

To all interested parties

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Dear Industry Colleague,

2015/16 Assistance for Areas with High Electricity Distribution Costs final tariff

The AAHEDC scheme reduces the distribution costs to 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”.

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 and to include the under or over recovery .

I am writing to advise you that the energy consumption tariff for 2015/16 is:

Year	Energy Consumption Tariff (p/kWh)
2015/16	0.021649

This represents an increase of 1.35% compared to the 2014/15 tariff. The increase is attributable to the following factors:

- inflation of the Assistance Amount and Administration Amount in line with the Retail Price Index of 2.41%,
- an under-recovery of around £1.59 million.
- a forecast decrease of around 6.5% in the 2015/16 charging base, to 273.4 TWh (attributable to warmer than average conditions and the growing influence of embedded generation).

Further information, including a copy of the latest 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/>

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

Yours faithfully,

Paul Hitchcock