

Report

Annual Report on the Operation of the Capacity Market in 2024/25

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Overview:

The Electricity Capacity Regulations 2014 (as amended) ("Regulations") require Ofgem to provide the Secretary of State for the Department for Energy Security and Net Zero ("Secretary of State") with an annual report on the operation of the Capacity Market.

As per Regulation 83(5), annual reports must be published within six months following the completion of each T-4 Auction and, if no T-4 Auction is held, by no later than six months after the end of that Capacity Year.

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Executive summary

The tenth report on the operation of the Capacity Market (CM) covers the Capacity Market Delivery Year ("Delivery Year") 1 October 2024 to 30 September 2025. Two Capacity Auctions (the "Auctions") were scheduled in this period: the 2024/25 T-1 Auction (Delivery Year 2025/26) and the 2024/25 T-4 Auction (Delivery Year 2028/29). The report describes the outcomes for both Auctions, including Prequalification processes and observations.

Renewables Participation

For the 2024/25 T-4 Auction, 114MW of De-rated Capacity of Onshore Wind applied for Prequalification, 10MW of Offshore Wind, and 42MW of Solar. The 2024/25 T-1 Auction saw Prequalification applications from Onshore Wind of 46MW of De-rated Capacity, 116MW of Offshore Wind, and 34MW of Solar.

Prequalification

Prequalification outcomes

The Electricity Market Reform Delivery Body ("Delivery Body") received a total of 996 Prequalification Applications for the 2024/25 T-4 Auction, totalling 49.9GW of De-rated Capacity. The final number of Prequalified Capacity Market Units (CMUs) for the T-4 Auction was 775, totalling 46.1GW of De-rated Capacity.

The 2024/25 T-1 Auction saw a total of 436 Prequalification Applications submitted totalling 10.6GW of De-rated Capacity. The final number of Prequalified CMUs for the T-1 Auction was 363, totalling 9.6GW of De-rated Capacity.

Dispute outcomes

The Delivery Body received 315 requests for a reconsidered decision ("Tier 1 dispute") for the 2024/25 T-4 Auction and 186 for the 2024/25 T-1 Auction. A total of 10 Appeals to the Authority ("Tier 2 disputes") were submitted, covering 13 CMUs for the T-4 Auction, and 8 CMUs for the T-1 Auction. We upheld the Prequalification decision made by the Delivery Body for all 10 of the Appeals.^{1,2}

¹ Data provided by the Delivery Body

² [Ofgem's determinations on Tier 2 Capacity Market disputes: Delivery Year 2024 to 2025 | Ofgem](#)

Auction results

The 2024/25 T-4 Auction cleared at a price of £60.00/kW/year and a total of 43.0GW of De-rated Capacity were awarded Capacity Agreements. Gas CMUs gained the most De-rated Capacity in the Auction at 27.3GW, which was over half (63%) of the total De-rated Capacity procured in the Auction. This was followed by Interconnector CMUs at 16%, totalling approximately 6.8GW of De-rated Capacity.³ 143MW of Onshore Wind, Offshore Wind and Solar De-rated Capacity secured Capacity Agreements (0.33%).

The 2024/25 T-1 Auction cleared at a price of £20.00/kW/year and a total of 7.9GW of De-rated Capacity were awarded Capacity Agreements. Nuclear CMUs gained the most amount of De-rated Capacity at Auction, with 3.6GW (46%). This was followed by Gas CMUs, totalling 2.4GW (30%) of De-rated Capacity.⁴ Collectively, 188MW of Onshore Wind, Offshore Wind and Solar De-rated Capacity also secured Capacity Agreements (2%).

Bidding Behaviour

The 2024/25 T-4 Auction saw 58% of participants submit Exit Bids, 1% submit a Duration Bid amendment, and 41% not submit a bid. Price Takers accounted for 36.8GW (82%) of total De-rated Capacity, and Price Makers accounted for 7.9GW (18%) of De-rated Capacity in the Auction.

In the 2024/25 T-1 Auction, 62% of Participants submitted an Exit Bid, and 38% did not submit a bid. Price Takers accounted for 6.9GW (75%) of De-rated Capacity in the Auction, and Price Makers made up 2.3GW (25%) of total De-rated Capacity.

Delivery Milestones

For the 2024/25 T-4 Auction, 14% of New Build and Refurbishing Capacity have met the FCM and 0% have met the SCM. No CMUs have been terminated. Regarding Metering Assessments, 220 Metering Assessments have already been submitted, and 449 are outstanding.

³ [T-4 DY 28-29 Final Auction Results Report](#)

⁴ [T-1 DY 25-26 Final Auction Results Report](#)

For the 2024/25 T-1 Auction, 74% of New Build and Refurbishing Capacity have met the Financial Commitment Milestone and 3% have met the Substantial Commitment Milestone. No CMUs have been terminated. In terms of Metering Assessments, 133 Metering Assessments have been submitted, and 127 are outstanding.

Delivery Year Performance

For the 2024/25 Delivery Year, 364MW (1%) of De-rated Capacity with Capacity Agreements have an outstanding requirement to meet the Satisfactory Performance Day criteria. For CMUs which have passed the Satisfactory Performance Day criteria, 51.4GW (96%) of De-rated Capacity has not taken part in Secondary Trading.

1. Background

Purpose of the report

- 1.1. This report covers the operation of the CM in the Delivery Year 2024/25 (as of August 2025). This report includes a factual presentation of the Prequalification process and the outcomes of two Auctions: 2024/25 T-1 Auction and 2024/25 T-4 Auction.
- 1.2. This report is one of two we are required to provide to the Secretary of State after each T-4 Auction under Regulation 83(1)(a) of the Regulations.⁵ The second report is on the performance of the National Electricity System Operator's ("NESO") functions as the Delivery Body for the Capacity Market.⁶ This is now included in the end of the Business Plan 2 review of the National Electricity System Operator's Performance.
- 1.3. All data, unless stated, is from the Capacity Market Register ("CMR"), from 'Capacity Market Unit (CMU)' data files that were published on 30 July 2025.

Scope of the report

- 1.4. The report outlines the Prequalification process and outcomes, and reports on the outcomes of two Auctions: the 2024/25 T-1 Auction and the 2024/25 T-4 Auction.
- 1.5. It includes:
 - Analysis of participation outcomes and bidding behaviour;
 - an update of delivery against milestones of Capacity Agreements won in earlier Auctions; and
 - an overview of Satisfactory Performance Days ("SPDs") data from the 2024/25 Delivery Year.

⁵ [The Electricity Capacity Regulations 2014.](#)

⁶ The role of Delivery Body for the Capacity Market has transitioned from NGESO to NESO as of 1 October 2024.

- 1.6. The Secretary of State may instruct us to report on any particular matter as part of this report. No such instruction was received in relation to this report.

Background to the Capacity Market

Overview of the Capacity Market

- 1.7. The CM was introduced in 2014 to maintain sufficient levels of capacity to ensure security of electricity supply. The CM provides revenue in the form of Capacity Payments to potential Capacity Providers. In return, Capacity Providers must commit to delivering electricity at times of system stress or face penalties if they fail to do so.
- 1.8. Capacity Payments are determined via competitive Auctions, held four years (T-4 Auction) and one year (T-1 Auction) before each delivery period. The T-1 Auctions are used to 'top-up' the target Capacity for the Delivery Year. This provides flexibility a year in advance, accounting for prospective CMUs from the T-4 auction who are unable to deliver and reflecting a more accurate prediction of peak demand.⁷ Applicants must meet general eligibility criteria and criteria specific to the type of CMU, and Prequalify before they can participate in the Capacity Auctions.
- 1.9. The Auctions are technology neutral. Therefore, generators, Demand Side Response ("DSR"), interconnectors and renewables may all participate as long as their technology belongs to one of the Generating Technology Classes, they are assigned a de-rating factor, and are not in receipt of other subsidies (e.g. Contracts for Difference).

⁷ [About the Capacity Market - Low Carbon Contracts](#)

Overview of the Prequalification process

A high-level summary of the Prequalification process

- 1.10. To participate in an Auction, a CMU must Prequalify by meeting the requirements set out in the CM Rules (the "Rules") and Regulations.⁸ The Prequalification process is run by the Delivery Body, who reviews Applications and determines whether they are eligible.
- 1.11. Unsuccessful Applicants can ask the Delivery Body to review its initial decision (a 'Tier 1 appeal'). Following an unsuccessful Tier 1 appeal, an Applicant may submit an appeal to the Authority (a 'Tier 2 appeal').⁹

Classification of CMUs

- 1.12. CMUs are classified as follows: generators and interconnectors that are currently operational ('Existing'), generators investing in refurbishing an existing asset ('Refurbishing') and new generators and interconnectors ('New Build'). DSR may also participate, either with a DSR Test ('Proven DSR') or without ('Unproven DSR').
- 1.13. Existing CMUs and all DSR CMUs are eligible for Capacity Agreements that last for one year. Refurbishing and New Build CMUs are eligible to receive Capacity Agreements up to 3 and 15 years respectively in the T-4 Auctions.

Overview of the Auction process

Overarching Auction design

- 1.14. The Capacity Auctions have a descending clock format, with bidders exiting the Auction when the price drops below the level at which they are willing to take on a

⁸ [the Capacity Market Rules](#).

⁹ The Authority refers to GEMA, the Gas and Electricity Markets Authority. Ofgem supports GEMA in its day-to-day work.

Capacity Obligation.¹⁰ There are multiple rounds, starting at the Price Cap and reducing incrementally.

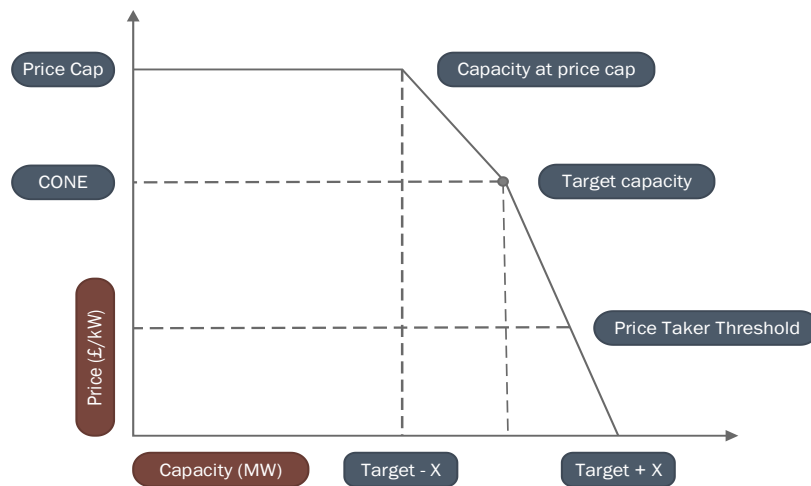
- 1.15. Existing Capacity Providers are 'Price Takers' by default, which means they can only place Exit Bids when the Auction price drops below a certain threshold (£25/kW/year). In order to bid above this threshold, they must apply to become 'Price Makers'. Prospective CMUs are Price Makers by default, however other CMU types can apply to become Price Makers by submitting a Price Maker Memorandum, outlining why they may need to bid above the threshold. Price Makers can place Exit Bids up to the Price Cap (£75/kW/year).
- 1.16. As well as placing bids to exit the Auction, Refurbishing and New Build CMUs may place a bid at the price at which they would like to switch from a 3-year or 15-year Capacity Agreement to a one-year Capacity Agreement. Refurbishing CMUs can also specify a price at which they would like to switch to a 'Pre-refurbishing' state – providing they do not opt out of pre-refurbishing status prior to the auction – where they would instead receive an Existing CMU contract for one year, with no obligation to invest in the asset.
- 1.17. The Auction continues until the total capacity offered by remaining Applicants is equal to or below the demand capacity at that price (the 'Clearing Round'). Applicants still in the Auction will receive a Capacity Agreement at this price, subject to the Net Welfare Algorithm.¹¹
- 1.18. The demand curve for the Auction, as shown in Figure 1 below, is sloped downwards, reflecting the benefit in securing more capacity when the price is low. A variability from the target ("X") defines the slope of the curve.
- 1.19. The Auction Price Cap is set at £75/kW/year and the price floor is £0/kW/year. The Auction Target Capacity is set at the Net Cost of New Entry (net-CONE) (£49/kW/year), which is the estimated total cost to operate the most competitive technology minus their expected returns from other energy and ancillary services.

¹⁰ Capacity Obligation: an obligation awarded pursuant to a Capacity Auction, applying for one or more delivery years, to provide a determined amount of capacity when required to do so in accordance with Capacity Market Rules.

¹¹ The Net Welfare Algorithm, as defined in the Rules, identifies the Auction clearing point when supply does exactly match a point on the demand curve.

Finally, a Price Taker threshold is set at £25/kW/year. In order to submit Exit Bids above this threshold, Auction participants must have Price Maker status, which is automatically given to Prospective CMUs and can be applied for by Existing Generation CMUs.

Figure 1: Capacity Market Auction Demand Curve



Historical overview: Auction timelines

T-4 Auctions

- 1.20. Since 2014, there have been 10 T-4 Auctions and one T-3 Auction. The T-4 Auction in 2018/19 was suspended and a T-3 Auction was scheduled in its place for delivery of capacity in 2022/23.

Table 1: Capacity Market T-4/T-3 Auctions

| Delivery Year | Auction Conclusion / Cleared | Clearing Price |
|---------------|--|----------------|
| 2018/19 | 02-Jan-15 | £19.40/kW/year |
| 2019/20 | 10-Dec-15 | £18.00/kW/year |
| 2020/21 | 08-Dec-16 | £22.50/kW/year |
| 2021/22 | 08-Feb-18 | £8.40/kW/year |
| 2022/23 | 31-Jan-20 ¹² (Suspended, then rescheduled as T-3 Auction and concluded) | £6.44/kW/year |
| 2023/24 | 06-Mar-20 | £15.97/kW/year |
| 2024/25 | 10-Mar-21 | £18.00/kW/year |
| 2025/26 | 22-Feb-22 | £30.59/kW/year |
| 2026/27 | 21-Feb-23 | £63.00/kW/year |
| 2027/28 | 27-Feb-24 | £65.00/kW/year |
| 2028/29 | 11-Mar-25 | £60.00/kW/year |

T-1 Auctions

1.21. There have been eight T-1 Auctions. The T-1 Auction in 2018 was postponed and rather than holding the Auction in January 2019 as previously scheduled, it was held June 2019 for delivery of capacity in 2020/21.

¹² [2019 three years ahead Capacity Auction \(T-3\) - Auction Monitor Report](#)

Table 2: Capacity Market T-1 Auctions

| Delivery Year | Auction Conclusion / Cleared | Clearing Price |
|---------------|------------------------------|----------------|
| 2018/19 | 01-Feb-18 | £6.00/kW/year |
| 2019/20 | 12-Jun-19 | £0.77/kW/year |
| 2020/21 | 07-Feb-20 | £1.00/kW/year |
| 2021/22 | 02-Mar-21 | £45.00/kW/year |
| 2022/23 | 15-Feb-22 | £75.00/kW/year |
| 2023/24 | 14-Feb-23 | £60.00/kW/year |
| 2024/25 | 20-Feb-24 | £35.79/kW/year |
| 2025/26 | 05-Mar-25 | £20.00/kW/year |

Transitional arrangement (TA) Auctions

1.22. The TA Auctions involved two additional Auctions designed to encourage growth in specific categories of capacity to enable them to participate in the main Auctions in future.¹³ TA Auctions offered targeted support to DSR to encourage enterprise and increase levels of participation in the two years preceding full CM delivery in 2018 to 2019.¹⁴

Table 3: Transitional Arrangement (TA) Auctions

| Delivery Year | Auction Conclusion / Cleared | Clearing Price |
|---------------|------------------------------|----------------|
| 2016/17 | 27-Jan-16 | £27.50/kW/year |
| 2017/18 | 22-Mar-17 | £45.00/kW/year |

Early Auction

1.23. An additional one-year ahead Auction was introduced by the Department for Business, Energy & Industrial Strategy (BEIS) in 2017 as an “Early Auction”.¹⁵ This was held in January 2017 to procure capacity for delivery in 2017/18.¹⁶

¹³ [Evaluation of the Transitional Arrangements - Phase 1 Full Report.pdf \(publishing.service.gov.uk\)](#)

¹⁴ [Transitional arrangements auction - GOV.UK \(www.gov.uk\)](#)

¹⁵ BEIS existed until 2023 when it was split to form the Department for Business and Trade (DBT), the Department for Energy Security and Net Zero (DESNZ) and the Department for Science, Innovation and Technology (DSIT).

Table 4: Early Auction

| Delivery Year | Auction Conclusion / Cleared | Clearing Price |
|---------------|------------------------------|----------------|
| 2017/18 | 03-Feb-17 | £6.95/kW/year |

DESNZ is focused on the energy portfolio from the former BEIS.

¹⁶ [Transitional arrangements auction - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/transitional-arrangements-auction)

2. Renewable Participation

2.1. Appropriate De-rating Factors are applied to different Generating Technology Classes to represent how their ability to meet the reliability standard is limited by intermittency and non-dispatchability. The values for the two Auctions that occurred during the 2024/25 Delivery Year can be found in Table 5.

