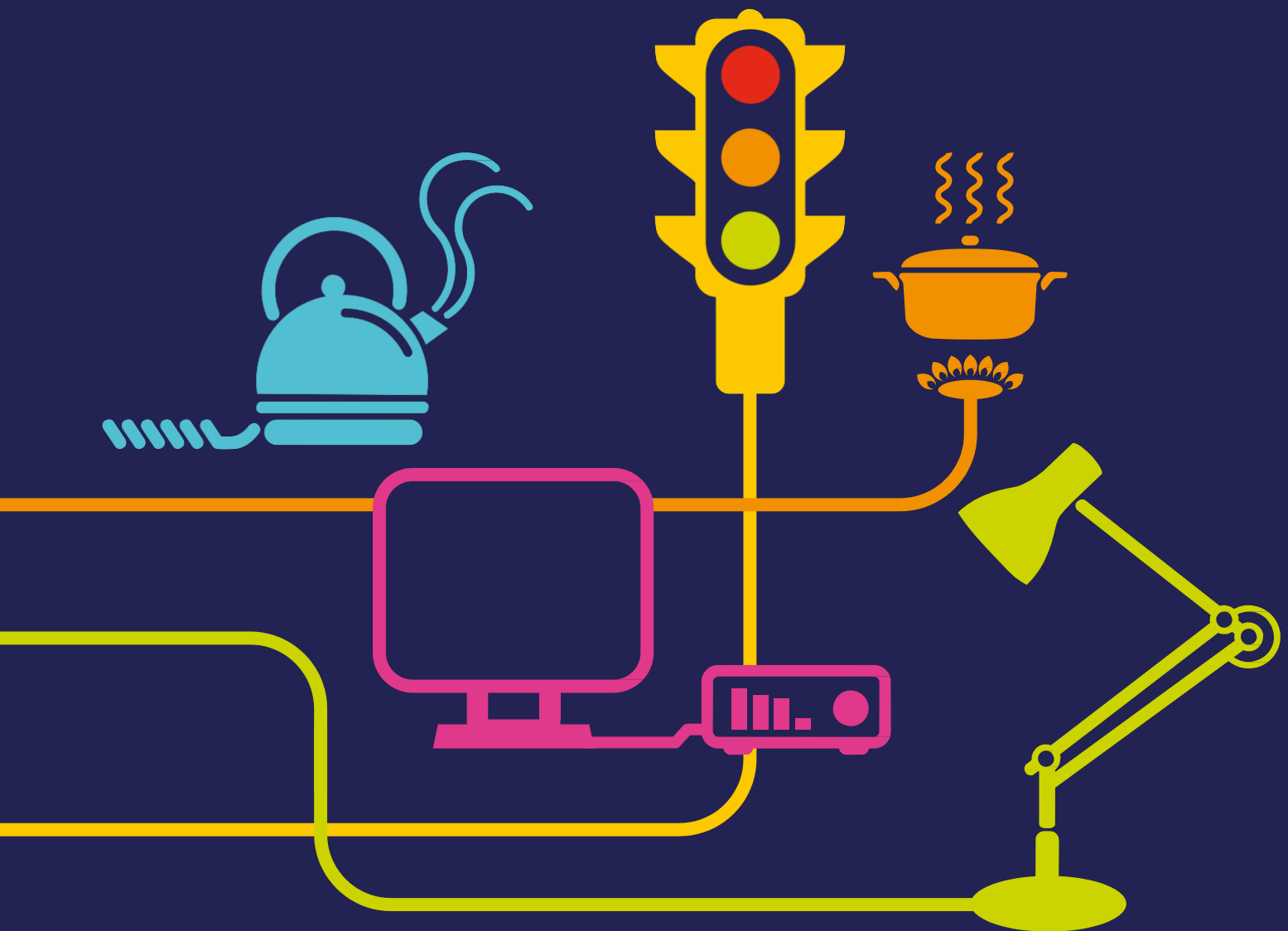


# Electricity Trades (GTMAs)



A guide to the services procured by National Grid to enter into energy trades outside of the BM

“National Grid is an international electricity and gas company responsible for operating the electricity and gas transmission systems across Great Britain”

### What is a Grid Trade Master Agreement (GTMA)?

The majority of energy trading is done ahead of time between Suppliers and Generators. This is then refined in the spot markets closer to real time. Following this, National Grid will ensure that supply meets demand by executing trades within the Balancing Mechanism (BM). However, ahead of the BM, National Grid also has the ability to trade with parties for two key purposes:

1. To balance the system where the demand forecast differs from the actual market position
2. To ensure system security where there may be constraints

The Grid Trade Master Agreement (GTMA) allows such trades to take place, once entered into by a provider.



## What is the service?

### Forward Energy Trades

There are several schedules within the Grid Trade Master Agreement (GTMA) each of which governs a different method of trading:

[Schedule 7](#) sets out the contractual structure of [Pre-Gate BM Unit Transactions \(PGBTs\)](#) whilst [Schedule 7A](#) of GTMA sets out the provisions for [BM Unit Specific Transactions](#).

The service enables National Grid to call upon a generator to either increase or decrease their generation at a specific volume for an agreed price and time. The transactions require the counterparty to submit and maintain agreed Physical Notifications throughout the transaction. This would then be notified to the Energy Contract Volume Aggregation Agent to ensure that the party's contractual position is correctly adjusted.

[Schedule 8](#) - allows for a trade to be agreed over the Interconnectors (IFA & Britned) at the day ahead stage subject to the outturn of the counterparty's trading activity on European power exchanges. These are known as [Power Exchange Linked Interconnector \(PELI\) BM Unit Transactions](#).

## How is the service procured?

In order for both parties to trade, the generator or trading party must first sign up to the GTMA and agree to separate credit arrangements. This then allows National Grid to agree trades by submitting telephone instructions to the counterparty, ahead of the Balancing Mechanism timescales for a specified volume of energy. Such trades are optional, and the counterparty may choose not to enter into a trade. It is worth noting that the trades are conducted over power exchanges or through brokered trades.

### Lead Party Authorisations

Where the lead party for a BM Unit does not wish to maintain a direct trading relationship with NGET they may choose to elect a 3rd party to conduct BMU specific trades on their behalf. This is enabled through an authorisation form which can be found within the 7 and 7a schedules, which must be sent by the lead party to National Grid.

## Payment

The price for the volume of energy is agreed bilaterally and is paid on a £/MWh basis.



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**Information:**

For more information on Balancing Services please visit

<http://www2.nationalgrid.com/uk/services/balancing-services/trading/>