

To all interested industry parties

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Dear Industry Colleague,

Assistance for Areas with High Electricity Distribution Costs forecast tariff 2018/19

The Assistance for Areas with High Electricity Distribution Costs scheme reduces distribution costs for consumers in Northern Scotland. National Grid recovers an Assistance Amount from all authorised suppliers, which is passed to Scottish Hydro Electric Power Distribution Ltd. It replaces an earlier arrangement, commonly referred to as “Hydro Benefit”.

The purpose of this document is to provide draft notification of the 2018/19 tariff. Note that the Final Tariff is published in mid-July, but is effective 1st April 2018. The reason for the retrospective publication date is to take into account the final quarter invoices (in order to include any under or over recovery in the following year’s tariff calculation). Note that AAHEDC is invoiced quarterly in arrears.

Further information, including the charging statement can be found on our web site:

<https://www.nationalgrid.com/uk/electricity/charging-and-methodology/assistance-areas-high-electricity-distribution-costs-aaedc>

Prior to the publication of the final tariff in July, I am writing to advise that our forecast of the energy consumption tariff for 2018/19 is:

Year	Energy Consumption Tariff (p/kWh)
2018/19	0.024892

The proposed increase of 7.68% over 2017/18 (0.023116 p/kWh) is due to the following factors:

- inflation of the Assistance Amount and Administration Amount in line with the Retail Price Index (May – October 2017) of 3.75%,
- a forecast scheme under-recovery of £0.119 million due to lower demand (and embedded generation): A forecast 2017/18 outturn of 253.0 TWh.
- and a 2018/19 forecast demand base of 247.1 TWh, reflecting the trend in increased energy efficiency and the growth of embedded generation.

If you have any queries please do not hesitate to contact me by email or on 01926 653099.

Yours sincerely,

Paul Hitchcock