Table 5: De-rating Factors for 2024/25 T-1 and T-4 Auctions¹⁷

| Generation Type | 2024/25 T-1 Auction (%) | 2024/25 T-4 Auction (%) |
|-----------------|----------------------------|----------------------------|
| Onshore Wind | 7.71% | 6.64% |
| Offshore Wind | 9.57% | 7.62% |
| Solar | 5.47% | 6.25% |

2.2. Table 6 below shows intermittent generation De-rated Capacity at various stages for the 2024/25 T-4 Auction.

Table 6: Intermittent generation De-rated Capacity for the 2024/25 T-4 Auction

| Auction Step | Onshore Wind (MW) | Offshore Wind (MW) | Solar (MW) |
|------------------------------|----------------------|-----------------------|------------|
| Applied for Prequalification | 114 | 10 | 42 |
| Prequalified | 114 | 10 | 23 |
| Awarded a Capacity Agreement | 114 | 10 | 19 |

2.3. Table 7 below shows intermittent generation De-rated Capacity at various stages for the 2024/25 T-1 Auction.

¹⁷ [2024 T-1 and T-4 Capacity Market Auction Guidelines](#)

Table 7: Intermittent generation De-rated Capacity for the 2024/25 T-1 Auction

| Auction Step | Onshore Wind (MW) | Offshore Wind (MW) | Solar (MW) |
|------------------------------|-------------------|--------------------|------------|
| Applied for Prequalification | 46 | 116 | 34 |
| Prequalified | 46 | 116 | 28 |
| Awarded a Capacity Agreement | 46 | 116 | 26 |

3. Prequalification and appeals process

3.1. This section covers Prequalification results for the 2024/25 T-4 and T-1 Auctions. It will also give a summary on the appeals process for both Auctions.

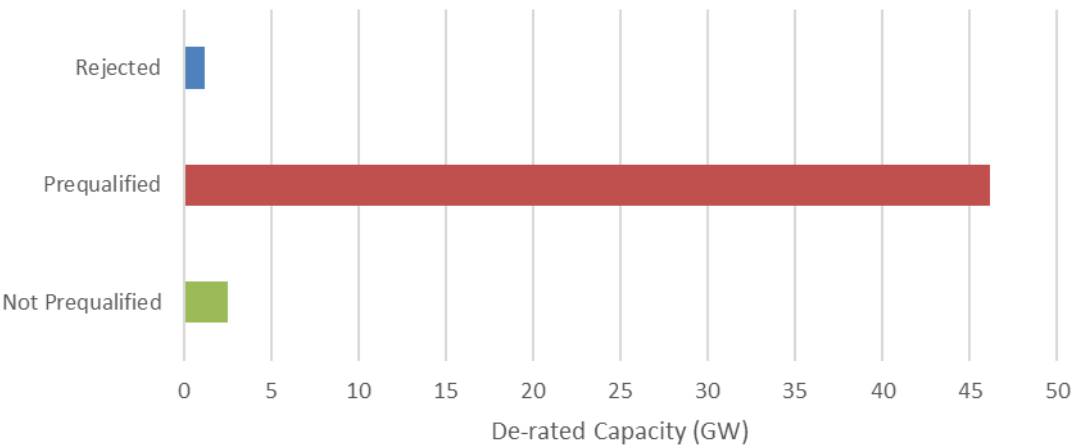
Prequalification outcomes for the 2024/25 T-4 Auction (Delivery Year 2028/29)

Applications

3.2. The 2024/25 T-4 Auction Prequalification commenced on 6 August 2024 and ended on 1 October 2024.¹⁸ A total of 997 CMU applications were made during the Prequalification Window, totalling 49.9GW of De-rated Capacity.

3.3. A total of 31 CMUs with 5.6GW of Anticipated De-rated Capacity opted out of Prequalification. 16 out 31 CMUs (2.1GW) stated that they would be closed down, decommissioned or otherwise non-operational by the start of the Delivery Year. The other 15 CMUs (3.5GW) opted out despite their intention to be operational throughout the Delivery Year.

Figure 2: 2024/25 T-4 Auction Prequalification Decisions



¹⁸ [2024 T-1 and T-4 Capacity Market Auction Guidelines](#)

- 3.4. Figure 2 illustrates in further detail the Prequalification outcomes for the 2024/25 T-4 Auction.¹⁹ Of the 49.9GW of De-rated Capacity entering Prequalification, 46.1GW received a Prequalified status (93%), 2.5GW received a not Prequalified status (5%) and 1.2GW was rejected (2%).

Prequalified CMUs

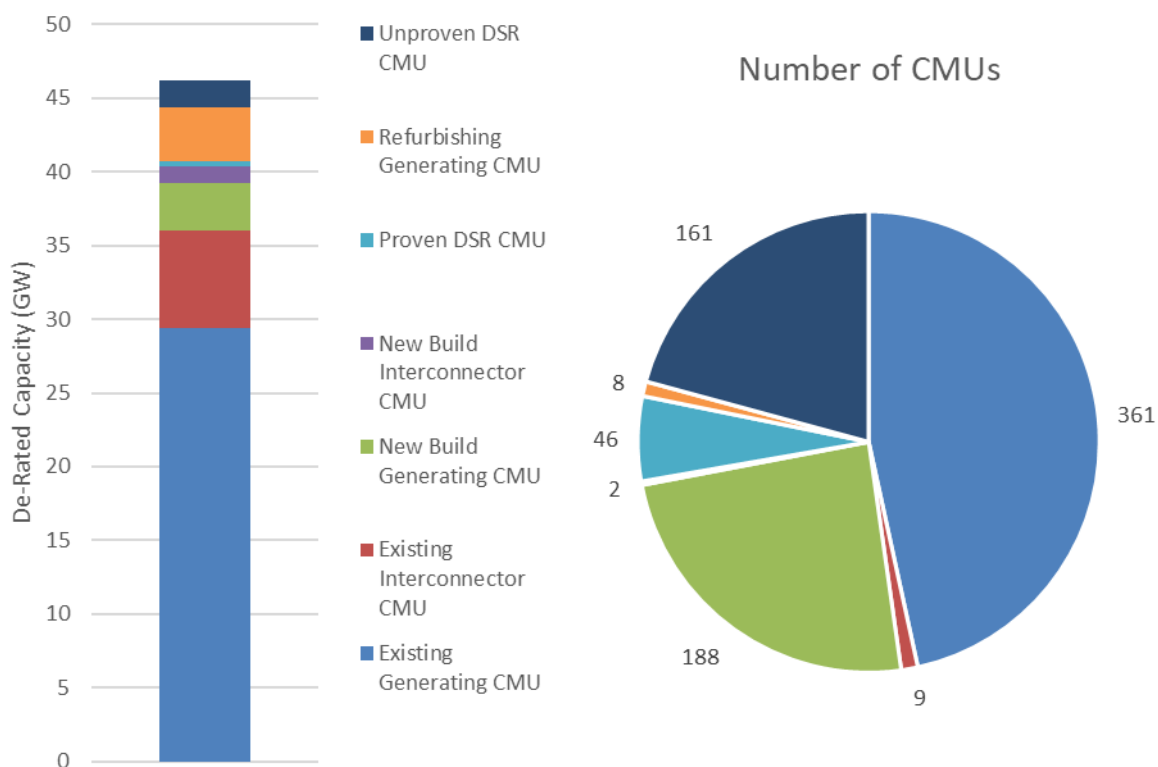
- 3.5. 775 CMUs were successful in Prequalifying, totalling 46.1GW of De-rated Capacity. This was 2.4GW more than the target level of capacity (43.7GW).^{20,21}
- 3.6. Figure 3 below demonstrates that Existing Generating CMUs accounted for the largest share of De-rated Capacity that Prequalified at 29.4GW (65%). Existing Interconnector CMUs accounted for 6.6GW (14%), Refurbishing Generating CMUs 3.7GW (8%) and New Build Generating CMUs 3.3GW (7%). The remaining De-rated Capacity that Prequalified was made up of Unproven DSR 1.8GW (4%), New Build Interconnector 1.1GW (2%) and Proven DSR 322MW (1%).

¹⁹ At Prequalification, three decisions are made at the outset: 'Prequalified', 'Rejected', or 'Conditionally Prequalified'. If a unit is Conditionally Prequalified, it must meet the conditions of its status to become Prequalified.

²⁰ [Final auction parameters, T-1 and T-4 Capacity Market auctions - GOV.UK](#)

²¹ [Capacity Market auction parameters: letter from DESNZ to NESO, February 2025](#)

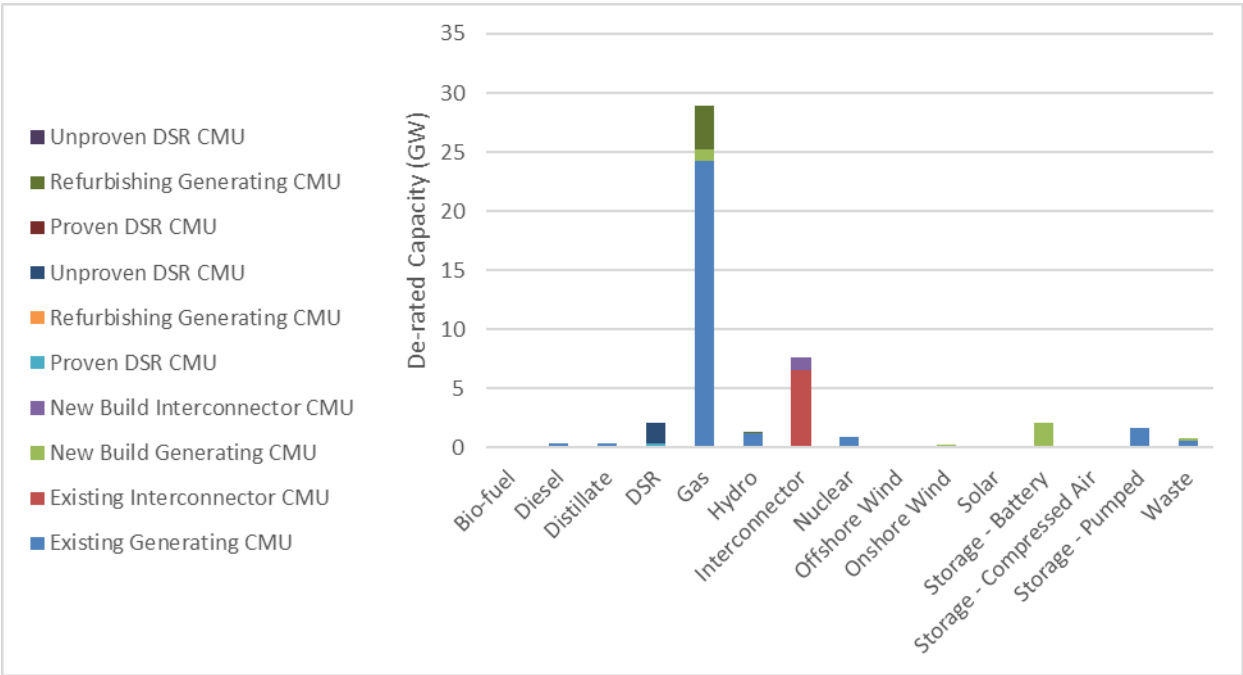
Figure 3: 2024/25 T-4 Auction Prequalified by CMU Category



3.7. Figure 3 also shows that Existing Generating CMUs had the largest number of CMUs at 361. New Build Generating and Unproven DSR CMUs were the next largest with 188 and 161 respectively. The mean De-rated Capacity for Existing Generating CMUs was 82MW. In comparison for New Build Generating and Unproven DSR CMUs the mean De-rated Capacity was smaller at 17MW and 11MW respectively.

3.8. Figure 4 below shows that Gas CMUs accounted for a significant share of De-rated Capacity that Prequalified for the Auction totalling 28.9GW (63%). Of this 24.2GW was Existing Generating CMUs, 3.6GW was from Refurbishing Generating CMUs and 1.0GW was from New Build Generating CMUs. Gas CMUs were followed by interconnector CMUs as they shared 7.7GW (17%) of the total De-rated Capacity that Prequalified for the Auction.

Figure 4: 2024/25 T-4 Auction Prequalified by Primary Fuel Type and CMU Category



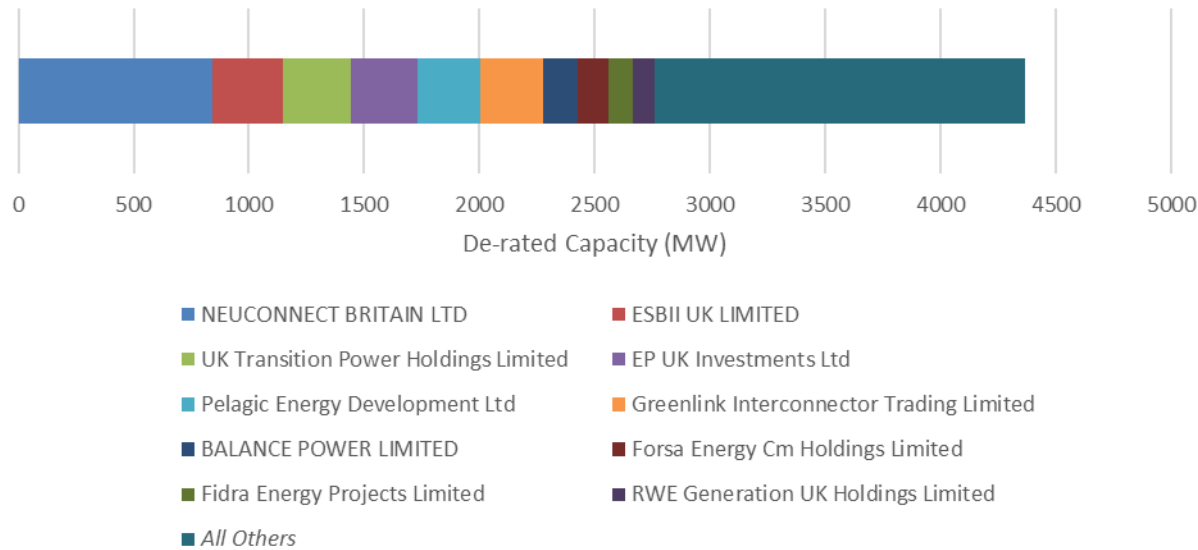
3.9. Table 8 shows the breakdown of the 10 largest parent companies by De-rated Capacity, which together accounted for 30.4GW (66%) of total Prequalified Capacity. These top 10 parent companies accounted for 143 of CMUs (18%) that Prequalified. SSE plc had 69 CMUs Prequalify for the 2024/25 T-4 Auction, which was the most of any parent company.

Table 8: Top 10 Parent Companies by Total De-rated Capacity that Prequalified for the 2024/25 T-4 Auction

| Parent Company | Sum of De-rated Capacity (GW) | Share of Total Prequalified De-rated Capacity (%) |
|---|-------------------------------|---|
| RWE Generation UK Holdings Limited | 6.4 | 14% |
| SSE plc | 4.6 | 10% |
| NATIONAL GRID INTERCONNECTOR HOLDINGS LIMITED | 4.1 | 9% |
| Uniper Holding GmbH | 4.1 | 9% |
| VPI Holding Limited | 2.9 | 6% |
| EP UK Investments Ltd | 2.4 | 5% |
| INTERGEN POWER LTD | 2.3 | 5% |
| National Grid Holdings One plc | 1.2 | 3% |
| SCCL Holdings Limited | 1.2 | 3% |
| UK Transition Power Limited | 1.2 | 3% |
| <i>All Others</i> | 15.8 | 34% |

3.10. Figure 5 below illustrates the top 10 parent companies entering as a New Build Generating CMU or New Build Interconnector CMU, receiving a Prequalified status. Only RWE Generation UK Holdings Ltd, UK Transition Power Holdings Limited and EP UK Investment Ltd remained in the top 10 for both total Prequalified De-rated Capacity and New Build Prequalified De-rated Capacity. NEUCONNECT BRITAIN LTD had the most New Build Prequalified De-rated Capacity with 840MW, followed by ESBII UK Limited with 309MW. The remaining parent companies all prequalified less than 300MW of De-rated Capacity.

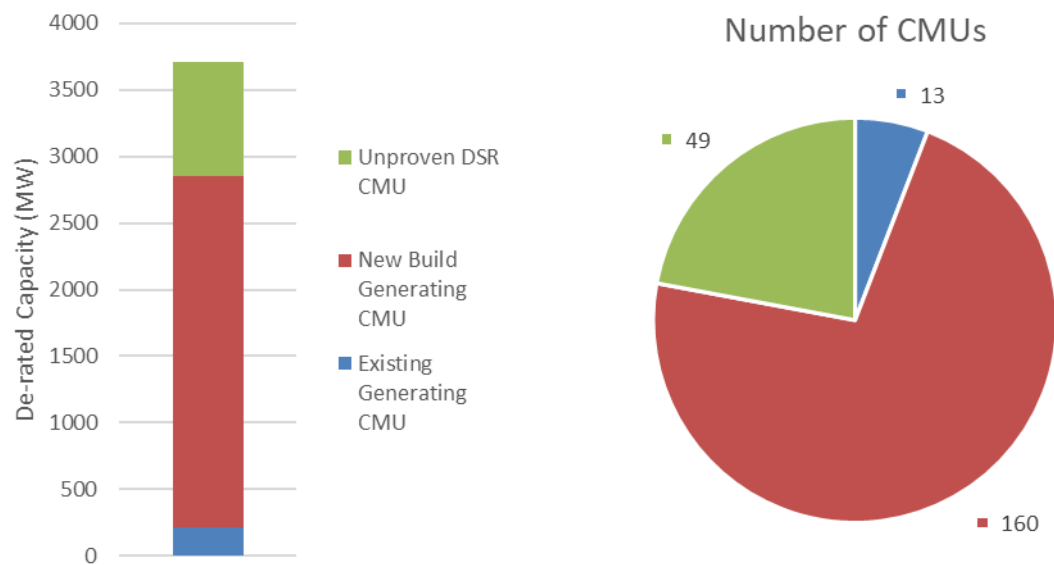
Figure 5: 2024/25 T-4 Auction New Build Generating and New Build Interconnector CMUs Prequalified by Parent Company



Unsuccessful CMUs

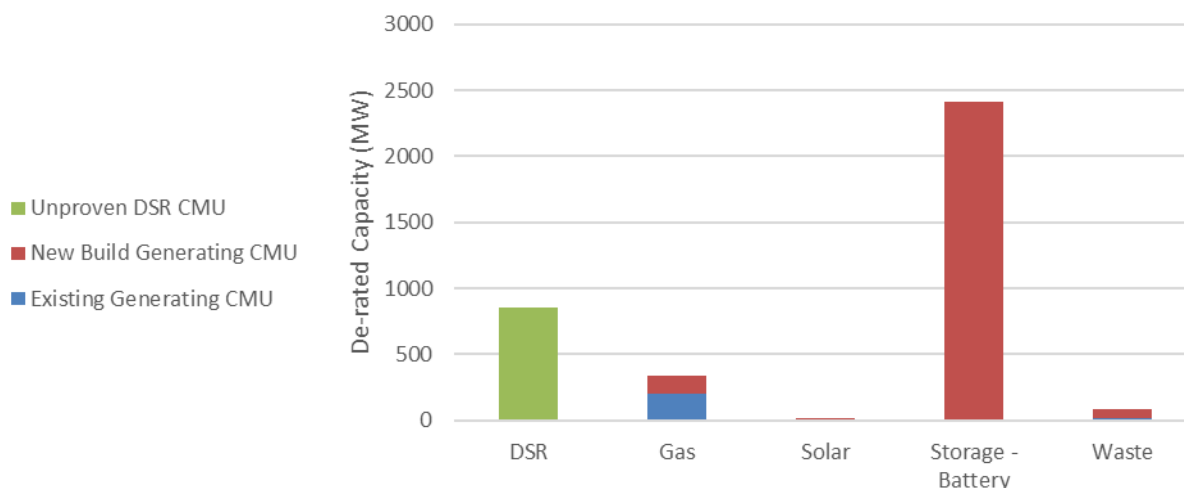
3.11. A total of 222 CMUs, amounting to 3.7GW of De-rated Capacity, failed to Prequalify. Figure 6 below shows that the majority of these (160 CMUs) were New Build Generating CMUs which totalled 2.6GW. This was followed by 49 Unproven DSR CMUs totalling 856MW and 13 Existing Generating CMUs totalling 214MW.

