

Date: 28 August 2002

Our Ref: 200203/AJT/Triad Trading Letter

Your Ref:

**The National Grid  
Company plc**

To all commercial contacts of Suppliers

Network Strategy  
Commercial

National Grid House  
Kirby Corner Road  
Coventry  
CV4 8JY

Tel 024 7642 3228  
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Dear Colleague

## Triad Trading Notifications

I am writing to remind you of the provisions contained in The Statement of the Use of System Charging Methodology regarding Triad Trading.

Triad Trading is the mechanism through which the output of Licence Exemptable Generators or Distribution Interconnectors over the Triad may be used to net off Transmission Network Use of System demand charges for Supplier BM Units situated in the same GSP Groups.

There are three ways in which Suppliers may Triad Trade, as set out below:

1. One or more Supplier BM Units may form a Trading Unit with one or more Exempt Export BM Units;
2. A "National Grid Facilitated Triad Trade" can be administered between one or more Supplier BM Units and an Exempt Export BM Unit;
3. A Supplier may register Licence Exemptable Generators under SVA as part of its Supplier BM Unit.

The following sections describe the actions necessary to implement each of these mechanisms:

### 1. Triad Trading within a Trading Unit

Triad Benefit resulting from the export at Triad of a Supplier BM Unit or an Exempt Export BM Unit can be traded to other Supplier BM Units with whom it jointly forms a Trading Unit. This process is explained more fully in paragraph 4.11 of The Statement of the Use of System Charging Methodology ([www.nationalgrid.com/uk/indinfo/charging/pdfs/UoSCM\\_Apr\\_02.pdf](http://www.nationalgrid.com/uk/indinfo/charging/pdfs/UoSCM_Apr_02.pdf)).

The Triad Benefit may be allocated to the Supplier BM Units in the Trading Unit by a notified order. For this coming Triad season (November 2002 to February 2003) the order must be notified to National Grid by **30 September 2002**. Please send such notifications to myself by email at [andrew.truswell@uk.ngrid.com](mailto:andrew.truswell@uk.ngrid.com) or by letter to the address above.



Registered Office:  
National Grid House  
Kirby Corner Road  
Coventry CV4 8JY

Registered in  
England and Wales  
No 2366977

For each Trading Unit you should clearly state the Supply BM Unit identifiers, the Exempt Export BM Unit identifiers and the order in which you wish us to net off the output of the Exempt Export BM Unit from the Supply BM Units.

Should you fail to send such a notification, the Triad Benefit will be shared out amongst all the Supplier BM Units in the same Trading Unit in proportion to their demand charge liabilities (as set out in paragraph 4.11 vi) of The Statement of the Use of System Charging Methodology).

## 2. National Grid Facilitated Triad Trading

National Grid will administer a Triad Trade between Exempt Export BM Units and one or more Supplier BM Units within the same GSP group, provided that all the conditions set out in paragraph 4.12 of The Statement of the Use of System Charging Methodology are met.

Should you wish to utilise National Grid Facilitated Triad Trading for this coming Triad season you must notify us by **30 September 2002**, stating what netting off agreements exist. Please send such notifications to myself by email at [andrew.truswell@uk.ngrid.com](mailto:andrew.truswell@uk.ngrid.com) or by letter to the address above. Parties who have notified National Grid that a netting off agreement exists in previous years need to reconfirm that the agreement exists before **30 September 2002**.

For each netting off agreement you should clearly state the Supply BM Unit identifiers, the Exempt Export BM Unit identifier and the proportion of the output from the Exempt Export BM Unit that should be netted off.

## 3. Triad Trading within a BM Unit

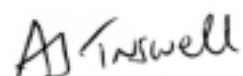
The output of Generators and Distribution Interconnectors not registered in CVA, but registered in SVA as part of a Supplier BM Unit, will have already been accounted for in the Supplier BM Unit demand figures upon which National Grid Transmission Network Use of System Demand charges are based.

In effect, the Triad Benefit will have automatically been netted off the Supplier BM Unit's demand charge liability, and it is therefore **not** necessary to notify National Grid of any such arrangements.

The above guidelines are only a summary of the full provisions regarding Triad Trading. Please see paragraphs 4.9 - 4.16 of The Statement of the Use of System Charging Methodology for full details of the netting off process, and the conditions that must be met, under each of the three mechanisms.

If you would like to clarify the contents of this letter or have any questions relating to Triad Trading, please contact me on 024 7642 3228 or Toby Thornton on 024 7642 3227.

Yours sincerely



Andrew Truswell  
Commercial