

To all interested industry parties

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Dear Industry Colleague,

**Assistance for Areas with High Electricity Distribution Costs final tariff 2020/21**

The Assistance for Areas with High Electricity Distribution Costs scheme aims to reduce distribution costs for consumers in Northern Scotland. Under this scheme and in accordance with Conditions C20 – C23 in the Transmission Licence, National Grid Electricity System Operator recovers the Total Scheme Amount from all authorised Suppliers, which is composed of the Assistance Amount, the Administration Allowance and the Correction Amount. The Assistance Amount is passed to Scottish Hydro Electric Power Distribution Ltd to reduce the distribution costs for consumers in its area.

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.

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

<https://www.nationalgrideso.com/charging/assistance-areas-high-electricity-distribution-costs-aahedc>

I am writing to advise you that the energy consumption tariff for 2020/21 is:

Year	Energy Consumption Tariff (p/kWh)
2020/21	0.030446

This tariff represents an increase of 15.90% compared to the 2019/20 tariff of 0.026270 p/kWh. This is due to the following factors:

- inflation of the Assistance Amount and Administration Allowance in line with the Retail Price Index (May – October 2019) of 2.63%,

- a forecast scheme under-recovery of £0.754 million due to slightly lower (1.0%) 2019/20 out-turn demand compared to the forecast demand and unpaid scheme invoices as a result of Supplier failures, and
- an anticipated decrease of 10.13% in the demand charging base from 240.69 TWh to 216.30 TWh. The assumed demand charging base has been reduced to reflect the continuing trend for increased energy efficiency and the growth of embedded generation. An additional reduction has also been made to take in to account the reduction in demand due to the impact of Covid-19.

If you have any queries, please do not hesitate to contact myself or one of my colleagues using the details above or those found on our website.

Yours sincerely

Andrew Havvas

Revenue & Charging Analyst