

To all interested industry parties

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Assistance for Areas with High Electricity Distribution Costs final tariff 2024/25

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 2024/25 is:

Year	Total Scheme Tariff (p/kWh)
2024/25	0.042145

The above tariff is based on the forecast gross demand charging base of 264.33 TWh, and the Total Scheme Amount of £111.40m which is composed of the Assistance Amount of £79.42m, the Shetland Assistance Amount of £32.63m, the Administration Amount of £0.15m and the Correction Amount of £0.79m due to over-recovery from 2023/24.

The overall tariff is composed of:

- Shetland tariff: 0.012344 p/kWh, and
- AAHEDC tariff excluding the Shetland Assistance Amount: 0.029801 p/kWh.

The tariff represents an increase of 0.25% over the 2023/24 Total Scheme tariff (0.042038 p/kWh) and is due to the following factors:

- Inflation of the Assistance Amount, Shetland Assistance Amount and Administration Amount in line with the consumer prices index including owner occupiers' housing costs (May – October 2023) of 6.50%.
- However, the total scheme amount has not increased significantly. This is due to an offset to the above increase of not requiring under recovery from prior years amount (as was the case for 2023/24 Final Tariffs).
- A 2024/25 forecast demand base of 264.33 TWh, which has been derived from historic demand data, and the long-standing underlying volume trend. This is a marginal decrease from the previous year.

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

Yours sincerely

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