

To all interested industry parties

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Dear Industry Colleague,

Assistance for Areas with High Electricity Distribution Costs forecast tariff 2011/12

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, effective from 1st April, and are published in 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 2011/12 is:

Year	Energy Consumption Tariff (p/kWh)
2011/12	0.016380

This represents an increase of 1.80% compared to 2010/11 tariffs. The increase is due to the inflation of the Assistance Amount in line with the Retail Price Index. The effect of this has been partially offset by:

- a forecast over recovery in the 2010/11 scheme,
- an increase in the charge base for 2011/12, resulting from an increase in expected year on year weather corrected demand from that used to set the charge in 2010/11.

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

Yours sincerely,

Paul Hitchcock