

power direct

energy for business

Guide to Triad Management

Triads are the three highest half-hour periods of electricity demand between November and February that are more than ten days apart. These three periods are used by National Grid to determine its annual charge for transmission, which is passed to the supplier and then used by them, in part, to determine the cost of your supply. If you consume a lot of energy during these three peak periods your supply price will be higher, but our guide will help you understand how you can minimise the impact.

Although National Grid cannot forecast the Triads, it does issue notices when there is a 'tight margin' between the apparent available power and expected demand. Suppliers will often respond by issuing Triad warnings to customers in order to reduce consumption.

There can be 20-30 potential Triad warnings between November and February. The Triads typically take place during cold weather in the late afternoon/early evening. This is when domestic consumption peaks for the tea-time period and is met with industrial demand. Triads will always be at least ten days apart, in order to avoid all three potentially falling in consecutive hours of the same day.

In March, National Grid will determine the highest three peaks throughout that period and assess the applicable transmission costs.

The purpose of Triads is to help reduce peaks in demand by incentivising businesses to reduce their power consumption during these periods. It is the most basic form of demand side grid management.

What is the impact of Triads?

Transmission costs affect all power consumers, but some are affected more directly. If your business operates using a half-hourly settled meter, then the transmission costs assessed for your supply are directly related to your consumption during those three peak periods. If you reduce your consumption during those periods your supply costs will reduce. If you have a non half-hourly settled meter, then your supply costs, as far as transmission is concerned, is averaged, based on expected consumption for your meter type at that time.

The point at which you will feel the effect of increasing or decreasing your consumption during these three periods will depend on the type of contract you have arranged with your supplier. National Grid can clearly only know the specific three peaks once the entire period has ended, and so if you have a fixed price contract that has no room for the supplier to change the price, then you will only feel the effect of your consumption change when you renew that contract. When you renegotiate, the supplier will build in a higher margin for transmission costs if you have consumed a larger amount during the Triad periods than you did before, or less if you have consumed less.

If you have a pass-through or flexible contract where the supplier simply passes on the charges from National Grid, then when the charges are reconciled in March to the energy suppliers, you will receive an adjustment to your price – which may be up or down, depending on your consumption.

How can you reduce the impact of Triads?

In summary, if your business uses a lot of electricity during the Triad periods, your business will pay more for power than a business that uses the same overall level of energy, but with a lower level of consumption during those three periods.

Therefore, if you are able to control the amount of energy you use in the November – February period and, in particular, when a warning is issued, this will reduce the prices presented to you at your next renewal, or will reduce the reconciliation bill in March if you are on a pass through contract (it may even result in a partial refund).

Alerts are usually issued on the morning of the day on which the Triad is expected to occur. This means you can develop an energy efficiency strategy now that is ready to activate when needed.

Since the Triads only fall in the November to February months, if you have production geared to finish after 4pm then it might be worth adjusting, to finish at 4pm. For most manufacturing businesses there is a cost-benefit analysis that needs to be undertaken to determine whether shutting down the production line is rational or feasible. Doing so is likely to reap good rewards if your consumption is large. If your business is largely office-based service work that finishes after 4pm, during this period it is worth ensuring that energy efficiency measures are adopted throughout the day, like avoiding using standby functions for computers and appliances that are not being operated at that moment.

Meanwhile, keep an eye on our daily Energy Market Bulletin on our website where we will post Triad warnings as they occur.

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