

To all interested industry parties

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Dear Industry Colleague,

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

The Assistance for Areas with High Electricity Distribution Costs 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".

The purpose of this document is to provide draft notification of the 2015/16 tariff. This is because the Final Tariff is published in mid-July but is effective from 1st April 2015 (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 2015/16 will be issued in mid-May 2015.

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 2015/16 is:

Year	Energy Consumption Tariff (p/kWh)
2015/16	0.022277

The increase of 4.29% over 2014/15 is due to the following factors

- inflation of the Assistance Amount and Administration Amount in line with the Retail Price Index of 2.41%,
- a forecast under-recovery of the 2014/15 scheme of around £1.5 million.
- a forecast decrease of around 2.5% in the 2014/15 demand charging base, to 274.2 TWh (partially attributable to warmer winter weather and the continuing 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