

To all interested industry parties

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Dear Industry Colleague,

### **Assistance for Areas with High Electricity Distribution Costs forecast tariff 2012/13**

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".

Tariffs are calculated for each financial year (and are effective from 1st April), but are published mid July. The later publication date allows the previous year's final quarter payments to be taken into account (around mid June) in order to include any under or over recovery in the following year's charge. Further information, including the charging statement can be found on our web site:

[www.nationalgrid.com/uk/Electricity/Charges/aahedc/](http://www.nationalgrid.com/uk/Electricity/Charges/aahedc/)

Prior to the publication of the final tariffs in July, I am writing to advise that our forecast of the energy consumption tariff for 2012/13 is:

Year	Energy Consumption Tariff (p/kWh)
2012/13	0.018075

This represents an increase of 10.35% compared to 2011/12 tariffs. The increase is due to the following factors

- inflation of the Assistance Amount in line with the Retail Price Index, and
- a forecast under recovery in the 2011/12 scheme, as a result of lower demand over the milder than expected winter months.

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

Yours sincerely,

Paul Hitchcock