

Report

Annual Report on the Operation of the Capacity Market in 2025-26

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Contact:	Matthew Harriman-Brady, Theo Kaloudiotis
Team:	Electricity Security and Market Management
Email:	EMR_CMRules@ofgem.gov.uk

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 (Regulation 83(1)(a)(i)).

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, not later than six months after the end of that Capacity Year.

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Executive summary

The eleventh report on the operation of the Capacity Market (CM) covers the outcomes of the T-4 and T-1 Capacity Market auctions held in 2026 and provides an update on Agreement Management activities and delivery progress within the 2025/26 Delivery Year up to the date of publication. The report describes the outcomes for both Auctions, including Prequalification processes and observations.

Prequalification

Prequalification outcomes

The Electricity Market Reform Delivery Body ("Delivery Body") received a total of 1,153 Prequalification Applications for the 2029/30 T-4 Auction, totalling 51.8GW of De-rated Capacity. The final number of Prequalified Capacity Market Units (CMUs) for the T-4 Auction that entered the auction was 809, totalling 44.1GW of De-rated Capacity.

The 2026/27 T-1 Auction saw a total of 486 Prequalification Applications submitted by CMUs totalling 10.5GW of De-rated Capacity. The final number of Prequalified CMUs for the T-1 Auction that entered the auction was 320, totalling 8.4GW of De-rated Capacity.

Dispute outcomes

The Delivery Body received 363 requests for a reconsidered decision ("Tier 1 dispute") for the 2029/30 T-4 Auction and 172 for the 2026/27 T-1 Auction. A total of 11 Appeals to the Authority¹ were submitted: 9 relating to 11 CMUs in the T-4 Auction and 2 relating to 6 CMUs in the T-1 Auction. We upheld the Prequalification decision made by the Delivery Body for all the Appeals covering T-1 auctions. We upheld 6 T-4 decisions made by the Delivery Body, covering 6 CMUs, and overturned 3 decisions, covering 5 CMUs.

Auction results

The 2029/30 T-4 Auction cleared at a price of £27.10/kW/year and a total of 40.1GW of De-rated capacity was awarded Capacity Agreements. Gas CMUs gained the largest amount of De-rated capacity in the auction, at 23.5GW, representing 58.5% of the total De-rated

¹ The terms "we", "us", "our", "Ofgem" and "the Authority" are used interchangeably in this document and refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

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capacity procured. This was followed by Interconnector CMUs, which secured 7.8GW of De-rated capacity, representing 19.5% of the total procured. Demand Side Response (DSR) CMUs secured 2.6GW of De-rated capacity (6.5%), whilst Battery Storage CMUs secured 1.2GW (3.0%) of the total awarded capacity.

The 2026/27 T-1 Auction cleared at a price of £5.00/kW/year and a total of 7.2GW of De-rated capacity was awarded Capacity Agreements. Nuclear CMUs gained the largest amount of De-rated capacity at auction, securing 3.6GW (50.4%) of the total De-rated capacity awarded. This was followed by Gas CMUs, which secured 2.1GW (29.1%). DSR CMUs secured a further 657MW (9.1%) of De-rated capacity, whilst Battery Storage CMUs secured 577MW (8.0%) of the total awarded capacity.

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1. Background

Purpose of the report

- 1.1. This report covers the operation of the CM in the Delivery Year 2025/26 (as of August 2026). This report includes a factual presentation of the Prequalification process and the outcomes of two Auctions: 2026/27 T-1 Auction and 2029/30 T-4 Auction.
- 1.2. This report is one of two we are required to provide to the Secretary of State under Regulation 83(1)(a) of the Regulations. The report must be published within six months of the T-4 Auction being held.² The second report is on the performance of the National Energy System Operator's ("NESO") functions as the Delivery Body for the Capacity Market.³ This report is now included at the end of Business Plan 2 review of the National Energy System Operator's Performance.
- 1.3. All data, unless otherwise stated, is from the Capacity Market Register ("CMR"), from 'Capacity Market Unit (CMU)' data files that were published on 30 July 2026.

Scope of the report

- 1.4. The report outlines the Prequalification process and outcomes, and reports on the outcomes of two Auctions: the 2026/27 T-1 Auction and the 2029/30 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") and Extended Performance Test ("EPT") data from the 2025/26 Delivery Year.

² [The Electricity Capacity Regulations 2014.](#)

³ The role of Delivery Body for the Capacity Market has transitioned from NGESO to NESO as of 1 October 2024.