Figure 6: 2024/25 T-4 Auction Unsuccessful in Prequalification by CMU Category



- 3.12. Figure 7 below shows that Battery Storage CMUs accounted for a significant share of De-rated Capacity that was unsuccessful in Prequalification totalling 2.4GW (65%). This was followed by DSR CMUs and Gas CMUs, as they made up 856MW (23%) and 339MW (9%) of the unsuccessful Prequalification De-rated Capacity, respectively.

Figure 7: 2024/25 T-4 Auction Unsuccessful in Prequalification by Primary Fuel Type and CMU Category



Prequalification outcomes for the 2024/25 T-1 Auction (Delivery Year 2025/26)

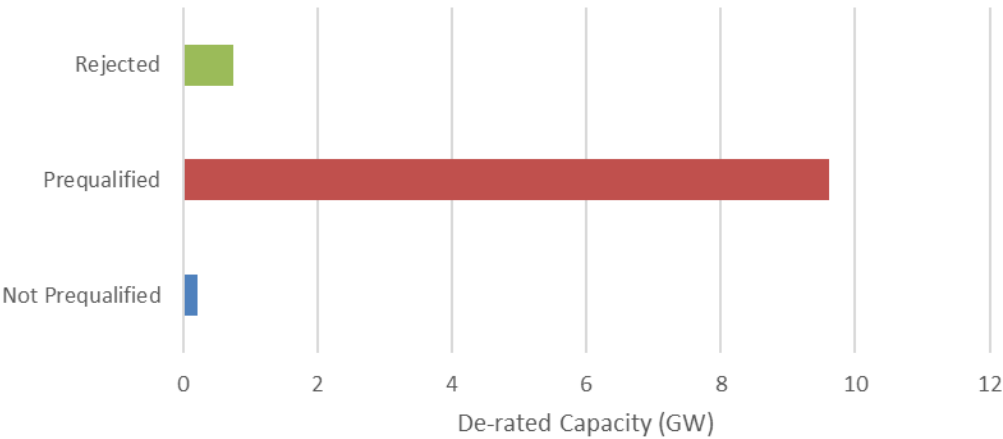
Applications

- 3.13. The 2024/25 T-1 Auction Prequalification commenced on 6 August 2024 and ended on 1 October 2024.²² A total of 436 CMU applications were submitted during the Prequalification window, totalling 10.6GW of De-rated Capacity.
- 3.14. A total of 9 CMUs with 307MW of anticipated De-rated Capacity opted out of Prequalification. 8 out of 9 of the CMUs (301MW) stated that they would be closed down, decommissioned or otherwise non-operational by the start of the Delivery Year. The other 1 CMU (6MW) opted out despite their intention to be operational throughout the Delivery Year.

²² [2024/25 T-1 Capacity Market Auction Guidelines](#)

3.15. Figure 8 below illustrates in further detail the Prequalification outcomes for the 2024/25 T-1 Auction. Of the 10.6GW of De-rated Capacity which entered Prequalification, 9.6GW received Prequalified status (91%), 756MW was rejected (7%) and 225MW received a not Prequalified status (2%).

Figure 8: 2024/25 T-1 Auction Prequalification Decisions

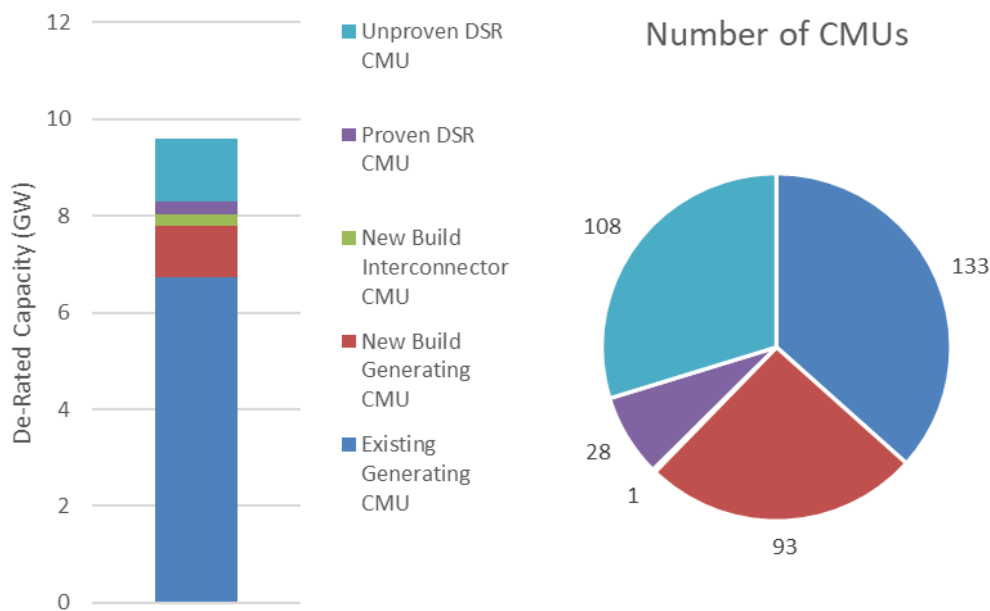


Prequalified CMUs

3.16. 363 CMUs were successful in Prequalifying, which amounted to 9.6GW of De-rated Capacity. This was 2.1GW more than the target level of capacity (7.5GW).²⁰

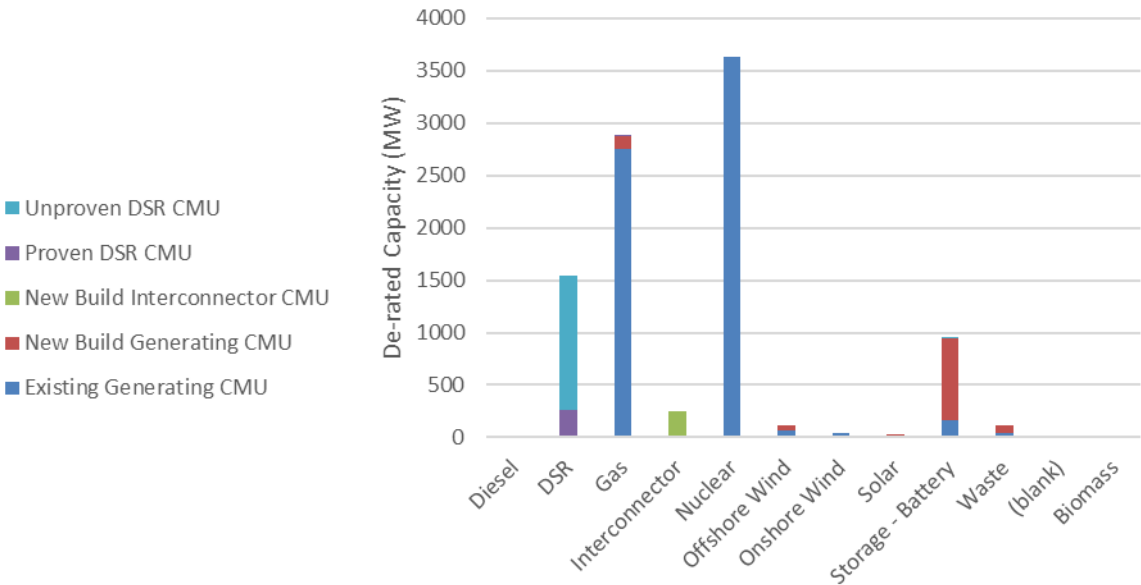
3.17. Figure 9 below demonstrates that Existing Generating CMUs accounted for the largest share of De-rated Capacity that Prequalified, at 6.7GW (70%). Unproven DSR CMUs accounted for 1.3GW (14%) of total De-rated Capacity that Prequalified, New Build Generating CMUs accounted for 1.1GW (11%), Proven DSR CMUs accounted for 273MW (3%), and New Build Interconnector CMUs accounted for a further 247MW (3%).

Figure 9: 2024/25 T-1 Auction Prequalified by CMU Category



3.18. Figure 9 also shows that Existing Generating CMUs and Unproven DSR CMUs were the two categories with the most CMUs, with 133 and 108 respectively. The mean De-rated Capacity of Existing Generating CMUs and Unproven DSR CMUs was 51MW and 12MW respectively. In comparison, New Build Generating CMUs had a mean De-rated Capacity of 11MW and Proven DSR CMUs had a mean of 10MW.

Figure 10: 2024/25 T-1 Auction Prequalified by Primary Fuel Type and CMU Category ²³



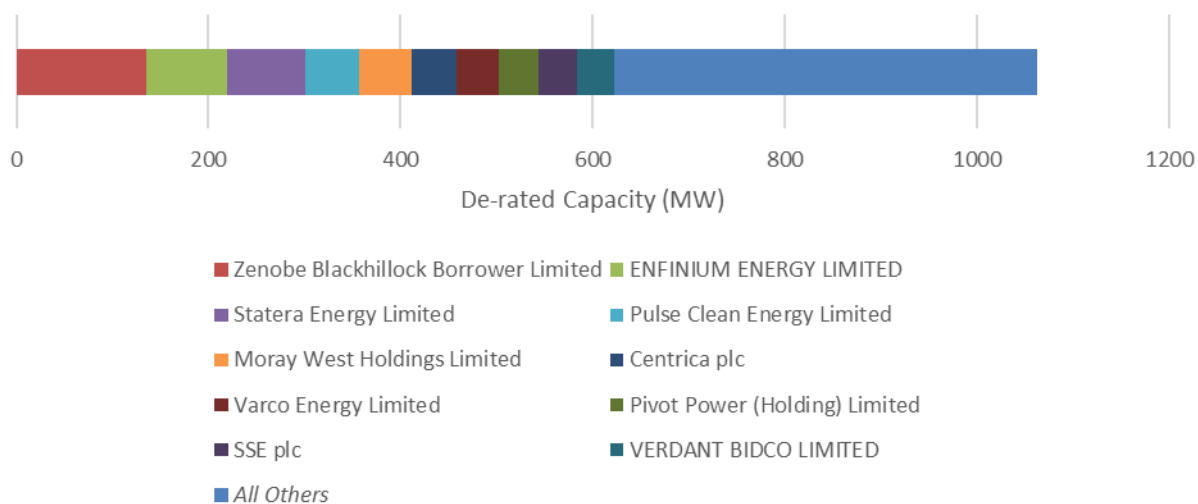
- 3.19. Figure 10 shows that Nuclear CMUs accounted for the largest share of De-rated Capacity that Prequalified for the Auction, totalling 3.6GW (38%). 100% of this was Existing Generating CMUs. Gas CMUs accounted for the next largest share of De-rated Capacity, totalling 2.8GW (30%). Of this, 123MW was New Build Generating CMUs, and the rest was Existing Generating CMUs.
- 3.20. Table 9 below shows the breakdown of the 10 largest parent companies by De-rated Capacity, which together accounted for 7.6GW (80%) of total Prequalified Capacity. These top 10 parent companies accounted for 122 (34%) of CMUs that Prequalified. GridBeyond Limited had 46 CMUs Prequalify for the 2024/25 T-1 Auction, which was the most of any parent company.

²³ The category with no primary fuel type (blank) is a result of no primary fuel type being selected by the Capacity Provider when submitting their application for Prequalification.

Table 9: Top 10 Parent Companies by De-rated Capacity that Prequalified for the 2024/25 T-1 Auction

| Parent Company | Sum of De-rated Capacity (MW) | Share of Total Prequalified De-rated Capacity (%) |
|--|-------------------------------|---|
| EDF Energy Holdings Limited | 3636 | 38% |
| SSE plc | 858 | 9% |
| Calon Energy (Severn) Limited | 773 | 8% |
| Sutton Bridge Power Systems (London) Limited | 773 | 8% |
| Octopus Energy Group Limited | 405 | 4% |
| GRIDBEYOND LIMITED | 299 | 3% |
| General Electricity Holdings | 250 | 3% |
| Greenlink Interconnector Trading Limited | 247 | 3% |
| ENEL X INTERNATIONAL S.R.L. | 240 | 2% |
| AXLE ENERGY LIMITED | 175 | 2% |
| <i>All Others</i> | 1948 | 20% |

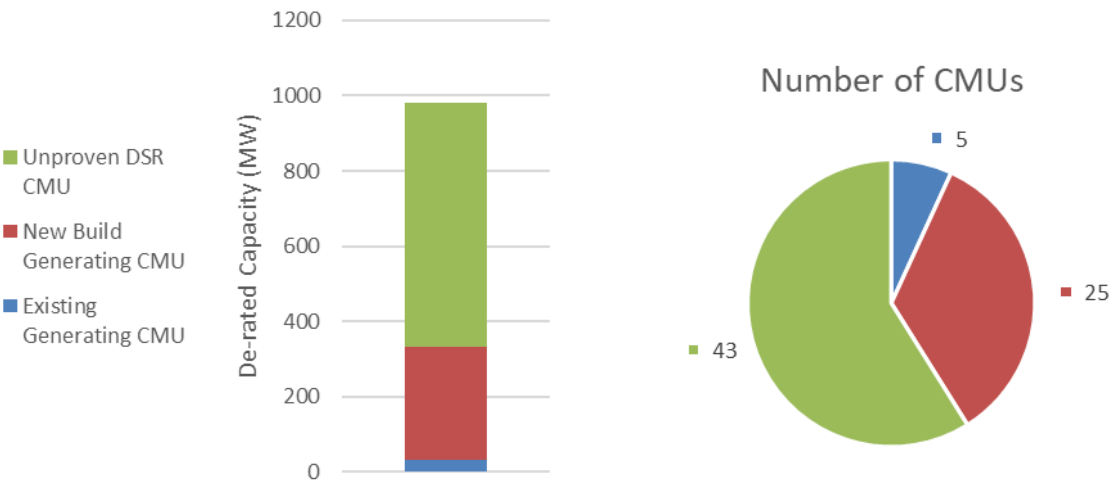
3.21. Figure 11 below illustrates the 10 largest parent companies by New Build Generating CMU De-rated Capacity. Only SSE Plc were in the top 10 for both total Prequalified De-rated Capacity and New Build Generating De-rated Capacity. Zenobe Blackhillock Borrower Limited had the De-rated Capacity in this category with 136MW, followed by Enfinium Energy Limited with 84MW.

Figure 11: 2024/25 T-1 Auction New Build Generating CMUs Prequalified by Parent Company

Unsuccessful CMUs

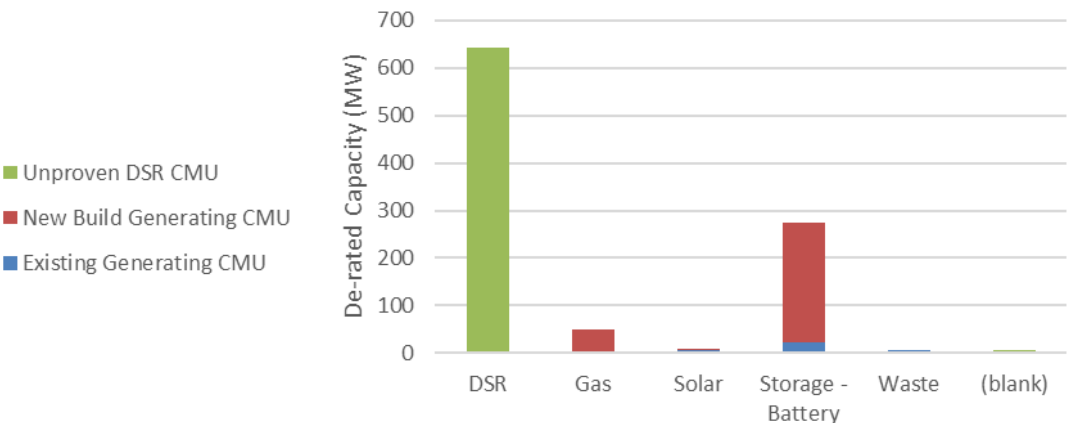
3.22. A total of 73 CMUs, amounting to 981MW of De-rated Capacity, failed to Prequalify. Figure 12 below shows that the majority of these (43 CMUs) were Unproven DSR CMUs, which totalled 647MW. This was followed by 25 New Build Generating CMUs totalling 300MW and 5 Existing Generating CMUs totalling 33MW.

