

To all interested industry parties

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Assistance for Areas with High Electricity Distribution Costs final tariff 2023/24

Dear Industry Colleague,

The Assistance for Areas with High Electricity Distribution Costs (AAHEDC) scheme aims to reduce distribution costs for consumers in Northern Scotland and Shetland. Under this scheme and in accordance with Conditions C20 – C23 in the NGESO Transmission Licence, we recover the Total Scheme Amount from all authorised Suppliers.

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/industry-information/charging/assistance-areas-high-electricity-distribution-costs-aahedc>

I would like to confirm that the AAHEDC energy consumption tariff for 2023/24 is:

Year	Total Scheme Tariff (p/kWh)
2023/24	0.042038

The above tariff is based on the forecast gross demand charging base of 266.36 TWh, and the Total Scheme Amount of £111.98m which is composed of the Assistance Amount of £74.58m, the Shetland Assistance Amount of £30.64m, the Administration Amount of £0.138m and the Correction Amount of £6.62m due to under-recovery from 2022/23.

The overall tariff is composed of:

- Shetland tariff: 0.011503 p/kWh, and
- AAHEDC tariff excluding the Shetland Assistance Amount: 0.030535 p/kWh.

The tariff represents an increase of 3.36% over the 2022/23 Total Scheme tariff (0.040670 p/kWh) and is due to the following factors:

- Inflation of the Assistance Amount and Administration Amount in line with the CPIH (May – October) of 8.65%,
- Offset slightly by a 2023/24 forecast demand base of 266.36 TWh, which is an increase on the previous year due to the change from Net to Gross Demand.

If you have any queries, please do not hesitate to contact TNUoS.queries@nationalgrideso.com.

Yours sincerely

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