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- 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 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, allowing updated forecasts of both electricity demand and supply to be reflected closer to the delivery year and enabling any capacity shortfall to be addressed. It also recognises that some Prospective CMUs which signed up in the T-4 auction might be unable to deliver and need to be replaced at this stage.⁴ 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, including intermittent renewables, Demand Side Response ("DSR"), and interconnectors may all participate as long as their technology belongs to one of the defined Generating Technology Classes, they are assigned a de-rating factor, and are not in receipt of a benefit from an excluded low carbon scheme (e.g. Contracts for Difference).

⁴ [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. The Prequalification process is run by the Delivery Body, which 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').⁵

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'). New Build CMUs and Refurbishing CMUs are both forms of Prospective CMUs.
- 1.13. Existing Generating CMUs, Proven DSR CMUs, and Interconnector CMUs are eligible for Capacity Agreements that last for one year. Prospective Generating CMUs, and Unproven DSR CMUs are eligible to receive Capacity Agreements of up to 15 years in the T-4 Auctions. The Maximum Obligation Period is based on the Qualifying £/kW Capital Expenditure. For multi-year Agreements, a CMU may have to meet specific Qualifying Capital Expenditure thresholds and may have to adhere to other requirements to meet the Extended Years Criteria (EYC).

⁵ See Regulations 69 and 70 of the Electricity Capacity Regulations 2014 (SI 2014/2043).

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 Capacity Obligation.⁶ 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 and DSR CMUs are Price Makers by default, however, other CMU types can apply to become Price Makers by submitting a Price Maker Memorandum to Ofgem, 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, Prospective Generating 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, where they would instead receive an Existing CMU agreement for one year, with no obligation to invest in the asset. CMUs that have a 24-month Declared Long Stop Date or a 12-month Declared Long Stop Date can switch from a 15-year agreement to a 9-year agreement or 3-year agreement respectively.
- 1.17. The Auction continues until the total capacity offered by remaining Applicants is equal to or below the required capacity at that price (the 'Clearing Round').

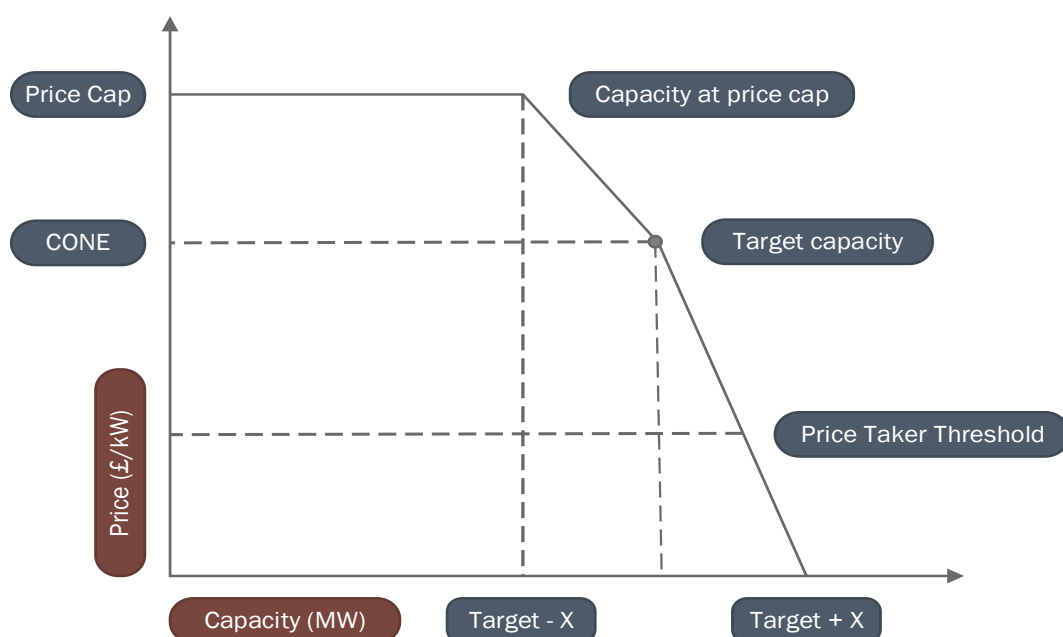
⁶ Capacity Obligation: an obligation awarded pursuant to a Capacity Auction, applying for one or more delivery years, to provide a determined amount of capacity when required to do so in accordance with Capacity Market Rules.

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Applicants still in the Auction will receive a Capacity Agreement at the Clearing Price, subject to the Net Welfare Algorithm.⁷

- 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. The tolerances from the target ("X") define 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. Finally, a Price Taker threshold is set at £25/kW/year.

Figure 1: Capacity Market Auction Demand Curve



⁷ Capacity Market Auction Guidelines, Section 12 (Net Welfare Algorithm).

Historical overview: Auction timelines

T-4 Auctions

1.20. Since 2014, there have been 11 CM 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 ⁸ (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
2029/30	10-Mar-26	£27.10/kW/year

T-1 Auctions

1.21. There have been nine 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 in June 2019 for delivery of capacity in 2020/21.