Figure 12: 2024/25 T-1 Auction Unsuccessful in Prequalification by CMU Category



3.23. Figure 13 below shows that DSR CMUs accounted for the largest share of De-rated Capacity that was unsuccessful in Prequalification, totalling 642MW (66%). An additional 5MW of Unproven DSR CMU was unsuccessful, for which a fuel type was not provided, and hence recorded as “(blank)”. This was followed by Battery Storage CMUs, making up 273MW (28%) of the unsuccessful Prequalification De-rated Capacity.

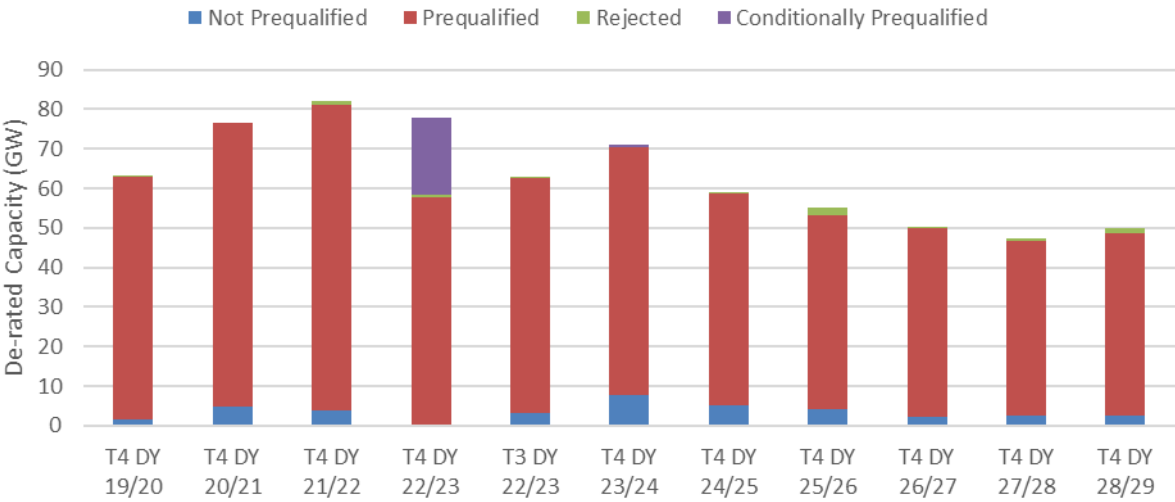
Figure 13: 2024/25 T-1 Auction Unsuccessful in Prequalification by Primary Fuel Type and CMU Category ²³



Overview of previous Prequalification results for T-4 & T-3 Auctions and T-1 Auctions

3.24. Figure 14 below illustrates the T-4 and T-3 Auctions Prequalification results over a 11-year period. The 2017/18 T-4 Auction (Delivery Year 2021/2022) had the most De-rated Capacity apply for Prequalification, at 82.0GW. In comparison with the 2017/2018 T-4 Auction, the most recent T-4 auction saw a decrease in De-rated Capacity applying for Prequalification of 32.1GW (39%). When compared to the most recent 2023/2024 T-4 auction, there was a 2.6GW (5% year-on-year) increase in the volume of De-rated Capacity that applied for Prequalification.

Figure 14: Historical Overview of the T-4 and T-3 Prequalification Decisions²⁴

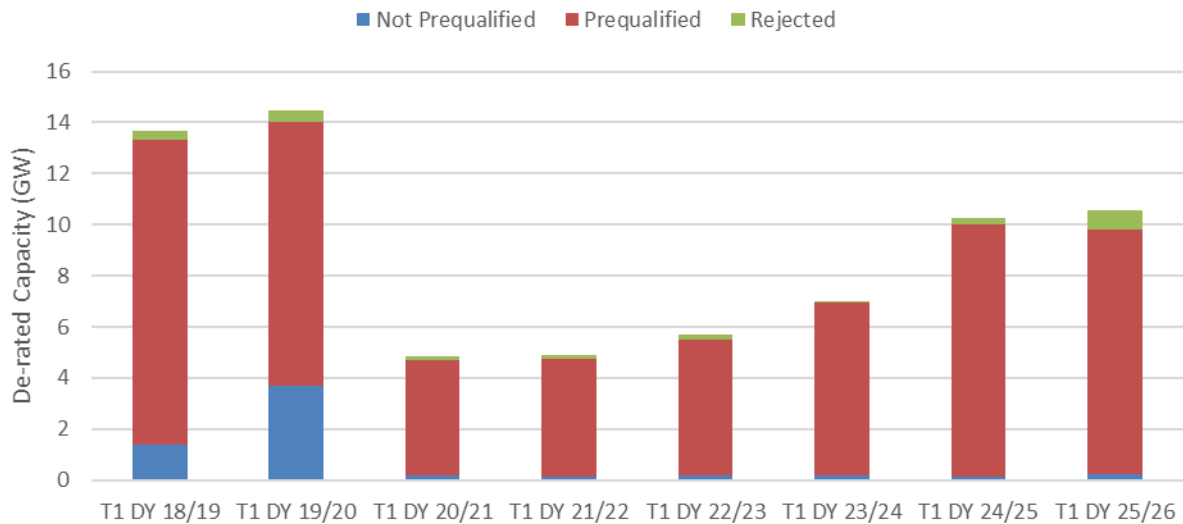


3.25. Figure 15 below shows the T-1 Auctions Prequalification results since the first Auction in 2017/18 (Delivery Year 2018/19). The 2018/19 T-1 Auction (Delivery Year 2019/20) had the most De-rated Capacity apply for Prequalification, at 14.5GW. Participation dropped in the 2019/20 T-1 Auction (Delivery Year 2020/21) as only 4.8GW of De-rated Capacity (67% decrease) applied. This has risen steadily since, with the 2024/25 T-1 Auction (Delivery Year 2025/26) receiving applications totalling 10.6GW of De-rated Capacity. There was a 342MW (3%) increase in the volume of De-rated Capacity compared to last year, which represents the smallest

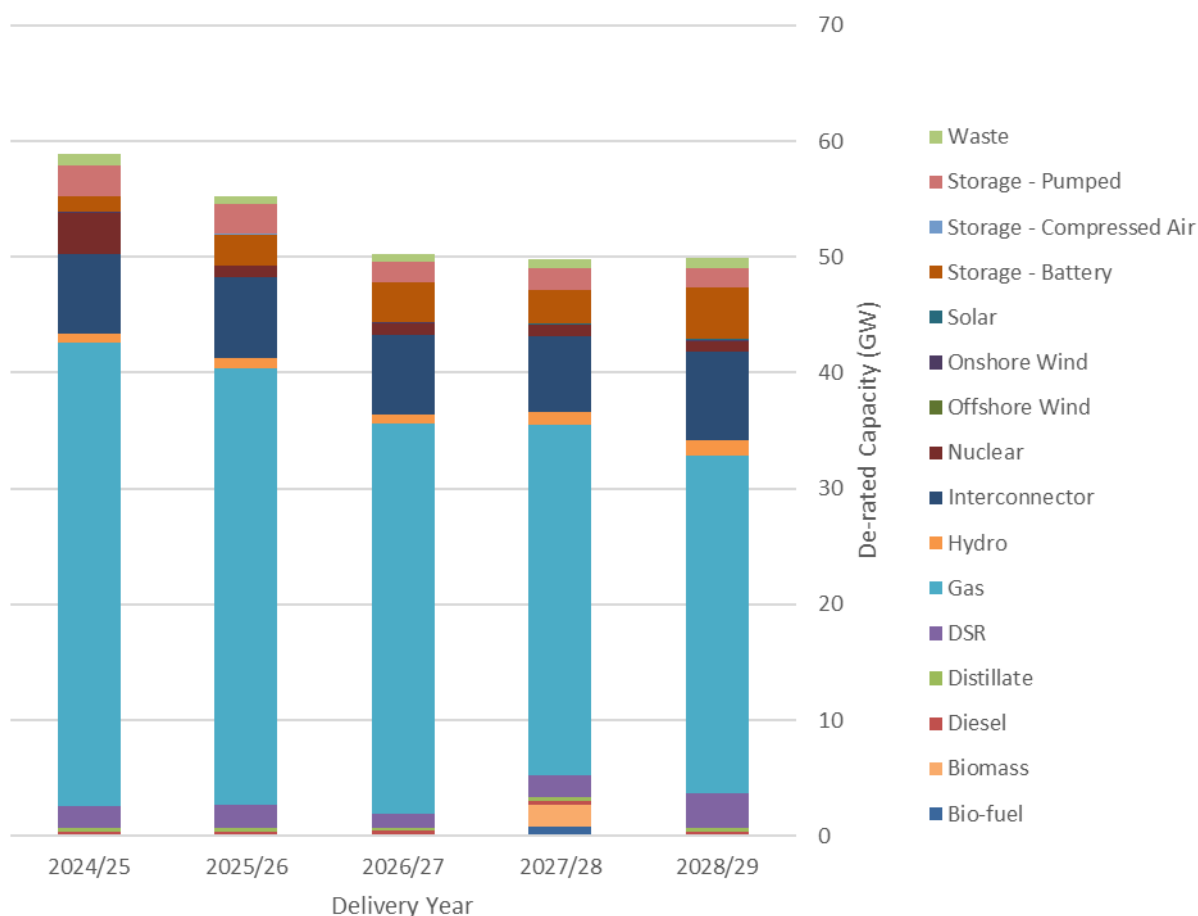
²⁴ For the T-4 Auction for Delivery Year 2022/23, after Prequalification took place the Auction was suspended and a T-3 Auction was scheduled instead for the same Delivery Year.

year-on-year change since 2020/21 T-1 Auction (Delivery Year 2021/2022), which saw an increase of 75MW (2%) compared to the previous year.

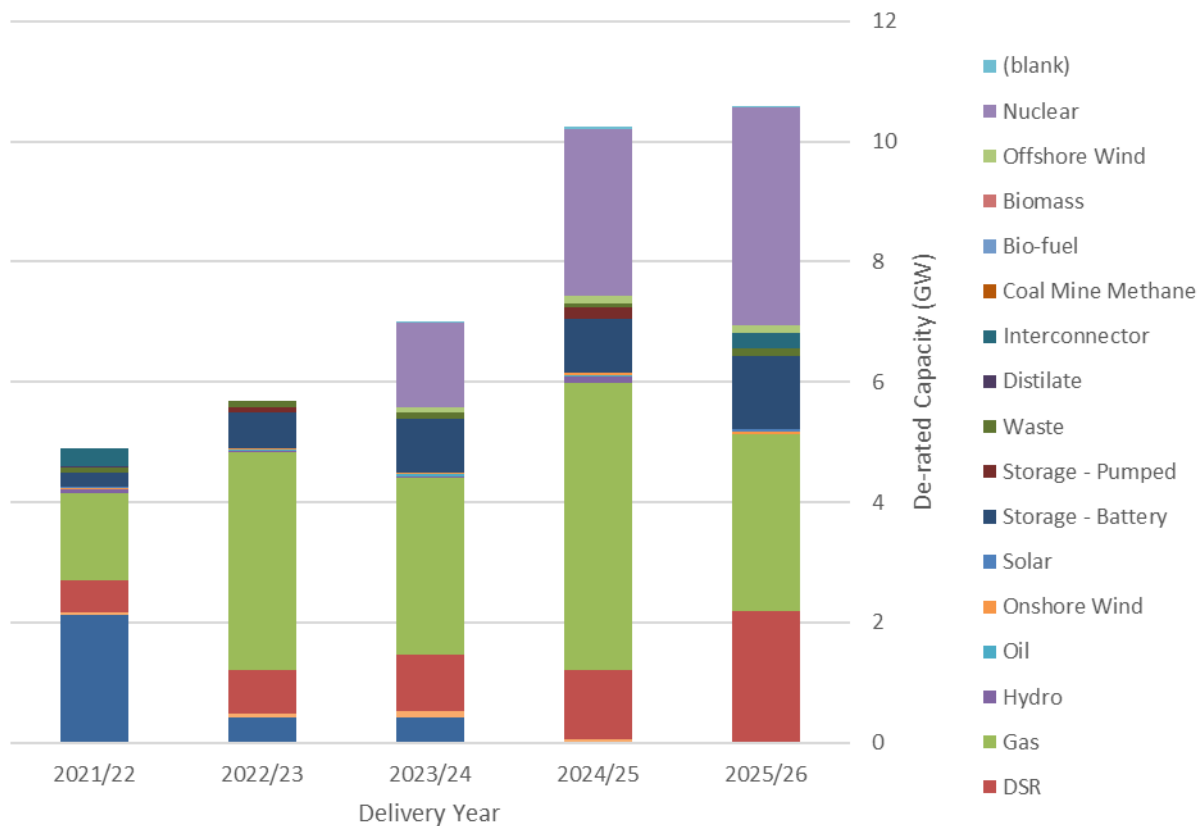
Figure 15: Historical Overview of the T-1 Prequalification Decisions



3.26. Figure 16 below shows CMUs entering Prequalification for the T-4 Auctions over the previous 5 years by Primary Fuel Type. This shows a large decrease in De-rated Capacity by Nuclear and Gas entering Prequalification for the T-4 Auctions. Nuclear De-rated Capacity has decreased from 3.5GW to 928MW (74% decrease) since the 2020/21 T-4 Auction (Delivery Year 2024/25). Whilst Gas De-rated Capacity has decreased from 4.0GW to 2.9GW (27% decrease) since the 2020/21 T-4 Auction (Delivery Year 2024/25). These two types of plant have caused a decrease in volume of De-rated Capacity entering Prequalification for the T-4 Auction and have not been replaced by the same levels of De-rated Capacity. Relatively new categories such as Onshore Wind, Offshore Wind and Solar only enter small volumes, whilst Pumped Storage CMUs have decreased by 987MW from 2.6GW to 1623MW a decrease of 38% over 5 years. Over the same period, Hydro has increased from 829MW to 1.3GW (53% increase). Battery Storage CMUs have seen the biggest increase in De-rated Capacity entering Prequalification as this has increased from 1.4GW to 4.5GW (229% increase) since the 2020/21 T-4 Auction (Delivery Year 2024/25). DSR has also seen a large increase in De-rated Capacity entering Prequalification increasing from 1.9GW to 3.0GW (62% increase) since the 2020/21 T-4 Auction (Delivery Year 2024/25).

Figure 16: Primary Fuel Types entering Prequalification for T-4 Auctions over the last 5 years

3.27. Figure 17 below shows CMUs entering Prequalification for the T-1 Auctions over the previous 5 years by Primary Fuel Type. The volume of De-rated Capacity of DSR CMUs entered into Prequalification for 2024/25 T-4 Auction (Delivery Year 2025/26) increased by 1GW (89%) compared to the Prequalification for the 2023/24 T-4 Auction (Delivery Year 2024/25), Nuclear CMUs increased by 869MW (31%), and Gas CMUs decreased by 1.9GW (39%). This year, the volume of De-rated Capacity for Battery Storage CMUs was 1.2GW, the largest in the last 5 years, as well as for Solar CMUs (34MW). For the first time in the last 5 years, no Hydro CMUs were entered into Prequalification for the T-1 Auction.

Figure 17: Primary Fuel Types entering Prequalification for T-1 Auctions over the last 5 years ²³

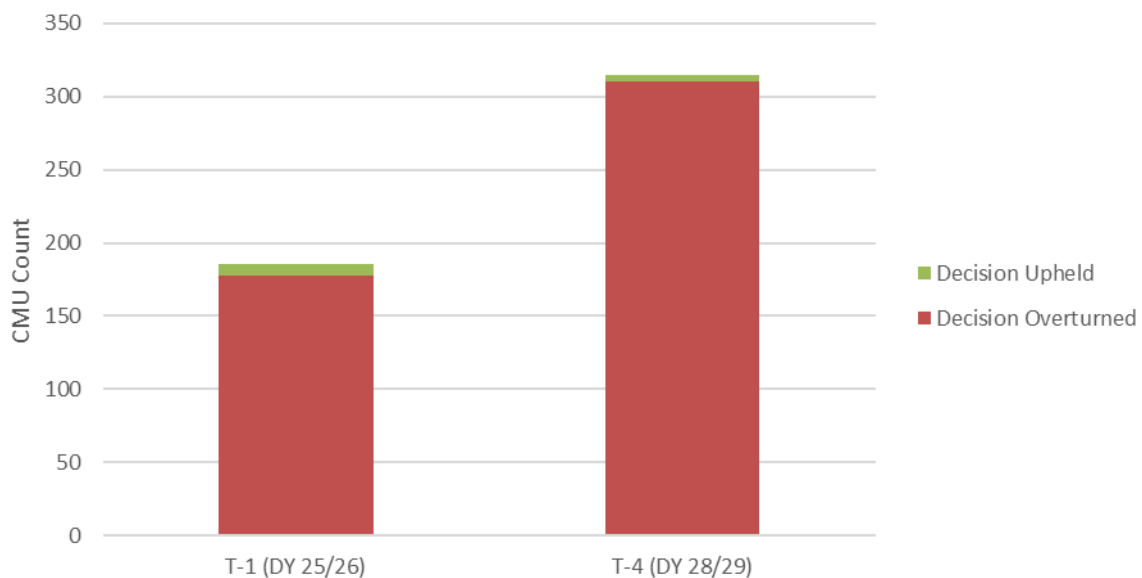
Appeals process review

3.28. The Delivery Body received 315 appeals for reconsideration (“Tier 1 dispute”) for the 2024/25 T-4 Auction and 186 for the 2024/25 T-1 Auction.

