

To all interested parties

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Dear Industry Colleague,

2016/17 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 thereby including any under or over recovery.

I am writing to advise you that the energy consumption tariff for 2016/17 is:

Year	Energy Consumption Tariff (p/kWh)
2016/17	0.023129

The increase of 6.84% compared to the 2015/16 tariff is attributable to the following factors:

- inflation of the Assistance Amount and Administration Amount in line with the Retail Price Index (May to October 2015) of 0.93%,
- a 2015/16 scheme under-recovery of £1.845m due to lower than anticipated demand (265.049 TWh vs expected 273.390 TWh), largely attributable to warmer weather and
- an anticipated decrease of 2.17% in the demand charging base (from 265.049 TWh to 259.302 TWh) attributable to increased energy efficiency and embedded generation:

Further information, including a copy of the charging statement can be found on our website:

<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 a member of the Charging Team at charging.enquiries@nationalgrid.com.

Yours faithfully,

Paul Hitchcock

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