

Public

To all interested industry parties

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Assistance for Areas with High Electricity Distribution Costs forecast tariff 2025/26

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 Condition F8 in the NESO Electricity System Operator 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 the charging statement for 2025/26, can be found on our web site:

[Assistance for Areas with High Electricity Distribution Costs \(AAHEDC\) | NESO](#)

The Total Scheme tariff for 2025/26 is:

Year	Total Scheme Tariff (p/kWh)
2025/26	0.040984

The above tariff is based on the forecast demand base of 274.17 TWh, and the Total Scheme Amount of £112.4m which is composed of the Assistance Amount of £81.7m, the Shetland Assistance Amount of £33.6m, the Administration Amount of £0.15m and a forecast Correction Amount of -£3.09m due to over-recovery and potential bad debts (c.£0.36m) from 2024/25.

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The overall tariff is composed of:

- Shetland tariff: 0.012247 p/kWh, and
- AAHEDC tariff excluding the Shetland Assistance Amount: 0.028737 p/kWh.

The indicative change of -2.75% for the 2025/26 Total Scheme tariff (0.040984p/kWh) is due to the following factors:

- A 2025/26 forecast demand base of 274.17 TWh, which has been derived from historic actual demand data, and the long-standing underlying volume trend. This is a 1% increase on the out-turn from the 2024/25 tariff year.
- 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 2024) of 2.91%.
- However, the total scheme amount has not increased significantly (c.£1m). This is due to an offset to the above increase from over-recovery in the 2024/25 year.
- In addition to the over-recovery, there is £0.36m of debt to be recovered in this 2025/26 tariff year.

If you have any queries, please do not hesitate to contact TNUoS.queries@neso.energy.

Yours sincerely

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