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# **Office of Gas and Electricity Markets**

## **Winter Supplementary Estimates**

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*Presented to Parliament  
by the Office of Gas and Electricity Markets  
by Command of Her Majesty  
November 2001*

*Cm. 5324*

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# Office of Gas and Electricity Markets

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## Introduction

This Supplementary Estimate is required to provide for resource expenditure on the Climate Change Levy of £350,000. The increase in net resource requirement and DEL will be offset by a DEL transfer from the Department of Trade and Industry.

2. As a result of the changes there is an increase in Net Cash Requirement of £350,000.

## Part I

**RfR 2: Expenditure in connection with the Climate Change Levy** £350,000

Total net resource requirement £350,000

**Additional Net cash Requirement** £350,000

Supplementary amounts required in the year ending 31 March 2002 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, and associated non cash items payments to DTI

**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**

	<b>Present Net Provision</b>	<b>Change in Gross Provision</b>	<b>Change in A-in-A</b>	<b>Change in Net Provision</b>	<b>New Net Provision</b>
<b>Resources</b>	£000	£000	£000	£000	£000
<b>Spending in Departmental Expenditure Limits</b>					
RfR2 – Climate Change Levy Administration	–	350	–	350	350
<b>Total RfR2</b>	–	<b>350</b>	–	<b>350</b>	350
<b>TOTAL CHANGES TO RFRs</b>	–	<b>350</b>	–	<b>350</b>	350

	<b>Present Provision</b>	<b>Change in Provision</b>	<b>New Provision</b>
	£000	£000	£000
<b>Capital and Cash</b>			
Total Capital Expenditure	1,115	–	1,115
Non-Operating A-in-A	150	–	150
<b>Net cash Required</b>	<b>1</b>	<b>350</b>	<b>351</b>

## Part II Revised subhead detail including additional provision

Resources	Resources						Capital	
	1	2	3	4	5	6	7	8
	Admin	Other current	Grants	Gross total	A in A	Net Total	non-operating Capital	A in A
<b>RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry</b>	<b>36,091</b>	<b>19,675</b>	<b>-</b>	<b>55,766</b>	<b>55,765</b>	<b>1</b>	<b>1,115</b>	<b>150</b>
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<i>Central Government's spending</i>								
A. Administration	34,785	175	-	34,960	34,959	1	1,115	150
B. Payments to the Department of Trade and Industry	-	19,500	-	19,500	19,500	-	-	-
<b>Spending In Annually Managed Expenditure</b>								
<i>Central Government's spending</i>								
C. Administration	1,306	-	-	1,306	1,306	-	-	-
<b>RfR2: Expenditure in connection with the Climate Change Levy</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>350</b>	<b>-</b>	<b>350</b>	<b>-</b>	<b>-</b>
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<i>Central Government's spending</i>								
A. Administration	350	-	-	350	-	350	-	-
<b>TOTAL</b>	<b>36,441</b>	<b>19,675</b>	<b>-</b>	<b>55,766</b>	<b>55,765</b>	<b>351</b>	<b>1,115</b>	<b>150</b>

Accruals to cash adjustments

-965

**Net Cash Required**

**351**

### Resource to Cash Reconciliation

	Present	Increase +/- decrease -	Revised
<b>Net total Resources</b>	<b>1</b>	<b>350</b>	<b>351</b>
<b>Voted capital items:</b>			
Capital	1,115	-	1,115
Less Non-Operating A in A	-150	-	-150
	<u>965</u>	<u>-</u>	<u>965</u>
<b>Accruals to cash adjustments:</b>			
Capital Charges	-7	-	-7
Depreciation	-1,299	-	-1,299
Other non-cash items	-34	-	-34
Increase (+)/ decrease (-) in stock	0	-	0
Increase (+)/ decrease (-) in debtors	-9,917	-	-9,917
Increase (-)/ decrease (+) in creditors	3,380	-	3,380
Increase (-)/ decrease (+) in provisions	2,202	-	2,202
Excess cash to be CFERd	4,710	-	4,710
	<u>-965</u>	<u>-</u>	<u>-965</u>
<b>Net Cash Required</b>	<b>1</b>		<b>351</b>

## **Part III Extra receipts payable to the Consolidated Fund**

As in existing provision

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## Forecast operating costs statement

for the year ended 31 March 2002

	Provision 2001-02	
	£000	£000
<b>ADMINISTRATION COSTS</b>		
<b>RfR1</b>		
Staff Costs	13,000	
Other Admin Costs	<u>23,091</u>	
	36,091	
<b>RfR2</b>		
Total Gross Admin costs	<u>350</u>	36,441
Operating Income		36,090
<b>Total Net Administration Costs</b>		<u><u>351</u></u>