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864748/T-3_2020_for_delivery_2021_22_Auction_Monitor_Report_Final_v1.pdf

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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
2026/27	04-Mar-26	£5.00/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.⁹ 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 2019.¹⁰

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

⁹ [Evaluation of the Transitional Arrangements - Phase 1 Full Report.pdf \(publishing.service.gov.uk\)](#)

¹⁰ [Transitional arrangements auction - GOV.UK \(www.gov.uk\)](#)

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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”.¹¹ This was held in January 2017 to procure capacity for delivery in 2017/18.¹²

Table 4: Early Auction

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

¹¹ 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). DESNZ is focused on the energy portfolio from the former BEIS.

¹² [Transitional arrangements auction - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/transitional-arrangements-auction)

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2. Intermittent Renewable Generation 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 2025/26 Delivery Year can be found in Table 5.

Table 5: De-rating Factors for T-1 and T-4 Auctions¹³

Generation Type	2026/27 T-1 Auction (%)	2029/30 T-4 Auction (%)
Onshore Wind	7.42	6.35
Offshore Wind	8.98	7.81
Solar	5.66	5.96

- 2.2. Table 6 below shows intermittent generation De-rated Capacity at various stages for the 2029/30 T-4 Auction.

Table 6: Intermittent generation De-rated Capacity for the 2029/30 T-4 Auction

Auction Step	Onshore Wind (MW)	Offshore Wind (MW)	Solar (MW)
Applied for Prequalification	121	19	29
Prequalified	117	19	20
Awarded a Capacity Agreement	117	19	14

- 2.3. Table 7 below shows intermittent generation De-rated Capacity at various stages for the 2026/27 T-1 Auction.

Table 7: Intermittent generation De-rated Capacity for the 2026/27 T-1 Auction

Auction Step	Onshore Wind (MW)	Offshore Wind (MW)	Solar (MW)
Applied for Prequalification	36	58	31
Prequalified	33	58	26
Awarded a Capacity Agreement	25	58	14

¹³ [2026 T-1 and T-4 Capacity Market Auction Guidelines](#)

3. Prequalification and appeals process

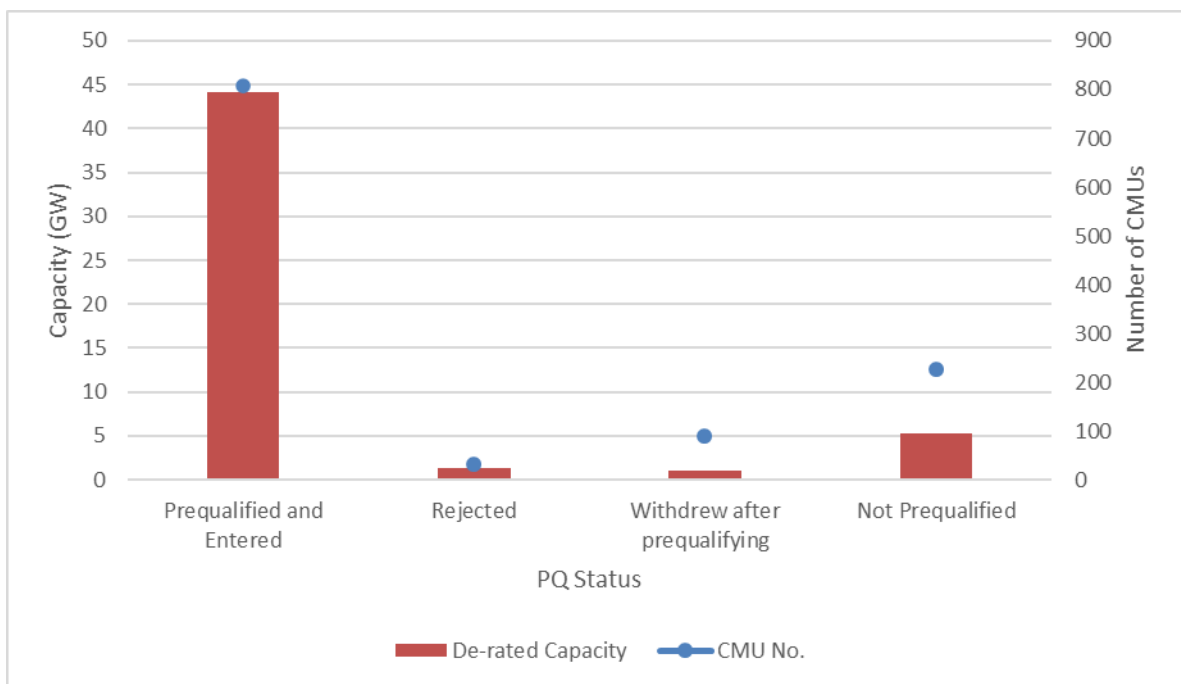
3.1. This section covers Prequalification results for the 2029/30 T-4 and 2026/27 T-1 Auctions. It will also give a summary on the appeals process for both Auctions.