3.29. Figure 18 below shows that appeals submitted to the Delivery Body for reconsideration for the 2024/25 T-4 Auction had 310 appeals result in the overturning of non-Prequalification decisions (98%), meaning the applicants were able to Prequalify. The 2024/25 T-1 Auction had 178 overturned decisions (96%).²⁵ Typically these appeals arise from applicants making non-material errors which the Delivery Body is allowed to overturn under Regulation 69(5A), if corrected materials are re-submitted.

²⁵ Data provided by the Delivery Body on 12 May 2025

Figure 18: Outcome of Appeals to Reconsider a Prequalification Decision Submitted to the Delivery Body for the 2024/25 Capacity Auctions



3.30. The five most common reasons for Applicants failing Prequalification for the 2024/25 T-4 Auction were:²⁵

- The Applicant had not fully addressed the matters set out in Exhibit ZB as per Rule 4.4.2(i)
- The Aggregated Connection Capacity was not equal to the Average Output of the Connection Agreement as per CM Rule 3.5.3
- An incorrect method was used to calculate the Connection Capacity as per CM Rule 3.5.2(c)(iii)(bb)
- An incorrect method was used to calculate the Connection Capacity as per CM Rule 3.5.2(b)
- The Company Address provided in the Application did not match with the address as shown on Companies House as per CM Rule 3.4.1

3.31. The five most common reasons for Applicants failing Prequalification for the 2024/25 T-1 Auction were:²⁵

- The Applicant had not fully addressed the matters set out in Exhibit ZB as per Rule 4.4.2(i)

- An incorrect Method was used to calculate the Connection Capacity as per CM Rule 3.5.2(b)
- The Aggregated Connection Capacity was not equal to the Average Output of the Connection Agreement as per CM Rule 3.5.3.
- Within the submitted Certificate of Conduct (Exhibit C) an incorrect Year of Application had been provided as per CM Rule 3.12.4

3.32. In joint fifth place were:

- Within the submitted Prequalification Certificate (Exhibit A) an incorrect Year of Application had been provided as per CM Rule 3.12.2
- Failure to comply with CM Rule 3.4.11(b) as the Applicant did not declare they would not break FF Emission Limits for the relevant Delivery Year(s).

3.33. A total of 10 Appeals to the Authority ("Tier 2 disputes") were submitted, covering 21 CMUs.²⁶ Of these, 13 CMUs applied for the T-4 Auction and 8 CMUs applied for the T-1 Auction.

3.34. The T-4 Auction disputes were grouped into 4 appeals. The decisions by the Delivery Body were upheld by the Authority in all 4 disputes. The reason for rejection for each of these disputes was:

- The Applicant failed to provide a Grid Connection Agreement in accordance with the requirements of Rule 3.7.3(b)(ii)
- The Applicant did not submit valid Planning Consents before the deadline, in line with Rule 4.7.1
- The Applicant selected an incorrect method of calculating Connection Capacity, and thereby failed to comply with Rule 3.5.2

²⁶ [Ofgem's determinations on Tier 2 Capacity Market disputes: Delivery Year 2024 to 2025 | Ofgem](#)

- The Applicant failed to submit a Request for Reconsideration of the Prequalification Decision within the required timeframe.

3.35. The T-1 Auction disputes were grouped into 6 appeals. The decisions by the Delivery Body were upheld by the Authority in all 6 disputes. The subject of these disputes was due to:

- The Applicant made an application for the incorrect CMU type, and failed to provide evidence of their Connection Capacity under Rule 3.5
- The Applicant did provide Historic Performance Data in line with the requirements of Rule 3.6.1(a)
- The Applicant failed to provide a Grid Connection Agreement to satisfy the conditions of Rule 3.7.3
- The Applicant's aggregate Connection Capacity exceeded the Maximum Export Capacity and therefore was in non-compliance with Rule 3.5.1A
- The applicant failed to meet criteria for the selected Generating Technology Class.

4. Auction results

Auction outcomes for the 2024/25 T-4 Auction (Delivery Year 2028/29)

Auction parameters: clearing price and volume

- 4.1. The 2024/25 T-4 Auction Price Cap was £75/kW/year. The price decrement per round was £5/kW/year, resulting in a maximum of 15 rounds for the Auction. The T-4 Auction concluded in the 4th Round at a clearing price of £60.00/kW/year.²⁷
- 4.2. Of the 46.1GW that Prequalified, 44.7GW took part in the Auction and 43.0GW was awarded Capacity Agreements. This is below the central target capacity of 43.7GW, but within the target parameters (42.2 to 45.2GW) of the Auction.²⁰

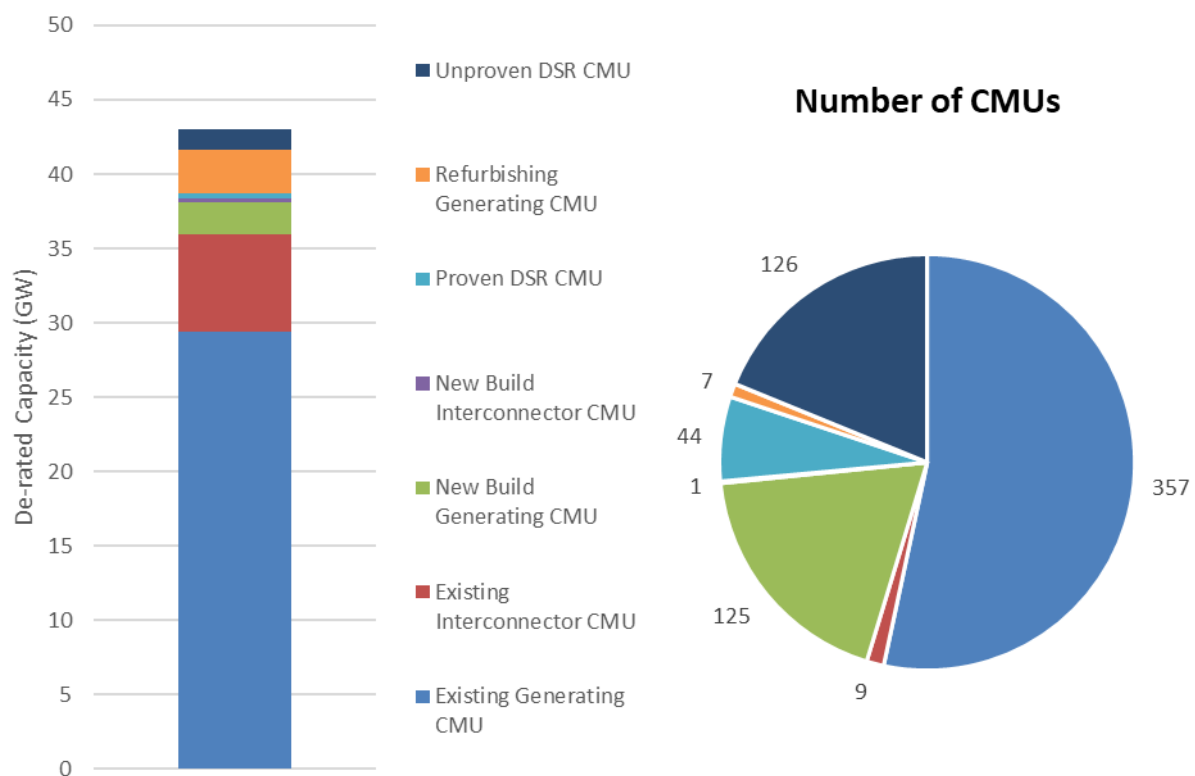
Results by CMU category

- 4.3. As demonstrated in Figure 19 below, a significant share of the volume securing a Capacity Agreement was from Existing Generating CMUs with 29.4GW (68%). This was followed by Existing Interconnector CMUs with 6.6GW (15%) and Refurbishing Generating CMUs with 2.9GW (7%). The remaining CMU categories each contributed 5% or less of total volumes securing a Capacity Agreement in the 2024/25 T-4 Auction, collectively representing 4.2GW (10%) of De-rated Capacity.
- 4.4. Existing Generating CMUs offered a total of 29.4GW in the Auction, of this 29.4GW secured Capacity Agreements, equating to a 99.9% success rate. New Build Generating CMUs offered a total of 2.8GW and saw 2.1GW (76%) secure Capacity Agreements.
- 4.5. New Build and Existing Interconnector CMUs together represented 6.8GW Capacity entering the Auction. Both these CMU types had 100% of their offered Capacity secure Capacity Agreements.

²⁷ [T-4 DY 28-29 Final Auction Results Report](#)

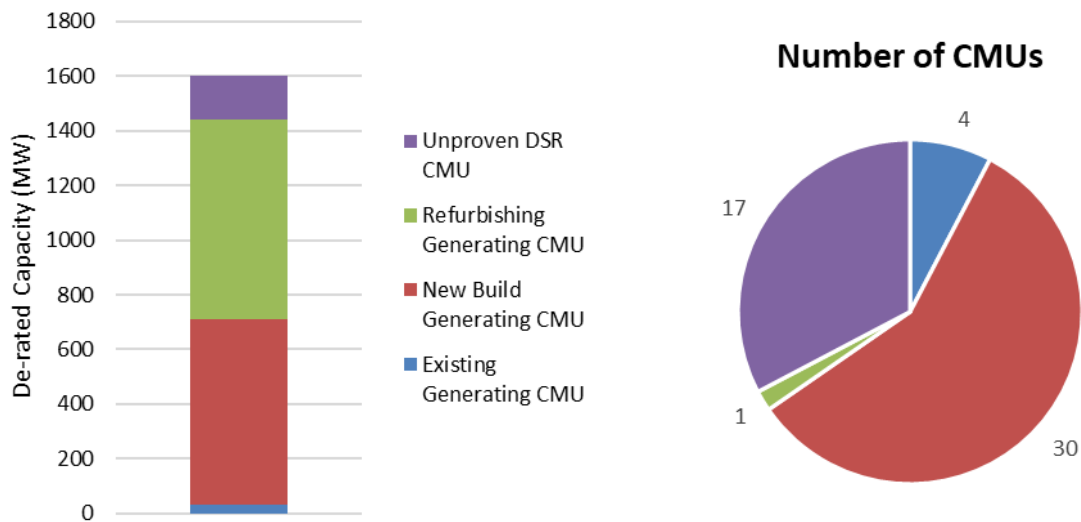
- 4.6. Proven and Unproven DSR CMUs accounted for 2.1GW of total volumes offered in the Auction, and together secured Capacity Agreement for 1.8GW of De-rated Capacity. Proven DSR CMUs saw 100% of its offered volumes secure a Capacity Agreement and Unproven DSR CMUs saw 1.5GW (90%) secure a Capacity Agreement.
- 4.7. Lastly, 3.7GW of De-rated Capacity from Refurbishing Generating CMUs entered the Auction, of which 2.9GW of this secured a Capacity Agreement.

Figure 19: 2024/25 T-4 Auction Cleared De-rated Capacity by CMU Category



- 4.8. Figure 20 below illustrates the proportion of CMU Capacity which failed to secure Capacity Agreements by CMU category. A total of 1.6GW of capacity did not secure Capacity Agreements. 727MW (45%) of this is attributed to Refurbishing Generating CMUs, 683MW (43%) to New Build Generating CMUs, 162MW (10%) Unproven DSR and 29MW (2%) to Existing Generating CMUs.

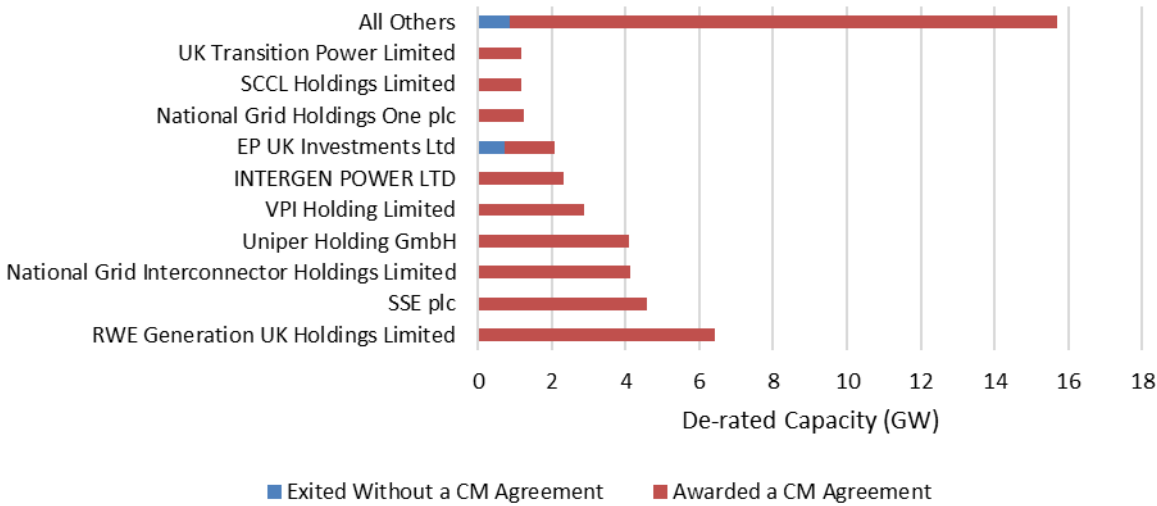
Figure 20: 2024/25 T-4 Auction Exited De-rated Capacity by CMU Category



Results by company

- 4.9. Figure 21 below illustrates the top 10 companies by total volume of De-rated Capacity entered in the Auction. RWE Generation UK Holdings Limited represented 6.4GW (14%) of total cleared volumes, SSE plc represented 4.6GW (10%), and both National Grid Interconnector Holdings Limited and Uniper Holding GmbH represented 4.1GW (9%) each. The remaining companies each accounted for less than 2.9GW (6%) of total cleared volumes.
- 4.10. Out of the top 10 companies, 9 gained Capacity Agreements for 100% of the capacity they entered into the Auction. Only EP UK Investments had Capacity that exited the Auction as they had 1.3GW out of a total 2.1GW (65%) of capacity awarded a Capacity Agreement.

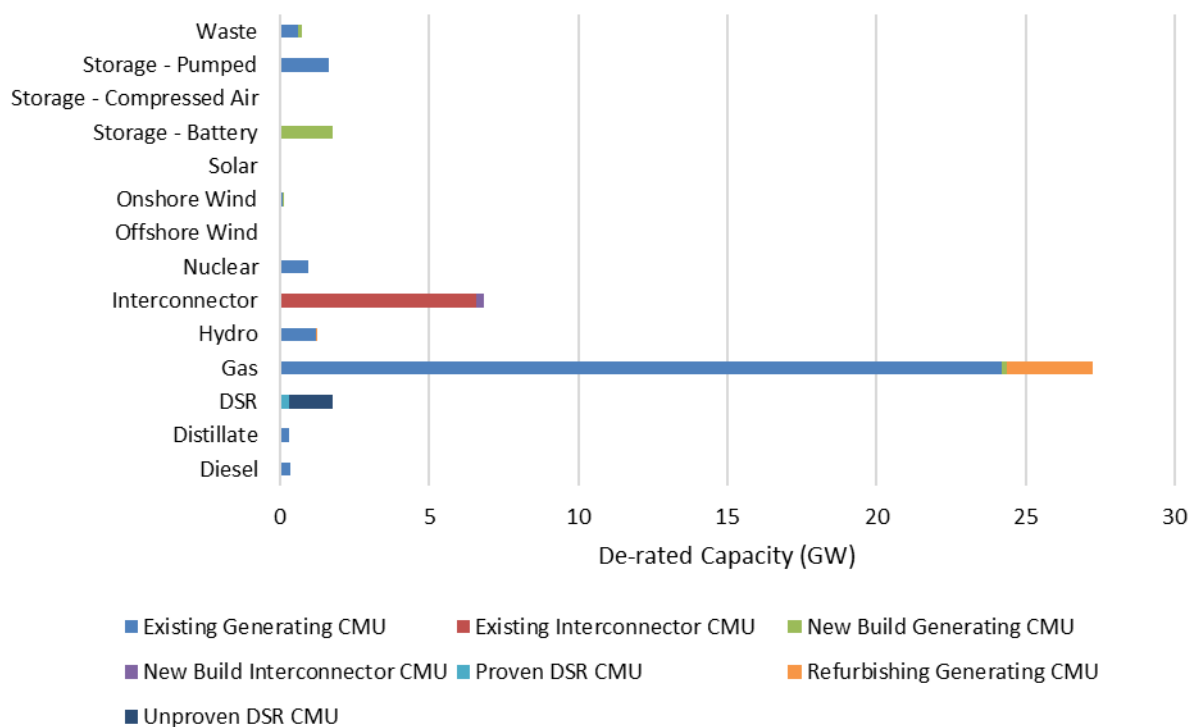
Figure 21: 2024/25 T-4 Auction Results of Top 10 Parent Companies by De-rated Capacity



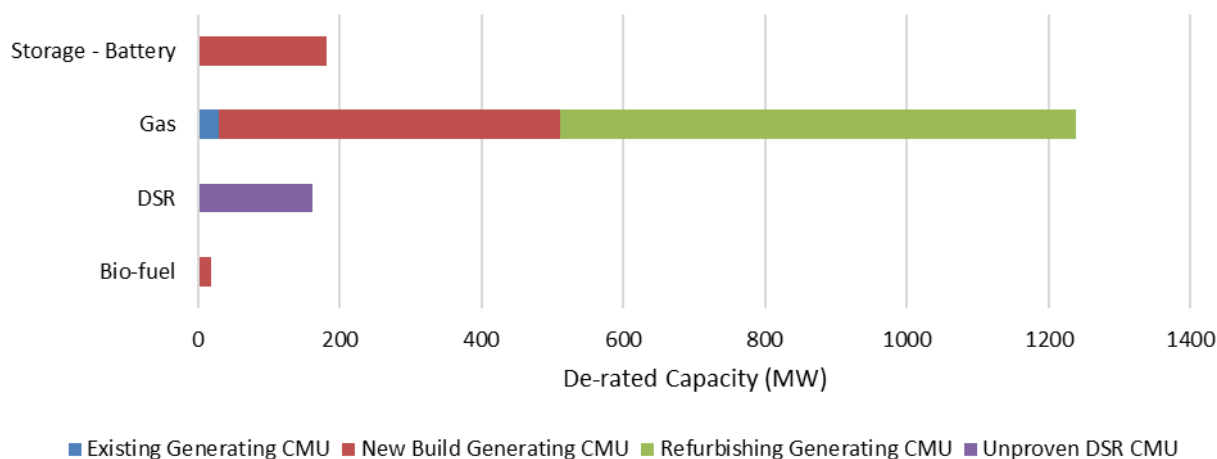
Results by fuel and technology type

4.11. Figure 22 below illustrates that more than half (63%) of the De-rated Capacity acquired through the 2024/25 T-4 Auction was gained by Gas CMUs, totalling 27.3GW. The majority (89%) from Existing Generating CMUs, at 24.2GW. Interconnector Capacity accounted for 6.8GW (16%) of cleared volumes. This was followed by DSR at 1.8GW (4%), Battery Storage at 1.8GW (4%), Pumped Storage at 1.6GW (4%), Hydro at 1.3GW (3%), Nuclear at 928MW (2%) and Waste at 751MW (2%). The remaining fuel type categories secured Capacity Agreements for a total of 836MW.

