government organisations, co-operation with international regulators, administration of energy efficiency, offshore transmission and other environmental schemes and associated non-cash items.

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

	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>701,000</b>	<b>315,000</b>	<b>386,000</b>
<b>Total net resource requirement</b>	<b>701,000</b>	<b>315,000</b>	<b>386,000</b>
<b>Net cash requirement</b>	<b>10,156,000</b>	<b>700,000</b>	<b>9,456,000</b>

---

**Part II: Subhead detail**

£'000

2009-10 Provision						2008-09 Provision	2007-08 Outturn		
Resources						Capital	Non- operating	Net Total	Net Total
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources
1	2	3	4	5	6	7	8	9	10
<b>RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry, and expenditure in connection with environmental programmes.</b>									
49,908	-	-	49,908	49,207	701	1,000	50	702	695
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A	Gas and Electricity Markets Authority: Administration								
36,980	-	-	36,980	36,979	1	1,000	50	2	695
B	Climate Change Levy & Renewable Energy Guarantees of Origin: Administration								
700	-	-	700	-	700	-	-	700	-
C	Energy Efficiency and Other Environmental Schemes: Administration								
6,628	-	-	6,628	6,628	-	-	-	-	-
D	Offshore Transmission Tender : Administration								
5,600	-	-	5,600	5,600	-	-	-	-	-
<b>Total for Estimate:</b>									
49,908	-	-	49,908	49,207	701	1,000	50	702	695

## Part II: Resource to cash reconciliation

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement</b>	<b>701</b>	<b>702</b>	<b>695</b>
<b>Voted capital items</b>			
Capital	1,000	1,000	751
Less Non-operating A-in-A	50	50	-
<b>Total net voted capital</b>	<b>950</b>	<b>950</b>	<b>751</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	250	250	140
Depreciation	-1,000	-1,000	-735
New provisions and adjustments to previous provisions	-	-	-662
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-45	-45	-42
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	6,600	500	381
Increase (-) / Decrease (+) in creditors	2,000	1,500	-703
Use of provisions	700	700	551
<b>Total accruals to cash adjustments</b>	<b>8,505</b>	<b>1,905</b>	<b>-1,070</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>10,156</b>	<b>3,557</b>	<b>376</b>

### 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):

	<b>£'000</b>					
	<b>2009-10 Provision</b>		<b>2008-09 Provision</b>		<b>2007-08 Outturn</b>	
	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	-	-
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	200,000	<i>200,000</i>	200,000	<i>200,000</i>	120,000	<i>120,000</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
<b>Total</b>	<b>200,000</b>	<b><i>200,000</i></b>	<b>200,000</b>	<b><i>200,000</i></b>	<b>120,000</b>	<b><i>120,000</i></b>

## Forecast Operating Cost Statement

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Administration Costs</b>			
RfR 1	701	702	695
<b>Total Net Administration costs</b>	<b>701</b>	<b>702</b>	<b>695</b>
<b>Total Net Operating Cost</b>	<b>701</b>	<b>702</b>	<b>695</b>
<i>of which:</i>			
Net Resource Requirement	701	702	695
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
Reduction in planned spend unable to be included in Estimate	-	-	-
<b>Resource Budget</b>	<b>701</b>	<b>702</b>	<b>695</b>

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement (Estimates)</b>	<b>701</b>	<b>702</b>	<b>695</b>
<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	-	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>701</b>	<b>702</b>	<b>695</b>
<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	-	-	-
<b>Resource Budget (Budget)</b>	<b>701</b>	<b>702</b>	<b>695</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	701	702	695
Annually Managed Expenditure (AME)	-	-	-

### Reconciliation of capital expenditure between Estimates and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Voted Capital (Estimates)</b>	<b>950</b>	<b>950</b>	<b>751</b>
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<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	-	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
<b>Capital Budget (Budget)</b>	<b>950</b>	<b>950</b>	<b>751</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	950	950	751
Annually Managed Expenditure (AME)	-	-	-

---

## Notes to the Main Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following Accounting Officer appointments have been made for the Request for Resources within this Estimate:

**Request for Resources 1:** Alistair Buchanan, Chief Executive of OFGEM

Alistair Buchanan, has personal responsibility for the proper presentation of the resource accounts and their transmission to the Comptroller and Auditor General. Alistair Buchanan is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities particular regard is given to:

- Observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the *Financial Reporting Manual* (FReM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

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 safeguarding assets, are set out in chapter 3 of *Managing Public Money* issued by the Treasury.

## Notes to the Main Estimate (*continued*)

### Analysis of operating appropriations in aid (A in A)

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry, and expenditure in connection with environmental programmes.</b>			
<b>Administration</b>	<b>49,207</b>	<b>41,484</b>	<b>39,212</b>
<i>of which:</i>			
Sale of goods and services	-	-	4,431
Regulatory licences, fines, penalties and taxes	49,207	41,484	34,781
<b>Total RfR 1</b>	<b>49,207†</b>	<b>41,484</b>	<b>39,212</b>
<i>† 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 Offshore Transmission tender and 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.</i>			
<b>Total Operating A in A</b>	<b>49,207</b>	<b>41,484</b>	<b>39,212</b>

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

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry, and expenditure in connection with environmental programmes.</b>			
<b>Administration</b>	<b>50</b>	<b>50</b>	<b>-</b>
<i>of which:</i>			
Sale of assets	50	50	-
<b>Total RfR 1</b>	<b>50†</b>	<b>50</b>	<b>-</b>
<i>† Amount that may be applied as non-operating appropriations in aid, arising from: the sale of capital assets.</i>			
<b>Total Non-Operating A in A</b>	<b>50</b>	<b>50</b>	<b>-</b>

---

**Notes to the Main Estimate (*continued*)**
**Analysis of Consolidated Fund extra receipts**

	<b>£'000</b>					
	<b>2009-10</b>		<b>2008-09</b>		<b>2007-08</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>
Fossil Fuel Levy ●	200,000	200,000	200,000	200,000	120,000	120,000
<b>Total</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>120,000</b>	<b>120,000</b>

## Notes to the Main Estimate (*continued*)

### Departmental Expenditure Limits and Administration budgets

	<b>£'000</b>		
	<b>Voted</b>	<b>Non-voted</b>	<b>Total</b>
Resource DEL	701	-	701
<i>of which: †</i>			
Administration budget	701	-	701
Near-cash in RDEL	-94	700	606
Capital DEL ††	950	-	950
Less Depreciation †††	-1,000	-	-1,000
Total DEL	651	-	651

† The total of the '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.

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

The total net resource sought for 2009-10 of £701,000 is 0.1 per cent lower than the final net provision for 2008-09 of £702,000 and 1.0 per cent higher than the forecast outturn for 2008-09 of £694,000.

### Cash which may be retained to offset expenditure

	<b>£'000</b>		
	<b>2009-10 Provision</b>	<b>2008-09 Provision</b>	<b>2007-08 Outturn</b>
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.	49,257	41,534	39,212