Prequalification outcomes for the 2029/30 T-4 Auction

Applications

3.2. The 2029/30 T-4 Auction Prequalification commenced on 05 August 2025 and ended on 30 September 2025. A total of 1,153 CMUs participated in the Prequalification process, representing 51.8GW of De-rated capacity.

Figure 2: 2029/30 T-4 Auction Prequalification Decisions



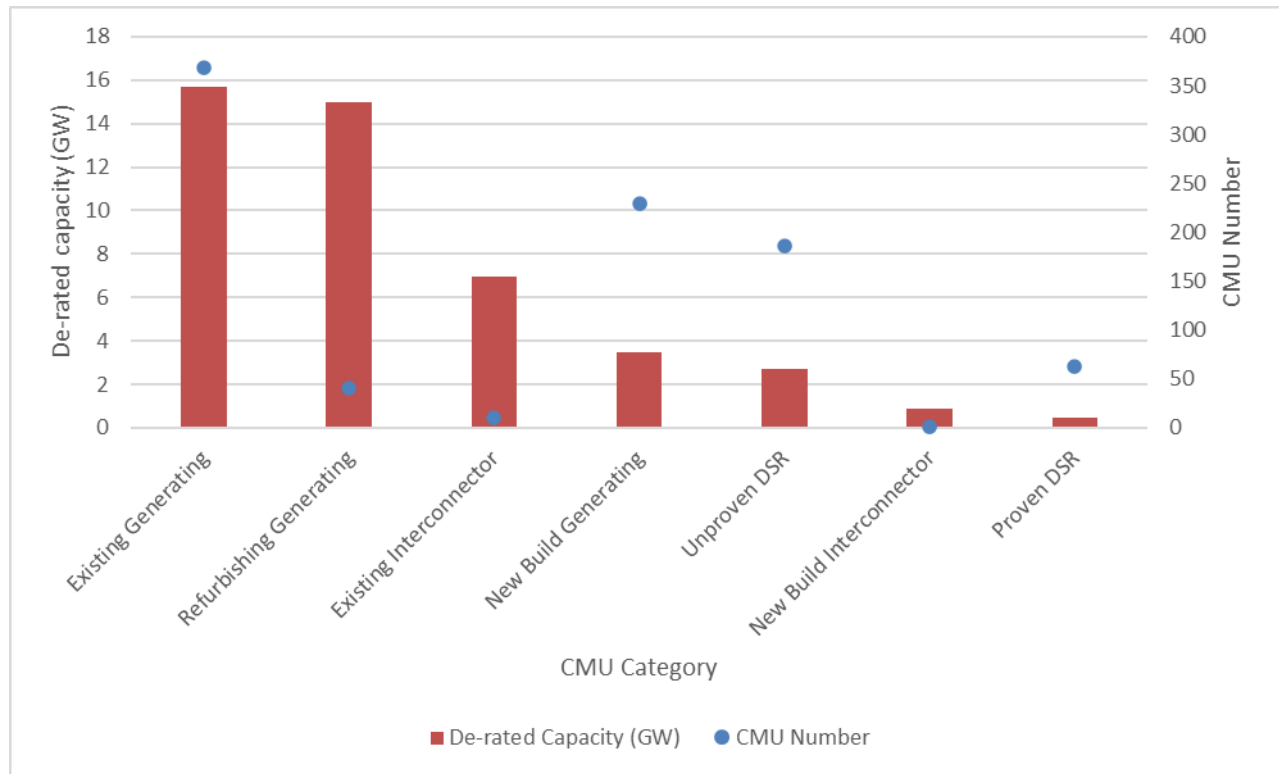
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- 3.3. A total of 35 CMUs submitted opt-out declarations. Of these, 16 CMUs (3.7 GW) declared that they would be closed down, decommissioned or otherwise non-operational by the commencement of the Delivery Year, 2 CMUs declared that they would be temporarily non-operational for the winter period of the Delivery Year but operational thereafter, and 17 CMUs (3.4 GW) declared that they would remain operational during the Delivery Year.
- 3.4. Figure 2 illustrates in further detail the Prequalification outcomes for the 2029/30 T-4 Auction. Of the 51.8GW of De-rated Capacity entering Prequalification, 44.1GW received a Prequalified status and entered the auction (85%), 5.3GW received a Not Prequalified status (10%), 1.4GW was Rejected (2%), and 1.1GW Withdrew after Prequalifying (2%).

