

To all interested industry parties

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Dear Industry Colleague,

Assistance for Areas with High Electricity Distribution Costs forecast tariff 08/09

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 made (around mid June) in order to include any under or over recovery in the following year's charge. Further information 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 pleased to advise that our forecast of the energy consumption tariff for 2008/9 is:

Year	Energy Consumption Tariff (p/kWh)
2008/09	0.014616

This would be a 2% increase over 2007/08 tariffs. The increase is due to the inflation of the Assistance Amount in line with the Retail Price Index partially offset by the prior years correction amount.

If you have any queries please contact myself (01926 655424) or Sarah Jukes (sarah.a.jukes@uk.ngrid.com).

Yours sincerely,

William Kirk-Wilson