

To all interested industry parties

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Dear Industry Colleague,

Assistance for Areas with High Electricity Distribution Costs forecast tariff 2013/14

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 2013/14 tariff. This is because the Final Tariff is published in mid-July but is effective from 1st April 2013 (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 2012-13 will be issued in mid-May 2013.

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

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)
2013/14	0.019553

This represents an increase of 9.31% compared to 2012/13 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 2012/13 scheme as a result of lower than expected demand across the year as a whole.
- a reduction in the forecast 2013/14 charging base in line with observed demand.

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

Yours sincerely,

Paul Hitchcock