Prequalified CMUs

- 3.5. 898 CMUs were successful in Prequalifying, totalling 45.1GW of De-rated Capacity. This includes the 1.1GW of capacity that successfully Prequalified but withdrew before the auction.
- 3.6. Figure 3 below demonstrates that Existing Generating CMUs accounted for the largest share of De-rated Capacity that Prequalified at 15.7GW (34.7%). Refurbishing Generating CMUs accounted for 15.0GW (33.2%), Existing Interconnector CMUs 6.9GW (15.3%) and New Build Generating CMUs 3.5GW (7.7%). The remaining De-rated Capacity that Prequalified was made up of Unproven DSR 2.7GW (6.0%), New Build Interconnector 0.9GW (2.0%) and Proven DSR 0.5GW (1.1%).

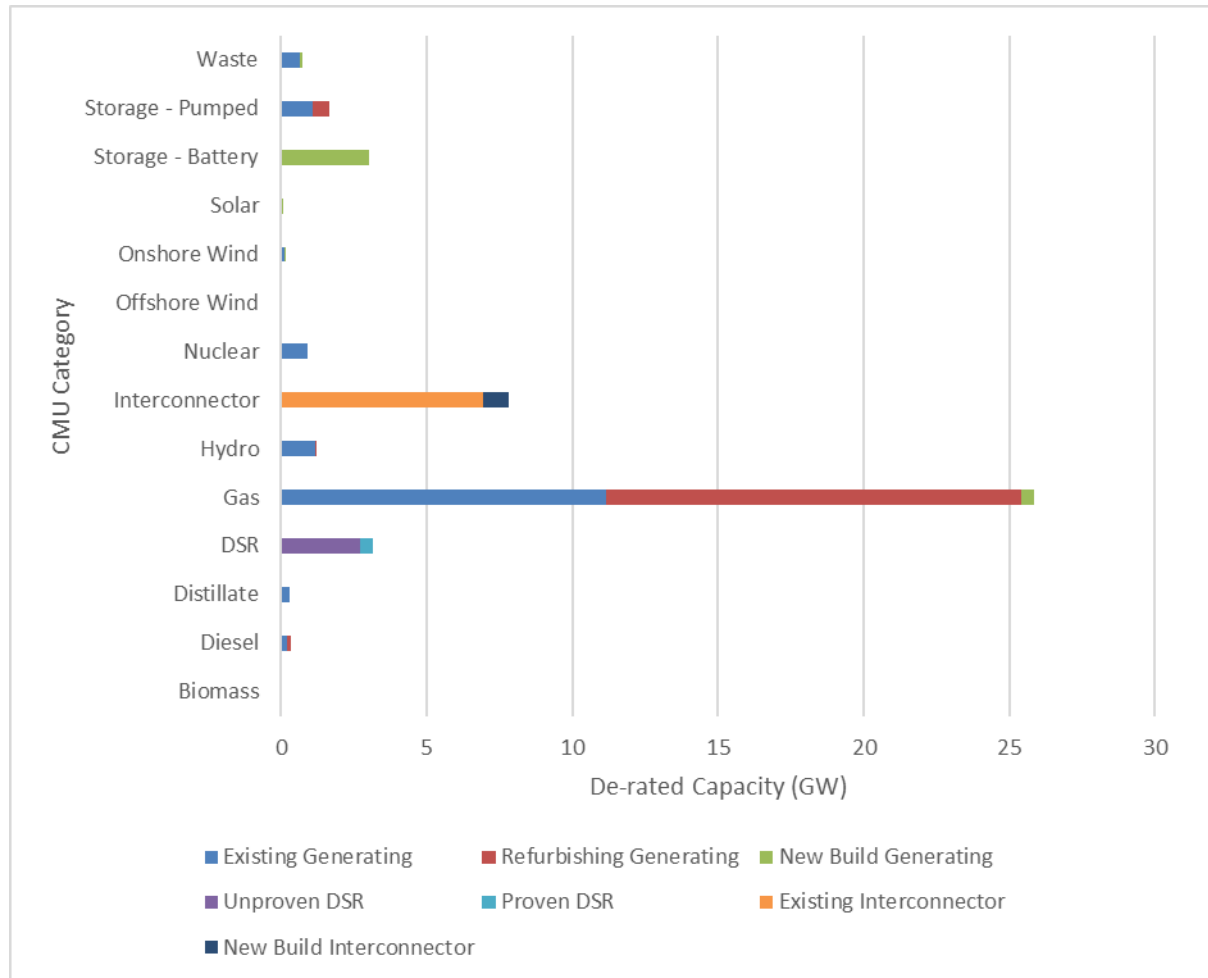
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Figure 3: 2029/30 T-4 Auction Prequalified by CMU Category

3.7. Figure 3 also shows that Existing Generating CMUs had the largest number of CMUs at 369. New Build Generating and Unproven DSR CMUs were the next largest with 229 and 186 respectively. The mean De-rated Capacity for Existing Generating CMUs was 43MW. In comparison, for New Build Generating and Unproven DSR CMUs the mean De-rated Capacity was smaller, with the De-rated Capacity for both being 15MW.

