

To all interested industry parties

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30th March 2017

Dear Industry Colleague,

## Assistance for Areas with High Electricity Distribution Costs forecast tariff 2017/18

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 2017/18 tariff. This is because the Final Tariff is published in mid-July but is effective from 1st April 2017 (and the first invoice issued in mid-August). The later publication date allows the previous year’s final quarter payments to be taken into account (in order to include any under or over recovery in the following year’s charge).

The final invoice for 2016/17 will be issued in mid-May 2017.

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

<http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Assistance-for-areas-with-high-distribution-costs/>

Prior to the publication of the final tariff in July, I am writing to advise that our forecast of the energy consumption tariff for 2017/18 is:

Year	Energy Consumption Tariff (p/kWh)
2017/18	0.022214

The proposed decrease of 3.96% over 2016/17 is due to the following factors:

- inflation of the Assistance Amount and Administration Amount in line with the Retail Price Index (May – October 2016) of 1.79%,
- a forecast 2016/17 scheme over-recovery of £0.794 million due to higher than anticipated demand in Q4 (January- March 2017) and a forecast 2016/17 outturn of 265.1 TWh.
- and a 2017/18 forecast demand of 262.8 TWh attributable, 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