

Office of Gas and Electricity Markets Estimate Memorandum

2013-14 Main Estimate

The Office of Gas and Electricity Markets (Ofgem) Main Estimate for 2013-14 seeks the necessary resources and cash to provide for spending on protecting the interests of consumers, by promoting competition, wherever appropriate, and regulating the monopoly companies which run the gas and electricity networks.

These are continuing functions from previous years and no new functions have been added.

We receive income mainly from the industry that we regulate in the form of licence fees, and also for the work that we perform on administering on behalf of government various environmental schemes.

On an annual basis we consult with stakeholders on our budgets for the upcoming year.

The purpose of this memorandum is to provide the Select Committee with an explanation of how the resources and cash sought in the Main Estimate will be applied and includes information on comparisons with the resources provided in earlier years in Estimates.

Summary of the main spending control figures contained in the 2013-14 Main Estimate

Voted provision

Total spending in DEL - Resource £700,000

Total spending in DEL - Capital £1,500,000

Net Cash Requirement £10,790,000

Budgetary data

Resource Departmental Expenditure Limit £700,000

Departmental Expenditure Limit (DEL)

Comparison of Departmental Expenditure Limit

Year	Voted	Non-Voted	Total DEL
2013-14	£700,000	-	£700,000
2012-13	£5,300,000	-	£5,300,000

£700,000 in 2013-14 and 2012-13 represents voted funding in respect of Ofgem administering the Climate Change Levy. £4,600,000 in 2012-13 represents licence fee income received by Ofgem in previous years, and utilised in 2012-13.

Approval of Memorandum

This memorandum has been prepared with reference to the guidance in the Estimates Manual issued by HM Treasury which can be found on the House of Commons' Scrutiny Unit website. This memorandum has been approved by the Associate Director Finance and Risk Management, on behalf of the Accounting Officer.

Glossary of Key Terms

Departmental Expenditure Limit (DEL) - a Treasury budgetary control for spending that is within the department's direct control and which can therefore be planned over an extended (Spending Review) period (such as the costs of its own administration, payments to third parties, etc).