3.8. Figure 4 below shows that Gas CMUs accounted for a significant share of De-rated Capacity that Prequalified for the Auction totalling 25.8GW (58.4%). Of this, 11.2GW was Existing Generating CMUs (43%), 14.2GW was from Refurbishing Generating CMUs (55%) and 0.4GW was from New Build Generating CMUs (2%). Gas CMUs were followed by Existing and New Build Interconnector CMUs, which together accounted for 7.8GW (17.7%) of the total De-rated Capacity that Prequalified for the Auction.

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Figure 4: 2029/30 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 28.4GW (63%) of total Prequalified Capacity.

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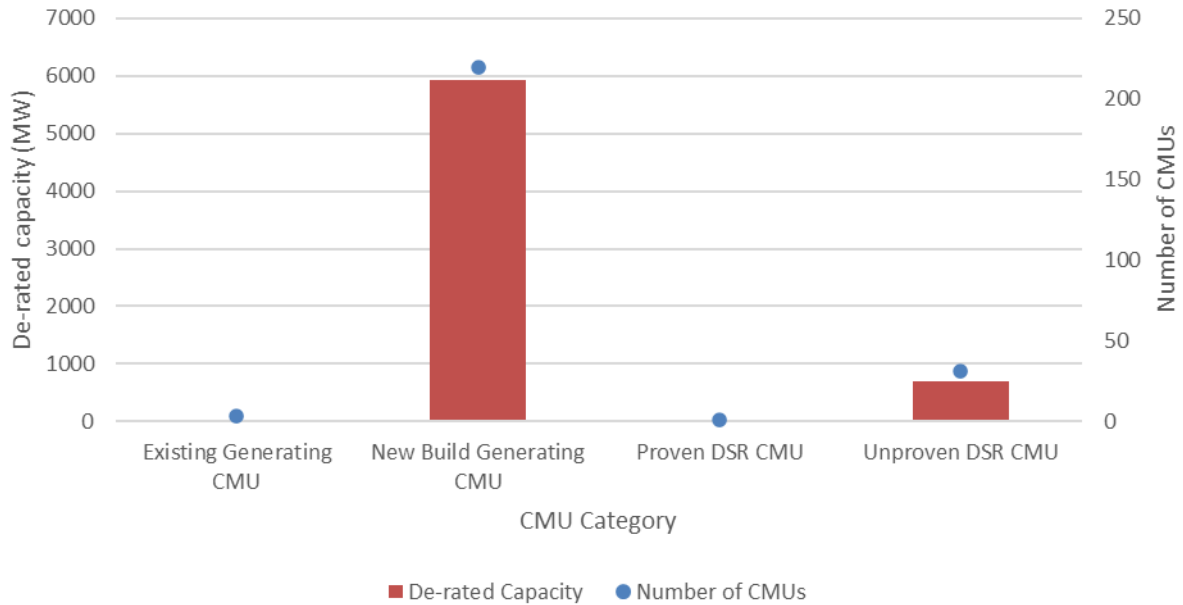
Table 8: Top 10 Parent Companies by Total De-rated Capacity that Prequalified for the 2029/30 T-4 Auction

Parent Company	Sum of De-rated Capacity (GW)	Share of Total Prequalified De-rated Capacity (%)
RWE Generation UK Holdings Limited	6.3	14%
SSE plc	4.3	9%
National Grid Interconnector Holdings Limited	4.1	9%
Uniper Holding GmbH	3.5	8%
VPI Holding Limited	3.0	7%
INTERGEN POWER LTD	2.3	5%
First Hydro Holdings Company	1.4	3%
National Grid Holdings One plc	1.2	3%
UK Transition Power Limited	1.2	3%
SCCL Holdings Limited	1.1	2%