Figure 22: 2024/25 T-4 Auction Results for Cleared De-rated Capacity by Primary Fuel Type and CMU Category



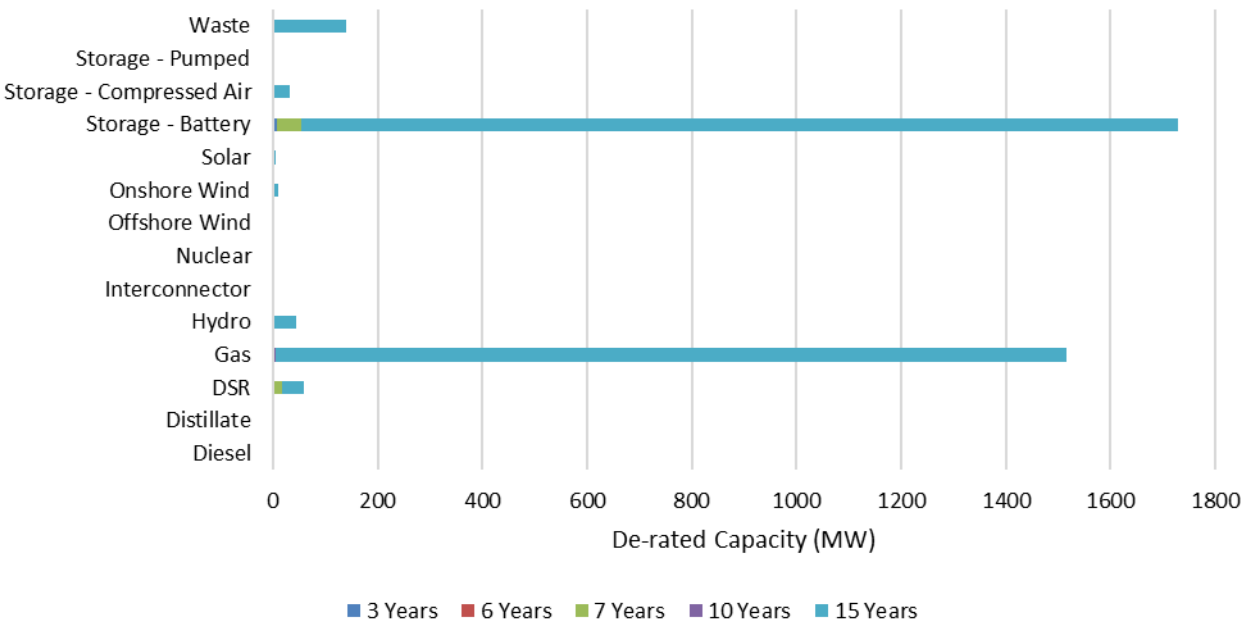
4.12. Figure 23 below focuses on the Capacity that exited the Auction without a Capacity Agreement. Gas accounted for most of the Capacity exiting the Auction totalling 1.2GW (77%). Of this 727MW was Refurbishing Generating CMUs and 482MW New Build Generating CMUs. The remaining 29MW was Existing Generating CMUs. Gas was followed by Battery Storage at 182MW (11%), DSR at 162MW (10%) and Bio-fuel at 19MW (1%).

Figure 23: 2024/25 T-4 Auction Results for Exited De-rated Capacity by Primary Fuel Type and CMU Category

Length of Capacity Agreement

- 4.13. 39.5GW (92%) of the De-rated Capacity that was awarded Capacity Agreements in the 2024/25 T-4 Auction were one-year agreements. Most of the remainder, 3.5GW (8%) won fifteen-year agreements. The outstanding De-rated Capacity, totalling 76MW were made up of 3-year (7MW), 6-year (3MW), 7-year (64MW) and 10-year (1MW) agreements.
- 4.14. Figure 24 below shows how fuel and technology types contributed to multi-year contracts. The largest being Battery Storage CMUs at 1.8GW, with 1.7GW (97%) being 15-year contracts. The remaining capacity is made up of 3-year (7MW) and 7-year (47MW) contracts. This second largest was Gas CMUs, at 1.5GW where almost 100% were 15-year contracts, with the remainder having 6-year (3MW) and 10-year (1MW) contracts. For DSR CMUs, 41MW (71%) received a 15-year Capacity Agreement and 17MW (29%) received 7-year Capacity Agreements. Waste (139MW), Hydro (45MW), Compressed Air Storage (31MW), Onshore wind (9MW) and Solar (6MW) made up the remaining multi-year contracts, all with 15-year contracts.

Figure 24: 2024/25 T-4 Auction Results by Multi-Year Contracts



Auction outcomes for the 2024/25 T-1 Auction (Delivery Year 2025/26)

Auction parameters: clearing price and volume

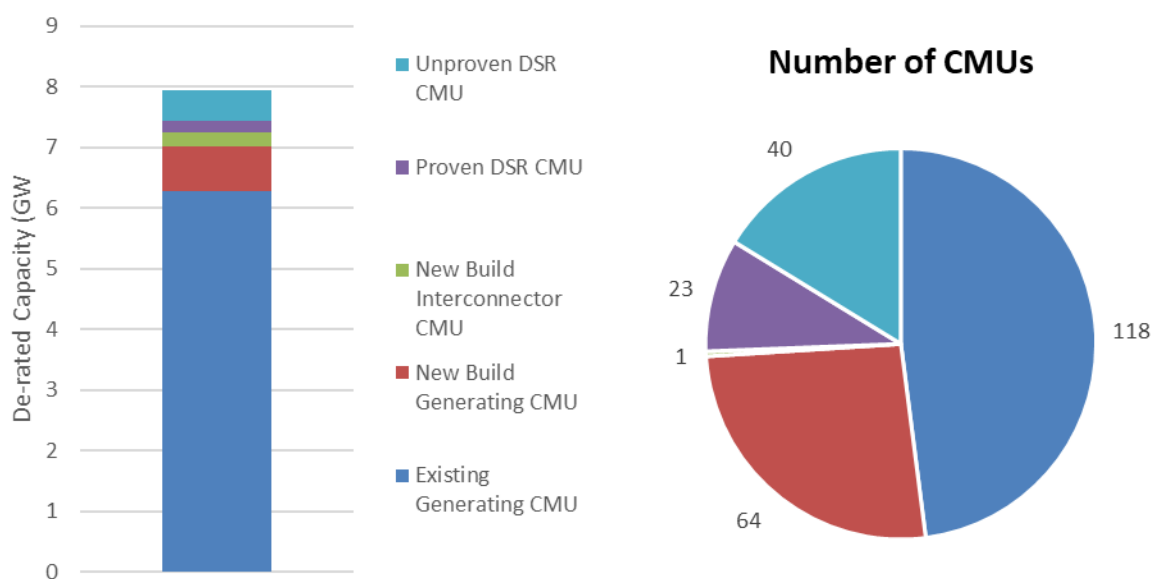
- 4.15. The 2024/25 T-1 Auction Price Cap was £75/kW/year. The price decrement per round was £5/kW/year, resulting in a maximum of 15 rounds for the Auction. The T-1 Auction concluded in the 11th Round at a clearing price of £20.00/kW/year.²⁸
- 4.16. Of the 9.6GW that Prequalified, 9.1GW took part in the Auction with approximately 7.9GW being awarded a Capacity Agreement through the Auction. This is above the target capacity of 7.5GW and within the target parameters (6.0 to 9.0GW) of the Auction.²⁰

²⁸ [T-1 DY 25-26 Final Auction Results Report](#)

Results by CMU category

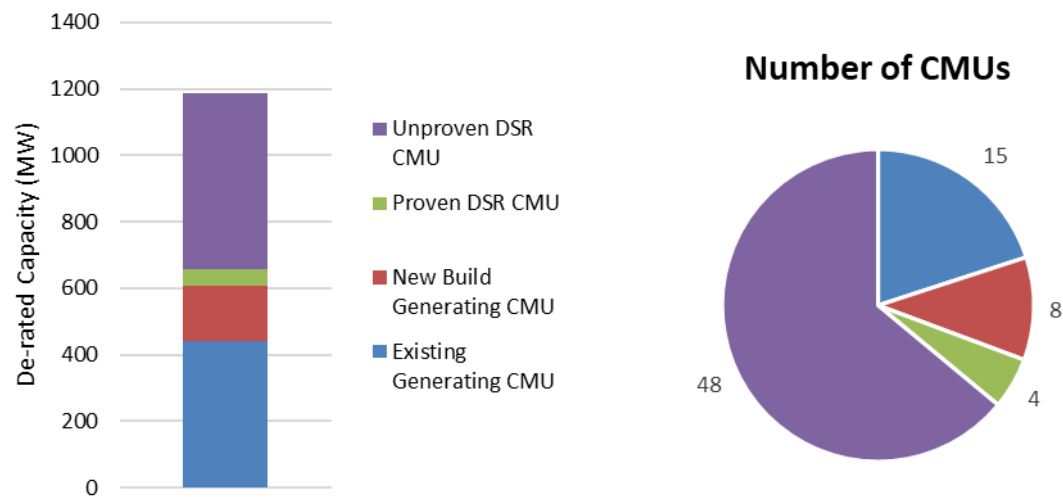
- 4.17. As demonstrated in Figure 25 below, out of the total of 6.7GW of Existing Generating CMUs entered the Auction, 6.3GW secured Capacity Agreements (93%). New Build Generating CMUs entered 893MW into the Auction, and 727MW (81%) secured Capacity Agreements.
- 4.18. Proven DSR CMUs secured Capacity Agreements for 185MW, which equates to 78% of the amount entered into the Auction. Unproven DSR CMUs secured Capacity Agreements for 493MW, 48% of the amount which entered the Auction.

Figure 25: 2024/25 T-1 Auction Cleared De-rated Capacity by CMU Category



- 4.19. Figure 26 below illustrates the proportion of CMU capacity failing to secure Capacity Agreements by CMU category. A total of 1.8GW of capacity did not win Capacity Agreements. 528 MW (44%) of this is attributed to Unproven DSR CMUs, 439MW (37%) to Existing Generating CMUs, 167MW (14%) to New Build Generating CMUs, and 53MW (4%) to Proven DSR CMUs.

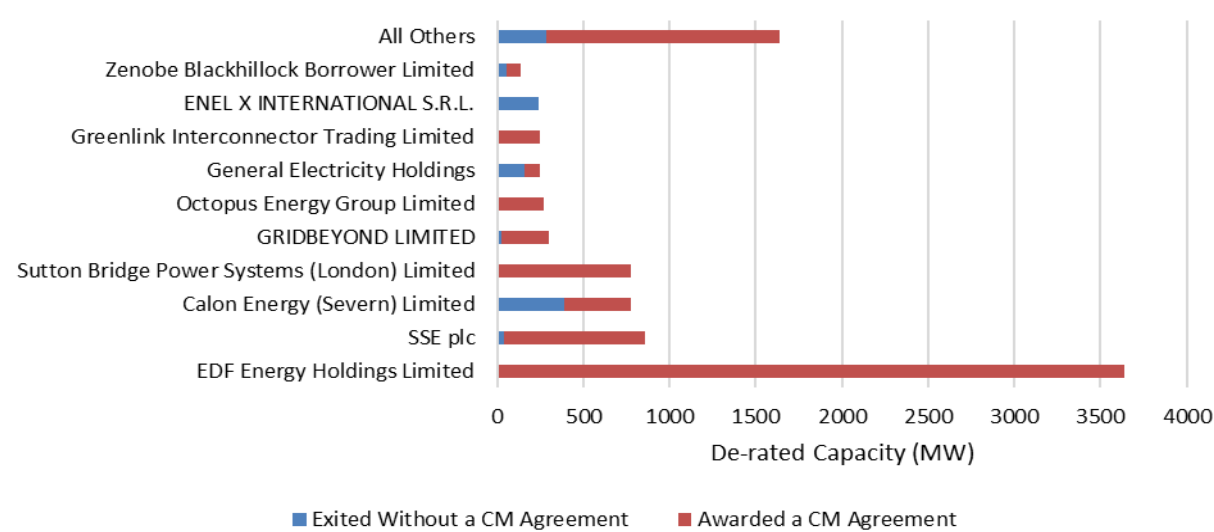
Figure 26: 2024/25 T-1 Auction Exited De-rated Capacity by CMU Category



Results by company

4.20. Figure 27 below illustrates the top 10 companies by total volume of De-rated Capacity entered in the Auction. EDF Energy Holdings Limited represented 3.6GW (40%) of total volumes offered in the Auction, followed by SSE plc with 819MW, and then Calon Energy (Severn) Limited and Sutton Bridge Power System (London) Limited represented 773MW each of the capacity entered.

Figure 27: 2024/25 T-1 Auction Results by Top 10 Parent Companies by De-rated Capacity Entered

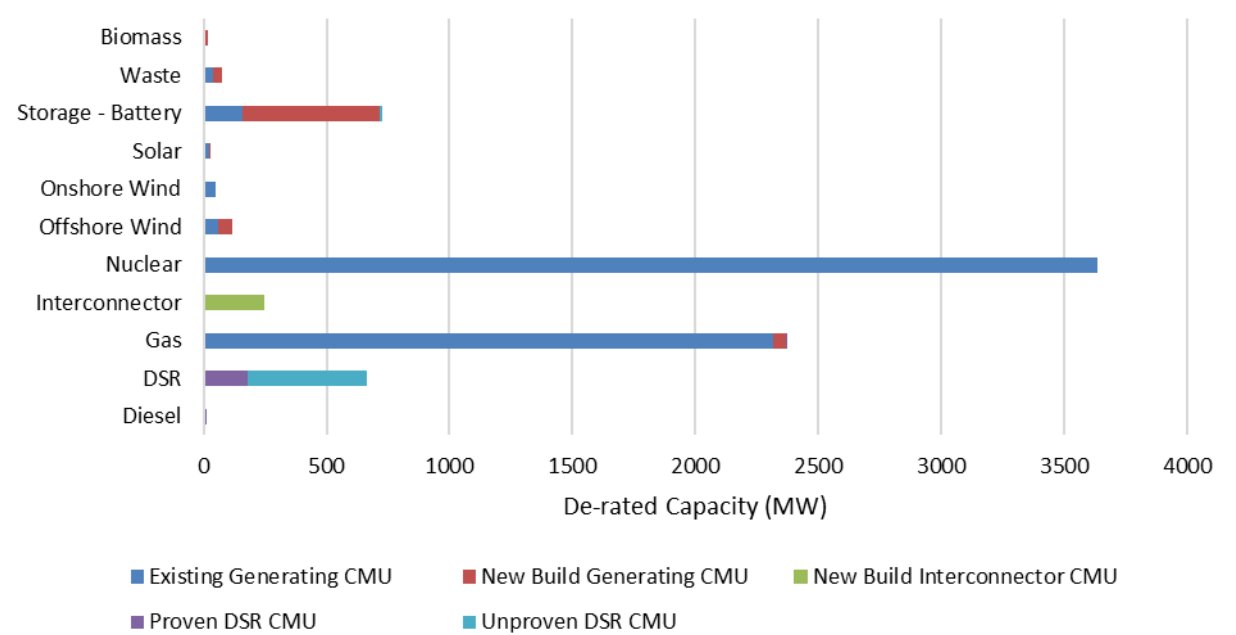


4.21. Out of the top 10 companies, EDF Energy Holdings Limited, Sutton Bridge Power System (London) Limited, Octopus Energy Group Limited, and Greenlink Interconnector Trading Limited gained Capacity Agreements for 100% of the capacity they entered into the Auction. Enel X International S.R.L had 0MW of their capacity gain Capacity Agreements. The other half of the top 10 secured Capacity Agreements for a portion of the capacity they entered into the Auction as follows: SSE Plc – 819MW out of 858MW (95%), Calon Energy (Severn) Limited – 387MW out of 773MW (50%), GridBeyond Limited – 278MW out of 299MW (93%), General Electricity Holdings – 90MW out of 250MW (36%), and Zenobe Blackhillock Borrower Limited – 81MW out of 136MW (60%).