## PROGAMME COSTS

### Voted Expenditure

#### RfR1

Expenditure	19,675	
Income	<u>19,675</u>	
		0

#### Non-Voted Expenditure

Expenditure	-	
Income	<u>-</u>	
		-

<b>Total Net Programme Costs</b>		<u><u>0</u></u>
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<b>NET OPERATING COSTS</b>	<b>351</b>
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<b>NET RESOURCE OUTTURN</b>	<b>351</b>
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<b>RESOURCE BUDGET OUTTURN</b>	<b>351</b>
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**Forecast cash flow statement for the year ending 31 March 2002**

for the year ended 31 March 2002

	2001-02 £000
<b>Net cash outflow from operating activities (Note i)</b>	5,324
<b>Capital Expenditure and financial investment (Note ii)</b>	-1,265
<b>Receipts due to the Consolidated Fund which are outside the scope of the department's operations</b>	-
<b>Payments of amounts due to the Consolidated Fund</b>	-4,710
<b>Financing (Note iii)</b>	<b>351</b>
<b>Increase (+) / Decrease (-) in cash in the period</b>	<b>-300</b>

**Notes to the cash flow statement****Note i: Reconciliation of operating cost to operating cash flows**

<b>Net Operating Cost</b>	<b>351</b>
Remove non-cash transactions	-1,340
Adjust for the movements in working capital other than cash	-6,537
Use of provisions	2,202
<b>Net Cash outflow from operating activities</b>	<b>-5,324</b>

**Note ii: Analysis of capital expenditure and financial investment**

Intangible fixed asset additions	0
Tangible fixed asset additions	1,115
Proceeds of disposals of fixed assets (1)	150
Adjust for the movements in working capital on capital expenditure and financial investment	-
<b>Net Cash outflow from operating activities</b>	<b>1,265</b>

(1) Includes profit/loss and bad debts on disposal of fixed assets

**Note iii: Analysis of financing and reconciliation to the cash requirement**

From Consolidated Fund (Supply): current year expenditure	351
From Consolidated Fund (Supply): prior year expenditure	0
From Consolidated Fund (non Supply)	-
Net Payments from the National Insurance Fund	-
Net Payments from the Contingencies Fund	0
Net loans from the National Loans Fund	-
Capital element of payments in respect of finance leases and 'on balance sheet' PFI contracts	-
<b>Net financing</b>	<b>351</b>
<b>Increase/decrease in cash</b>	<b>-</b>
<b>= Net cash flows other than financing (net outflow =+)</b>	<b>0</b>

Adjust for payments and receipts not related to Supply:

Amounts due to the Consolidated Fund – received in a prior year and paid over	0
Amounts due to the Consolidated Fund – received in a prior year and not paid over	0

Adjust for payments financed from Contingencies Fund advances accounted for in a different year:

Current year payments accounted for in the following year	-
Prior year payments accounted for in current year	-

<b>Net cash requirement for the year</b>	<b>351</b>
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## NOTES TO THE ESTIMATE

### Forecast Reconciliation of Net resource Outturn to Net Operating Costs and Resource Budget Outturn

for the Year Ended 31 March 2002

	2001-02 £000
<b>Net Resource Outturn</b>	<b>351</b>
Add Consolidated Fund Extra receipts in the OCS	-
<b>Net Operating Cost</b>	<b>351</b>
Reverse the deduction of gains and deduct the losses incurred on disposal of assets	-
Other adjustments	0
<b>Resource Budget Outturn</b>	<b>351</b>
of which:	
Departmental Expenditure Limit (DEL)	351
Annually Managed Expenditure (AME)	0

## **Explanation of Accounting Officer responsibilities**

The Treasury has appointed the chief executive of Ofgem, Callum McCarthy, as Accounting Officer of the Department with responsibility for preparing the Department's Estimate.

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*.

## Analysis of appropriations in aid

	2001-02 provision	
	A in A	Non operating A in A
<b>RfR 1: Protecting consumers by regulating monopolies and promoting competition in the gas and electricity industry</b>		
Licence fees	52,592	—
Technical fees	1,770	—
Rental income	1,400	—
Other income	3	—
Sales of fixed assets		150
<b>Total RfR1</b>	<b>55,765</b>	<b>-150</b>

**Analysis of extra receipts payable to the Consolidated Fund**

£000

**2001-02 provision**Income      *Receipts*

Licence fees	4,710	-
Miscellaneous fees	-	-
<b>Total</b>	<b>4,710</b>	<b>-</b>

## **Departmental Expenditure Limits and administration costs limits**

As announced by the Secretary of State for Trade and Industry to the House of Commons the OFGEM DEL will be increased by £350,000 from £1,000 to £351,000 and the Administration costs limit will be increased by £,350,000 from £35,780 to £36,130.

## **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 that has or will be appropriated in aid 55,915





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