Unsuccessful CMUs

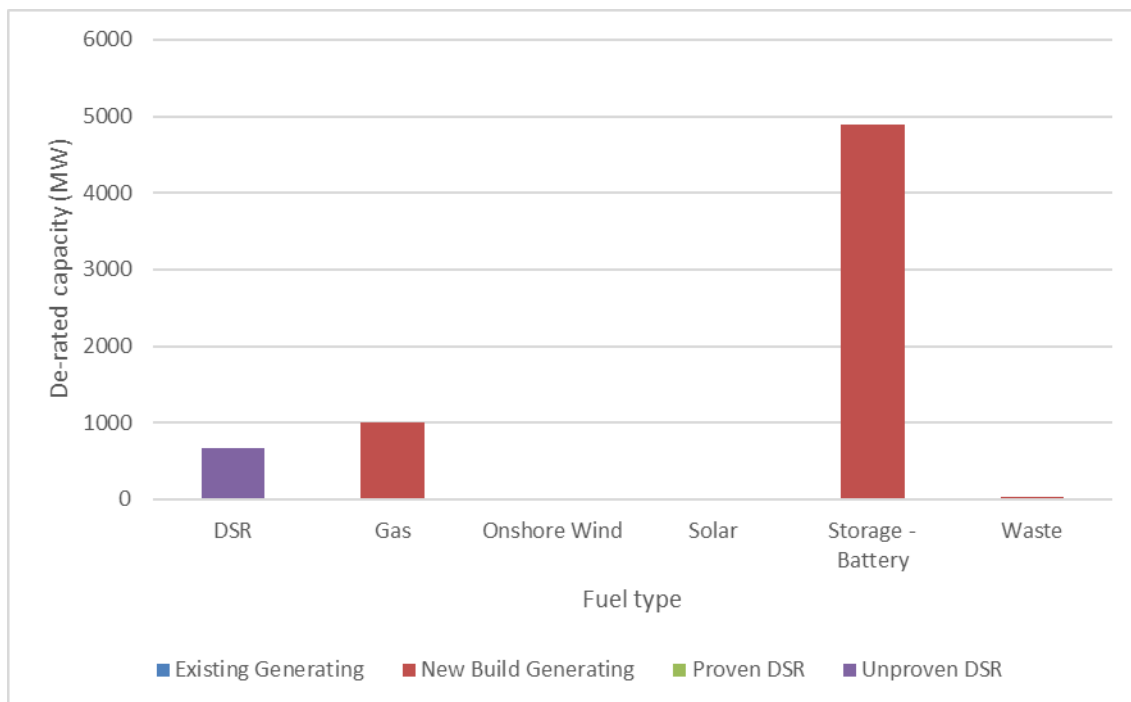
3.10. A total of 255 CMUs, amounting to 6,635MW of De-rated Capacity, failed to Prequalify. Figure 5 below shows that the majority of these (220 CMUs) were New Build Generating CMUs which totalled 5,937MW. This was followed by 31 Unproven DSR CMUs totalling 689MW, 3 Existing Generating CMUs totalling 7MW and 1 Proven DSR CMU totalling 1MW.

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Figure 5: 2029/30 T-4 Auction Unsuccessful in Prequalification by CMU Category

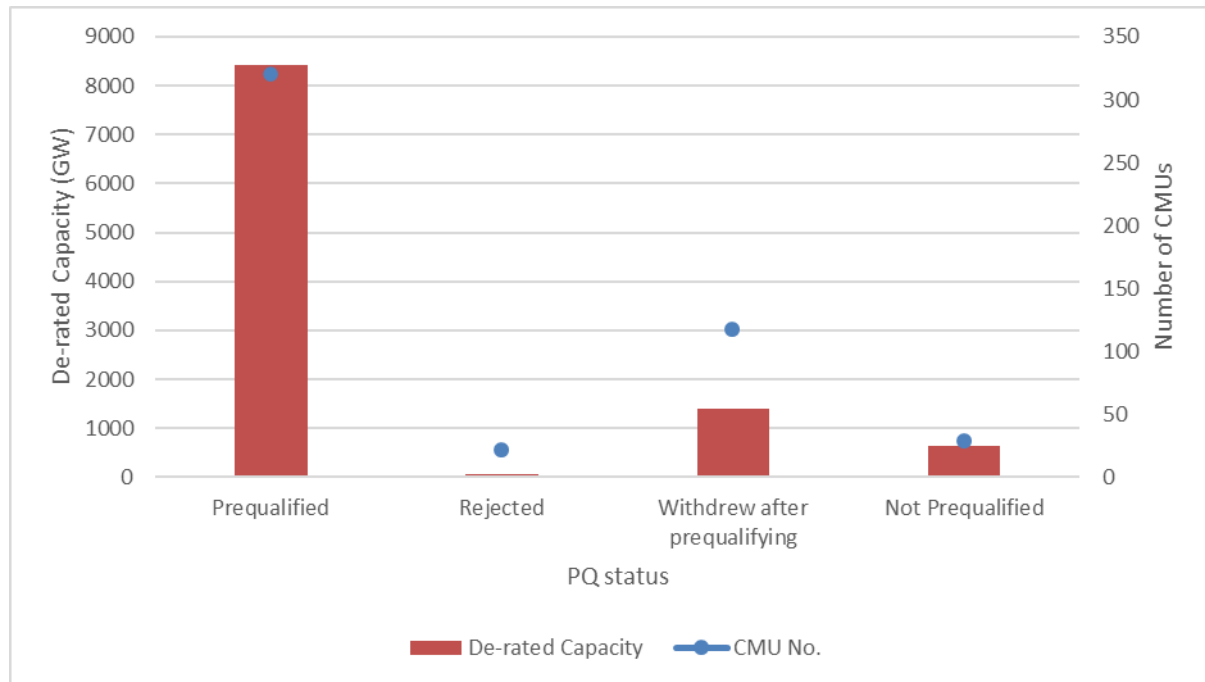
- 3.11. Figure 6 below shows that Storage - Battery CMUs accounted for a significant share of De-rated Capacity that was unsuccessful in Prequalification, totalling 4.9GW (74%). This was followed by Gas CMUs and DSR CMUs, as they made up 1.0GW (15%) and 690MW (10%) of the unsuccessful Prequalification De-rated Capacity, respectively. The remaining unsuccessful De-rated Capacity was attributable to Solar, Waste and Onshore Wind CMUs, which collectively accounted for less than 1% of the total.