Results by fuel and technology type

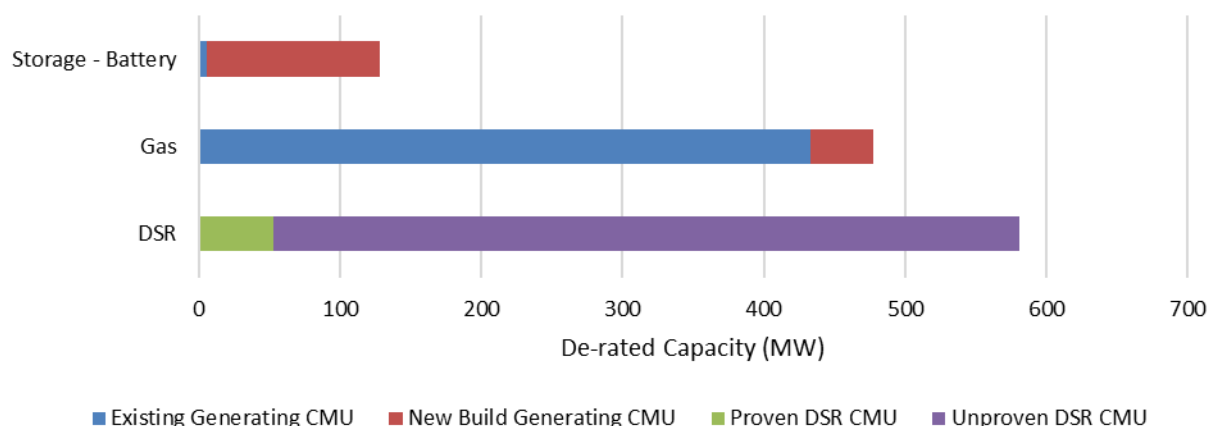
4.22. Figure 28 below illustrates that 3.6GW (46%) of the De-rated Capacity acquired through the 2024/25 T-1 Auction was gained through Nuclear CMUs. Gas CMUs accounted for 2.4GW (30%) of cleared volumes. This was followed by Battery Storage at 726MW (9%), DSR at 663MW (8%), and Interconnector at 247MW (3%). The remaining fuel type categories accounted for 290MW (4%) of total De-rated Capacity cleared in the Auction.

Figure 28: 2024/25 T-1 Auction Results for Cleared De-rated Capacity by Primary Fuel Type and CMU Category



- 4.23. Figure 29 below focuses on the capacity that exited the Auction without a Capacity Agreement. DSR CMUs accounted for most of the capacity exiting the Auction, totalling 581MW (49%). This was followed by Gas CMUs at 478MW (40%), and Battery Storage CMUs at 128MW (11%).

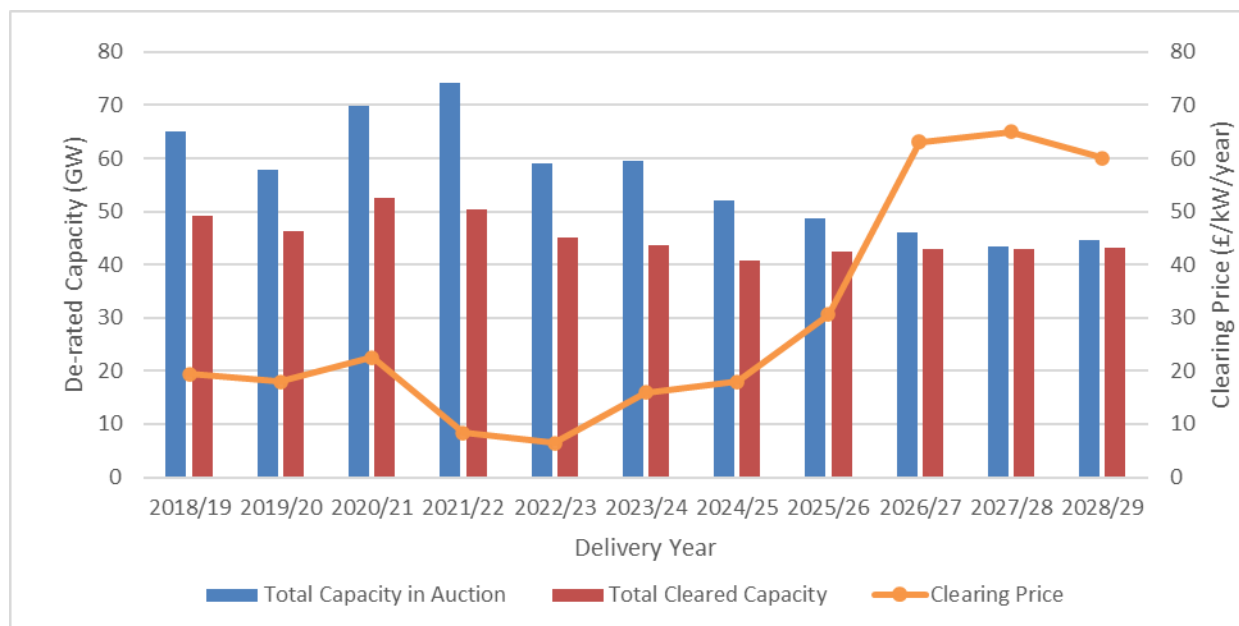
Figure 29: 2024/25 T-1 Auction Results for Exited De-rated Capacity by Primary Fuel Type and CMU Category



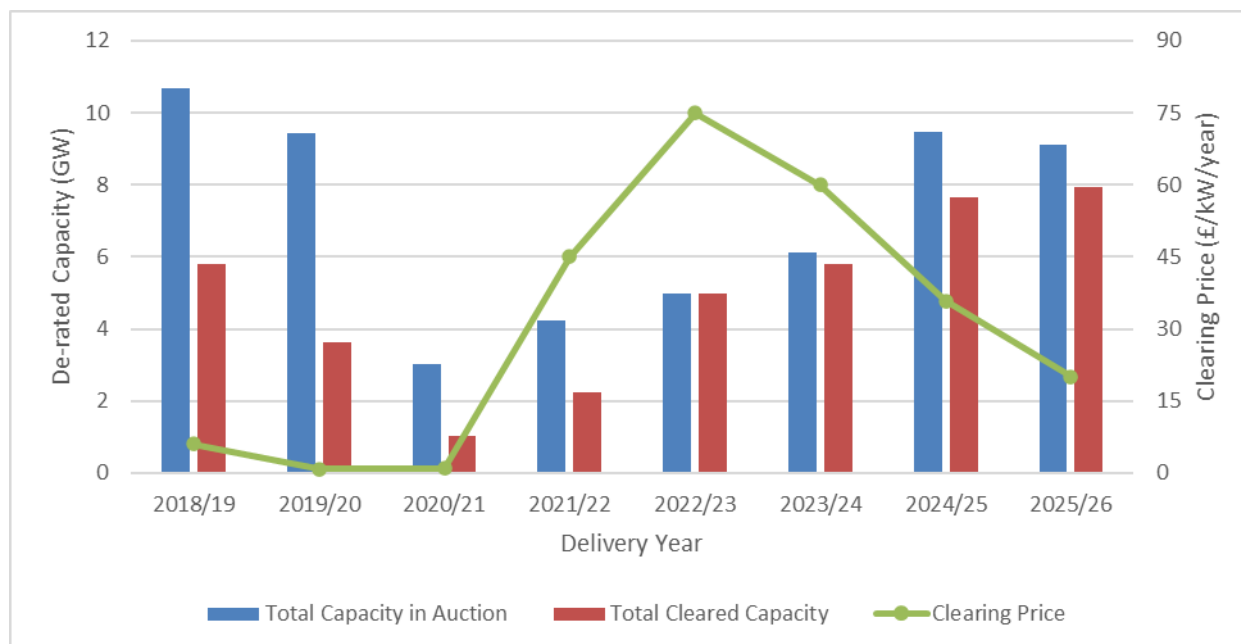
Further observations

Price volatility

- 4.24. Figure 30 below displays the volume of capacity entering the T-4 Auctions and T-3 Auction and the volume of capacity receiving a Capacity Agreement. The clearing price is also shown. The clearing volume is determined by the target capacity set by DESNZ.²⁰ It is evident that if the volume entering the Auction is much greater than the clearing volume, the clearing price is likely to be smaller, as we can see from the T-4 Auction in 2017 (Delivery Year 2021/22). The opposite is also true, with low liquidity in the T-4 Auction for 2024 (Delivery Year 2027/28) resulting in the highest T-4 clearing price that has been witnessed. In comparison to last year (Delivery Year 2027/28), this year there was increased liquidity entering the Auction and the clearing price reduced.

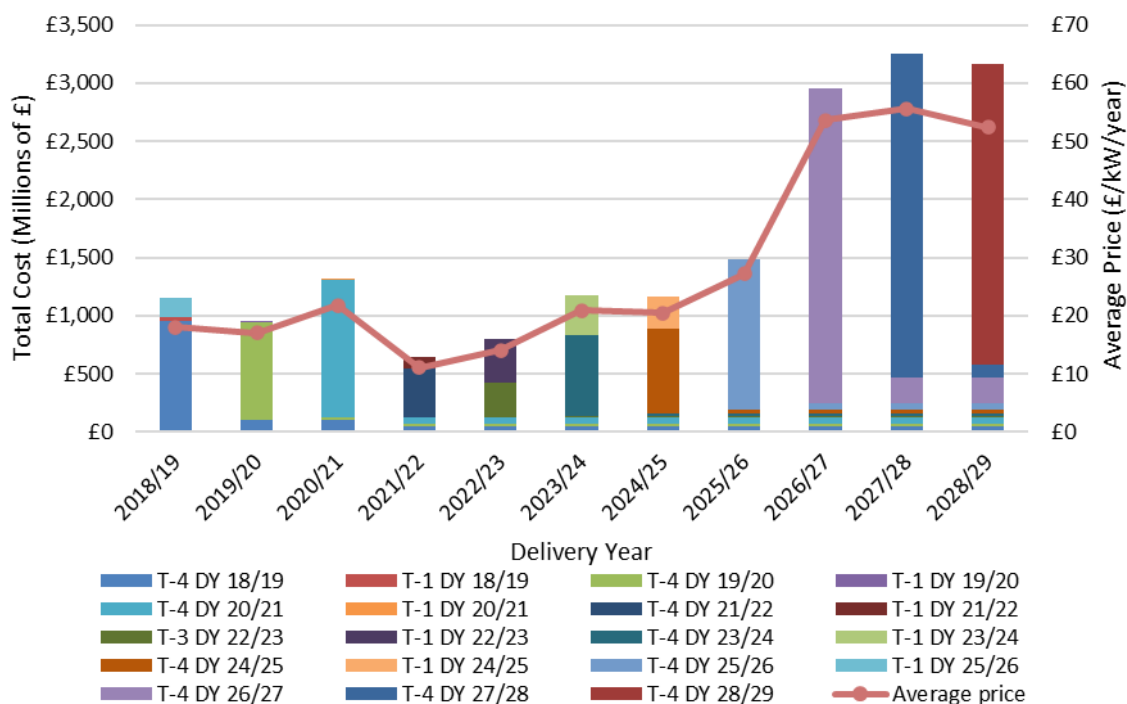
Figure 30: Historical Overview of T-4 and T-3 Auctions Participation, Clearing Volume and Clearing Price

4.25. Figure 31 below shows a historical overview of T-1 Auctions. Over the first three T-1 Auctions, both the volumes entering and clearing are seen to decrease and the clearing price is comparatively low. In the 2020/21 T-1 Auction (Delivery Year 2021/22), the volumes clearing and the clearing price are seen to increase significantly. For the 2021/22 T-1 Auction (Delivery Year 2022/23) as all capacity entering the Auction was cleared, the Auction cleared at the Price Cap. In both the 2022/23 T-1 Auction (Delivery Year 2023/24) and the 2023/24 T-1 Auction (Delivery Year 2024/25) liquidity was quite low, but there was enough capacity in the Auction for the target. Like last year's Auction, there was more liquidity in the Auction this year and thus we see a further decrease in the clearing price.

Figure 31: Historical Overview of T-1 Auctions Participation, Clearing Volume and Clearing Price**Total cost from Capacity Market Auctions for Delivery Years 2018/19 to 2028/29**

- 4.26. Figure 32 below illustrates the total costs from Capacity Auctions for the Delivery Years 2018/19 to 2028/29 alongside the average price per kilowatt per year.
- 4.27. The most expensive Delivery Year since 2018/19 is 2027/28 (just over £3.2 billion). This is due to the high clearing price of the T-4 Auction (£65/kW/year) which resulted in a total Auction cost of just under £2.8 billion. It should also be noted that the T-1 Auction for Delivery Year 2026/27 is still to be run, so the cost of this Delivery Year will increase further.
- 4.28. The least expensive Delivery Year since 2018/19 was 2021/22 (just under £650 million), when the T-4 Auction secured 50.4GW for £8.4/kW/year. This was a sufficiently low price to offset the much higher £45/kW/year clearing price for the 2.3GW secured in the T-1 Auction.

Figure 32: Total Capacity Auction Costs for Delivery Years 2018/19 to 2028/29²⁹



²⁹ [2014 Final Auction Results T-4 \(DY 18/19\)](#), [2015 Final Auction Results T-4 \(DY 19/20\)](#), [2016 Final Auction Results T-4 \(DY 20/21\)](#), [2017 Final Auction Results T-4 \(DY 21/22\)](#), [2019 Final Auction Results T-3 \(DY22/23\)](#), [2019 Final Auction Results T-4 \(DY 23/24\)](#), [2020 Final Auction Results T-4 \(DY 24/25\)](#), [2021 Final Auction Results \(DY 25/26\)](#), [2022 Final Auction Results T-4 \(DY 26/27\)](#), [2023 Final Auction Results T-4 \(DY 27/28\)](#), [2024 Final Auction Results T-4 \(DY 28/29\)](#), [2017 Final Auction Results T-1 \(DY 18/19\)](#), [2018 Final Auction Results T-1 \(DY 19/20\)](#), [2019 Final Auction Results T-1 \(DY 20/21\)](#), [2020 Final Auction Results T-1 \(DY 21/22\)](#), [2021 Final Auction Results T-1 \(DY 22/23\)](#), [2022 Final Auction Results T-1 \(DY 23/24\)](#), [2023 Final Auction Results T-1 \(DY 24/25\)](#), [2024 Final Auction Results T1 \(DY 25/26\)](#)

5. Bidding behaviour

- 5.1. This section provides an overview of the bidding behaviour of participants in the 2024/25 T-4 and 2024/25 T-1 Auction.

Background

- 5.2. During Auction rounds, CMUs can submit an Exit Bid, which indicates the minimum price they are willing to be paid for their capacity. If the Auction price drops below that Exit Bid, the CMU will exit the Auction and their capacity will be subtracted from the remaining capacity. CMUs that do not place an Exit Bid remain in the Auction and are awarded a Capacity Agreement at the market clearing price.

Capacity Auction bidding rules

- 5.3. In each round, Auction participants can submit the following bids:
- **Exit Bid** – all CMUs have the option to specify the price at which they exit the Auction.³⁰
 - **Proxy Exit Bid** – CMUs have the ability to submit Proxy Exit Bids at or below the Price Taker Threshold at any point during the Auction. Submitted Proxy Exit Bids become active & take effect in a later round.³¹
 - **Duration Bid** – specifies the duration of the Capacity Agreement that a Bidder requires at any particular price.
 - **Duration Bid Amendment (DBA)** – New Build and Refurbishing CMUs that qualify for longer Capacity Agreements can specify the price at which they want to reduce the length of their Capacity Agreement, in the event the price falls below a particular level.

³⁰ Participants may amend or delete any Exit Bids or Duration Bid Amendments that have not yet been realised.

³¹ [Capacity Auction User Guide](#)

- **Continue as Pre-refurbishing** – Refurbishing CMUs can specify a price to switch to an Existing contract (and as a result only receive a one-year Capacity Agreement).

Price Maker / Price Taker Status

5.4. Auction participants can either be Price Makers or Price Takers:

- **Price Maker** – can submit Exit Bids up to £75/kW/year.
- **Price Taker** – can only place Exit Bids below £25/kW/year.

Our monitoring

5.5. We monitor bidding patterns and behaviour following the Capacity Auctions in keeping with our regulatory and competition law functions. We check to ensure parties have complied with relevant legislation and identify potential changes that may be required to be made to the Rules.

