

To all interested industry parties

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Dear Industry Colleague,

**Assistance for Areas with High Electricity Distribution Costs final tariff 2019/20**

The Assistance for Areas with High Electricity Distribution Costs scheme aims to reduce distribution costs for consumers in Northern Scotland. Under this scheme and in accordance with Conditions C20 – C23 in the Transmission Licence, National Grid Electricity System Operator recovers the Total Scheme Amount from all authorised Suppliers, which is composed of the Assistance Amount, the Administration Allowance and the Correction Amount. The Assistance Amount is passed to Scottish Hydro Electric Power Distribution Ltd to reduce the distribution costs for consumers in its area.

Tariffs are calculated for each financial year (and are effective from 1st April), but are published in mid-July. This later publication date allows the previous year's final quarter payment to be reflected in the tariff thereby including any under or over recovery.

Further information, including a copy of the charging statement, can be found on our website:

<https://www.nationalgrideso.com/charging/assistance-areas-high-electricity-distribution-costs-aahedc>

I am writing to advise you that the energy consumption tariff for 2019/20 is:

Year	Energy Consumption Tariff (p/kWh)
2019/20	0.026270

This tariff represents an increase of 7.11% compared to the 2018/19 tariff of 0.024527 p/kWh. This is due to the following factors:

- inflation of the Assistance Amount and Administration Allowance in line with the Retail Price Index (May – October 2019) of 3.33%,
- a forecast scheme under-recovery of £0.435 million due to unpaid scheme invoices as a result of Supplier failures and slightly lower (0.33%) 2018/19 out-turn demand compared to the forecast demand, and
- an anticipated decrease of 2.04% in the demand charging base from 248.18 TWh to 243.12 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 myself or one of my colleagues using the details above or those found on our website.

Yours faithfully

Andrew Havvas  
Revenue & Charging Analyst