Summary of bidding behaviour in 2024/25 T-4 Auction (Delivery Year 2028/29)

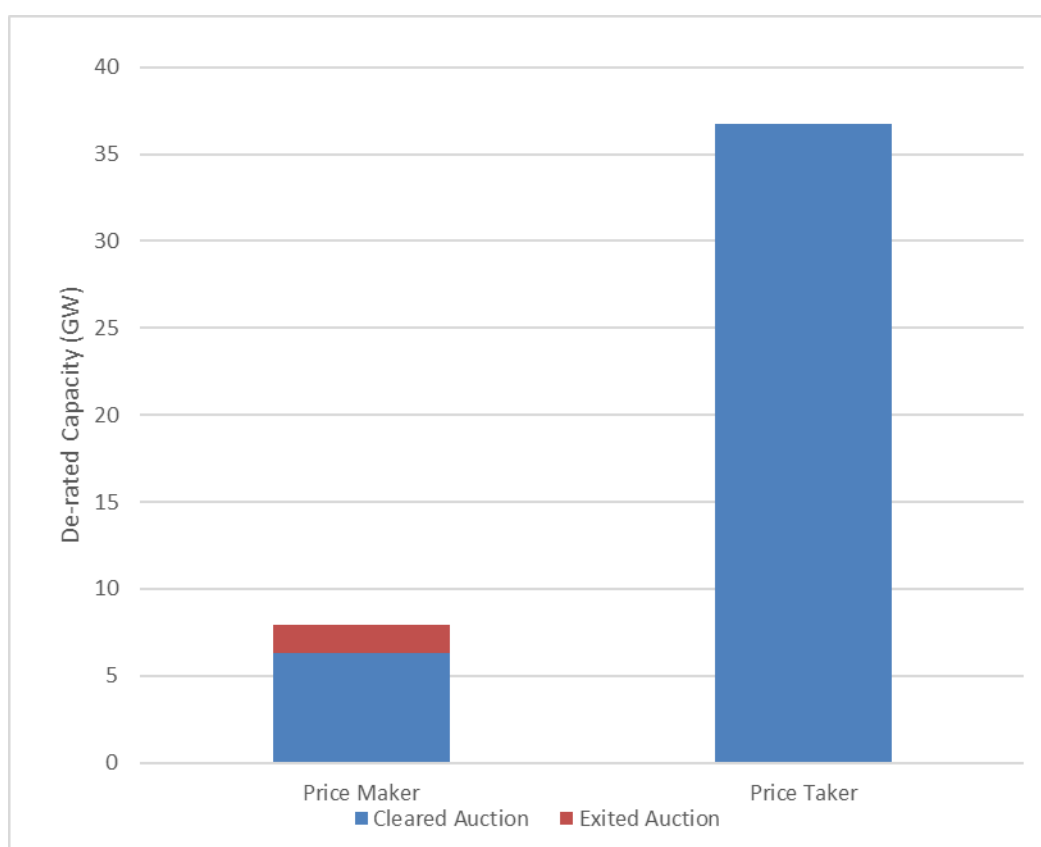
- 5.6. For the T-4 Capacity Auction, 58% of participants submitted Exit Bids, and approximately 41% did not submit an Exit Bid ('No Bidders'). The strategy of not bidding requires that CMUs remain in the T-4 Auction and receive the Capacity Market Auction clearing price, entitling them to a Capacity Agreement.²⁵
- 5.7. The remaining 1% of participants placed a Duration Bid Amendment (DBA) that specifies the minimum price at which they wish to continue in their post-refurbishment state before switching to a pre-refurbishment state.³²
- 5.8. Refurbishing CMUs are able to specify whether they wish to opt for "pre-refurbishing" status prior to the Auction, which allows them to switch from a

³² <https://www.emrdeliverybody.com/Lists/Latest%20News/Attachments/72/Auction%20Guidance%20v1.pdf>

Refurbishing CMU to an Existing Generating CMU with a 1-year contract. In the T-4 2028/29 Auction, 3.7GW of CMUs were Refurbishing Generating CMUs. Of these, 1.5GW opted in to pre-refurbishing status, 1.4GW did not specify their wish to opt in or out of pre-refurbishing status, and 727MW opted out of pre-refurbishing status.

- 5.9. Participants that submitted Exit Bids either submitted them as proxy or non-proxy Exit Bids. Over the course of the Auction, 1% of participants changed the price of their proxy bid at least once, while 99% left theirs unchanged.²⁵
- 5.10. Price Makers accounted for 18% of total submitted capacity in the 2024/25 T-4 Auction, totalling approximately 7.9GW of De-rated Capacity. As illustrated in Figure 33 below, 1.6GW of capacity exited the Auction, all of which were Price Maker CMUs. Price Takers accounted for 82% of total submitted capacity offered in the Auction, totalling 36.8GW. As the clearing price was above the £25/kW/year Price Taker threshold, all Price Taker CMUs cleared the Auction.²⁵

Figure 33: Cleared and Exited Capacity by Price Makers and Price Takers in the 2024/25 T-4 Auction



Summary of bidding behaviour in 2024/25 T-1 Auction (Delivery Year 2024/25)

- 5.11. 62% of participants submitted Exit Bids into the T-1 Capacity Auction, and approximately 38% did not submit an Exit Bid ('No Bidders'). Participants who do not submit Exit Bids remain in the T-1 Auction and receive the Auction clearing price, entitling them to a Capacity Agreement.²⁵
- 5.12. Participants that submitted Exit Bids either submitted them as proxy or non-proxy Exit Bids. Over the course of the Auction, 25% of participants changed the price of their proxy bid at least once, while 75% left theirs unchanged.²⁵
- 5.13. As illustrated in Figure 34 below, Price Makers accounted for 25% of total submitted capacity in the 2024/25 T-1 Auction, totalling approximately 2.3GW of De-rated Capacity. Price Takers accounted for 75% of total submitted capacity offered in the Auction, totalling 6.9GW. 552MW of capacity exited the Auction from Price Makers, and 1.1GW from Price Takers.²⁵

Figure 34: Cleared and Exited Capacity by Price Makers and Price Takers in the 2024/25 T-1 Auction



6. Delivery milestones

- 6.1. This section provides a summary of how CMUs with active Capacity Agreements are meeting their milestones, including investment, construction and testing. New Build CMUs are required to meet financial and construction milestones to participate in the relevant Delivery Year.

Delivery milestones for Auctions 2018-2025

- 6.2. Successful New Build Generating, Refurbishing and New Build Interconnector CMUs (i.e. Prospective CMUs) must meet a number of pre-Delivery Year milestones.
- 6.3. New Build CMUs are required to achieve the Financial Commitment Milestone (FCM) and Substantial Completion Milestone (SCM) by deadlines specified in the Rules.^{33,34} A failure to do so can result in a loss of CM payments, and/or a termination of their Capacity Agreement.

³³ Financial Commitment Milestone demonstrates that a project is financially committed and progressing towards completion.

³⁴ Substantial Completion Milestone demonstrates that a project has reached a sufficient level of operational readiness and is capable of delivering on its Capacity Agreement.

Table 10: Successful New Build Capacity/CMUs, Auction milestones achieved, and all terminated De-rated Capacity for Delivery Years 2024/25 to 2028/29 ²⁵

| Auction | Successful New Build and Post Refurbished Capacity (MW) | Successful New Build and Post Refurbished CMUs | Capacity met FCM | Capacity met SCM | Total Terminated Capacity (MW) | Total Terminated CMUs |
|--------------------------|---|--|------------------|------------------|--------------------------------|-----------------------|
| 2023/24 T-1 (DY 2024/25) | 632 | 86 | 100% | 91% | 53 | 6 |
| 2020/21 T-4 (DY 2024/25) | 5898 | 83 | 100% | 75% | 691 | 85 |
| 2024/25 T-1 (DY 2025/26) | 974 | 65 | 74% | 3% | N/A | 0 |
| 2021/22 T-4 (DY 2025/26) | 4638 | 124 | 100% | 44% | 256 | 14 |
| 2022/23 T-4 (DY 2026/27) | 3648 | 157 | 100% | 26% | 836 | 10 |
| 2023/24 T-4 (DY 2027/28) | 4545 | 142 | 54% | 4% | 4 | 3 |
| 2024/25 T-4 (DY 2028/29) | 5320 | 133 | 14% | 0% | N/A | 0 |

Milestones by Auction overview

- 6.4. As shown in Table 10, for the 2023/24 T-1 Auction, 100% of New Build and Refurbishing Capacity have met the FCM and 91% have met the SCM. 6 CMUs have been terminated totalling 53MW of De-rated Capacity. Of these, 1 was Existing Generating CMU, 3 were New Build Generating CMUs and 2 were Unproven DSR CMUs.
- 6.5. For the 2020/21 T-4 Auction, 100% of New Build and Refurbishing Capacity have met the FCM and 75% have met the SCM. 85 CMUs have been terminated which totals 691MW. 76 of these were from Unproven DSR CMUs which made up 649MW of the De-rated Capacity that was terminated.
- 6.6. For the 2024/25 T-1 Auction, 74% of New Build and Refurbishing Capacity have met the FCM and 3% have met the SCM. No CMUs have been terminated.
- 6.7. For the 2021/22 T-4 Auction, 100% of New Build and Refurbishing Capacity have met the FCM and 44% have met the SCM. 14 CMUs have been terminated which

totals 256MW. 12 of these were from New Build CMUs which made up 243MW of the De-rated Capacity that was terminated.

- 6.8. For the 2022/23 T-4 Auction, 100% of New Build and Refurbishing Capacity have met the FCM and 44% have met the SCM. 10 New Build CMUs which made up 836MW have been terminated.
- 6.9. For the 2023/24 T-4 Auction, 54% of New Build and Refurbishing Capacity have met the FCM and 4% have met the SCM. 3 New Build CMUs have been terminated, with 4MW of De-rated Capacity.
- 6.10. For the 2024/25 T-4 Auction, 14% of New Build and Refurbishing Capacity have met the FCM and 0% have met the SCM. No CMUs have been terminated.

Metering assessment

- 6.11. Prior to or after Prequalification, a CMU must complete a Metering Assessment questionnaire. The questionnaire will determine if the CMU is subject to a Metering Test, which are conducted by EMR Settlement Limited (EMRS) and grant a Metering Test Certificate if the CMU demonstrates it has successfully met its obligation.³⁵
- 6.12. Table 11 below shows the number of CMUs that have submitted their Metering Assessment and those with outstanding requirements. The outstanding CMUs are subject to different deadlines depending on the CMU categorisation they are given at Prequalification. All CMUs have the option to defer the Metering Assessment at Prequalification and, if required, the obligation to provide a Meter Test Certificate. Failing to meet the deadline or complete the questionnaire results in termination.

³⁵ Acting on behalf of the Electricity Settlements Company (the CM Settlement Body)

Table 11: Metering assessment outcomes for Delivery Years 2024/25 to 2028/29³⁶

| Auction | Metering Assessment Submitted (No of CMUs) | Outstanding Metering Assessment (No of CMUs) |
|-----------------------------|---|---|
| 2020/21 T-4 (DY 2024/25) | 361 | 57 |
| 2023/24 T-1 (DY 2024/25) | 323 | 46 |
| 2021/22 T-4 (DY 2025/26) | 397 | 163 |
| 2024/25 T-1 (DY 2025/26) | 133 | 127 |
| 2022/23 T-4 (DY 2026/27) | 363 | 169 |
| 2023/24 T-4 (DY 2027/28) | 362 | 175 |
| 2024/25 T-4 (DY 2028/29) | 220 | 449 |

³⁶ Data provided by ESC on 27 May 2025

7. Delivery Year performance

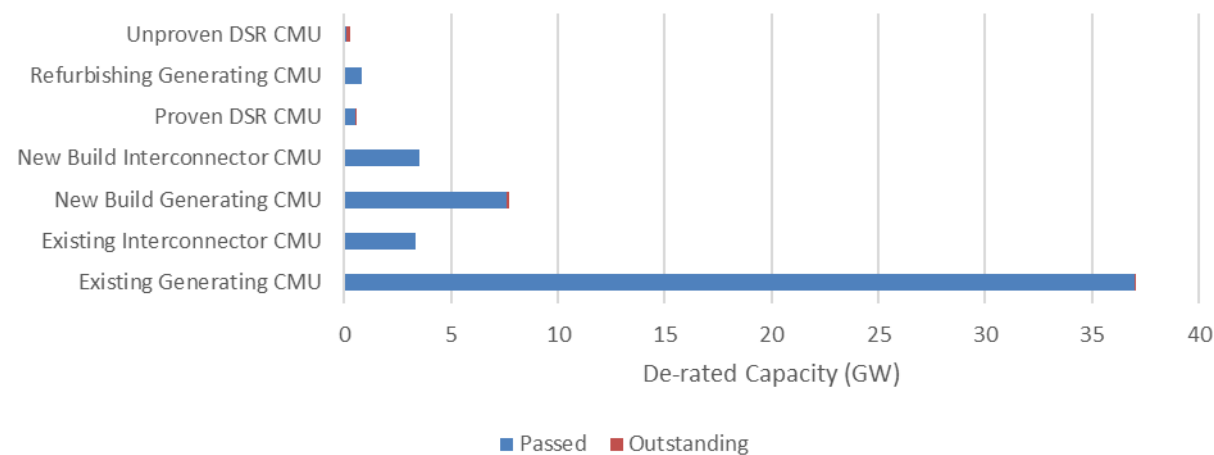
7.1. This section provides a progress report on Delivery Year performance for the 2024/25 Delivery Year. Specifically, it covers the Satisfactory Performance Days (“SPD”), which are days within the Delivery Year on which Capacity Providers must demonstrate that they can deliver their Capacity Obligation. It covers the 2014/15 T-4, 2015/16 T-4, 2016/17 T-4, 2017/18 T4, 2019/20 T-3, 2021/22 T-4 and 2023/24 T-1 Auction for Delivery Year 2024/25.

Satisfactory performance days

7.2. Capacity Providers are obligated to meet their Capacity Obligation as set in their Capacity Agreement Notice.

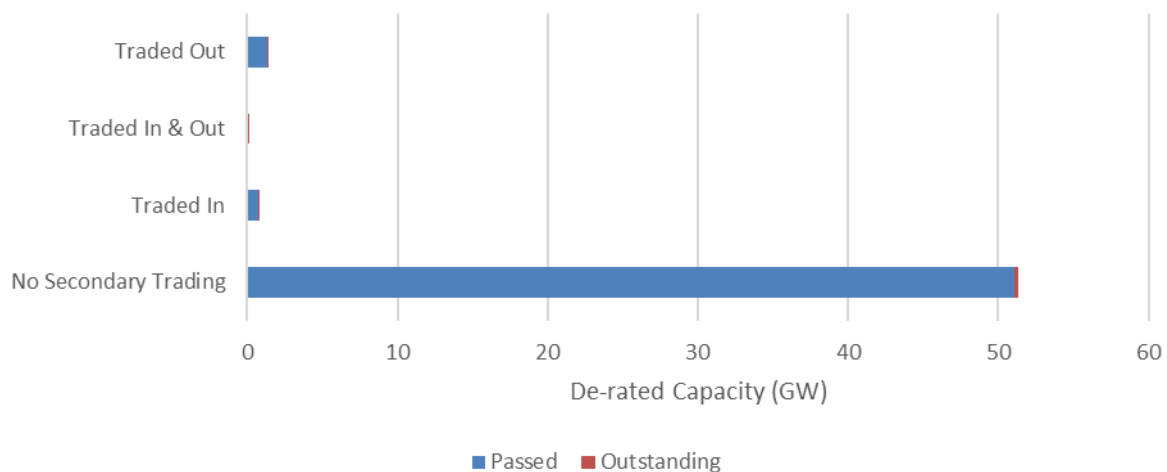
7.3. As shown in Figure 35 below, approximately 364MW (1%) worth of CMUs with Capacity Agreements had an outstanding requirement to meet the SPD criteria for Delivery Year 2024/25. The deadline for these units to pass the SPD criteria was 31/07/2025. Unproven DSR CMUs make up 168MW of the total De-rated Capacity that are still to meet the SPD criteria, followed by New Build Generating CMUs at 87MW, Existing Generating CMUs at 56MW and Proven DSR CMUs at 53MW. Existing Interconnector CMUs, New Build Interconnector CMUs and Refurbishing Generating CMUs have all passed their SPDs for Delivery Year 2024/25. In total, 53.0GW (99%) of De-rated Capacity have so far passed the SPD criteria.²⁵

Figure 35: Satisfactory Performance Days by CMU Category for the Delivery Year 2024/25 Not Including Secondary Trading ²⁵



- 7.4. Figure 36 shows the De-rated Capacity that has passed the SPD criteria and if it has taken part in Secondary Trading.³⁷ 51.4GW (96%) of De-rated Capacity for this Delivery Year have not taken part in Secondary Trading, 773MW (1%) of De-rated Capacity has traded in, 1.4GW (3%) of De-rated Capacity has traded out and 70MW (almost 0%) of De-rated Capacity has traded in and out.²⁵

Figure 36: Satisfactory Performance Days for the Delivery Year 2024/25 for Transferee's in Secondary Trading ²⁵



³⁷ Secondary Trading is the trading of part or all of a Capacity Obligation from one CMU to another. The CMU holding the original Capacity Obligation will have "Traded Out" capacity, and the CMU receiving the Capacity Obligation will have "Traded In" capacity.

8. Next steps

- 8.1. We will continue to play a key role in the CM, which includes:
- Shared responsibility for the Rules alongside DESNZ
 - Oversight and enforcement powers over how the Delivery Body, suppliers and generators are complying with the Regulations and the Rules
 - Determine disputes where participants disagree with a decision made by the Delivery Body
 - Report on the effectiveness of the CM generally and on the Delivery Body's performance
- 8.2. The Capacity Market Advisory Group (CMAG) was established and launched in October 2022, bringing together Delivery Partners and representatives of the Capacity Market, with Elexon acting as the Secretariat. There have been 35 meetings to date discussing a range of potential Change Proposals, details of which can be found on Elexon's CMAG webpage.³⁸
- 8.3. This year, we published our Decision on CM Rule change proposals CP371, CP376, CP377, CP378, and CP381 on 12 June 2025, and our Decision on CP388 on 25 July 2025.^{39,40} We are currently preparing a Statutory Consultation on change proposals which have been submitted to us for decision.
- 8.4. In addition, following our consultation on the Ten-Year Review of the Capacity Market Rules (the "Ten-Year Review"), we published the Ten-Year Review on 5 December 2024.⁴¹
- 8.5. If you have feedback on the contents or structure of this report, please contact us at the following address: EMR_CMRules@ofgem.gov.uk

³⁸ [Homepage - Elexon CMAG](#)

³⁹ [Capacity Market change proposals CP371, CP376, CP377, CP378, CP381: decision | Ofgem](#)

⁴⁰ [Capacity Market Rules change proposal CP388: decision | Ofgem](#)

⁴¹ [Ten-year Review of the Capacity Market Rules | Ofgem](#)