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Figure 6: 2029/30 T-4 Auction Unsuccessful in Prequalification by Primary Fuel Type and CMU Category**Prequalification outcomes for the 2026/27 T-1 Auction****Applications**

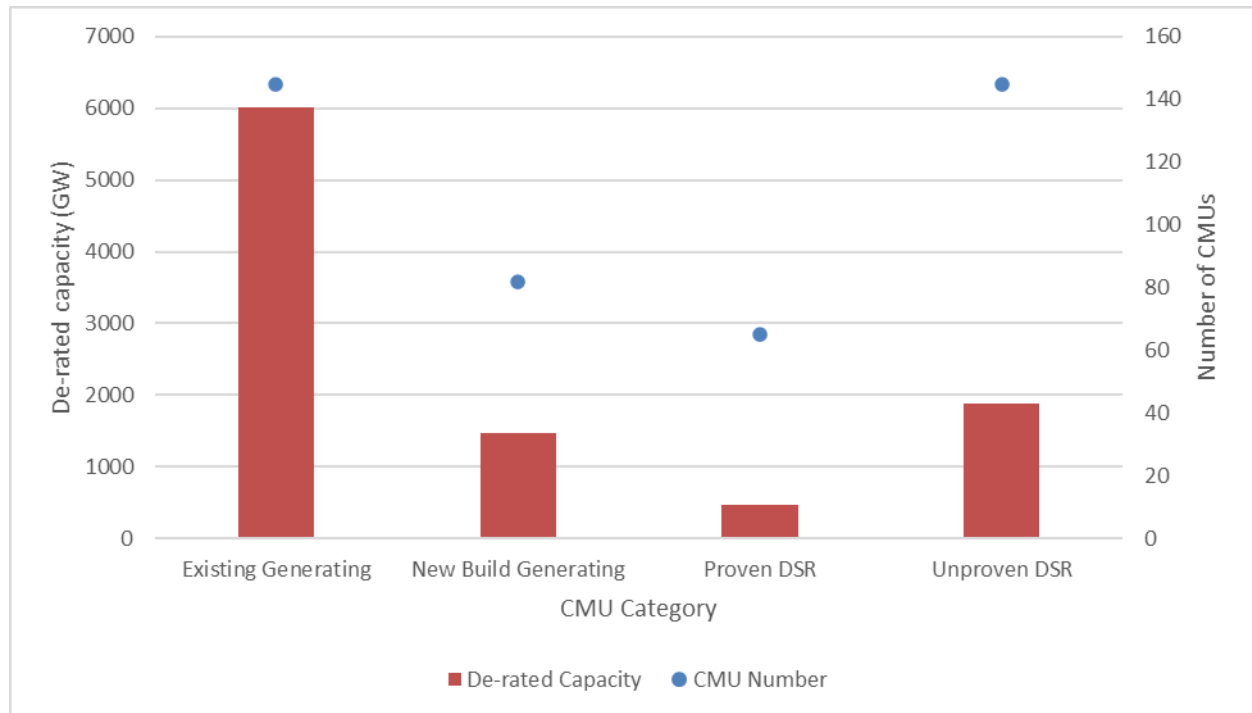
- 3.12. The 2026/27 T-1 Auction Prequalification commenced on 05 August 2025 and closed on 30 September 2025. A total of 486 CMU applications were submitted during the Prequalification process, totalling 10.5GW of De-rated Capacity.
- 3.13. Opt-out declarations were submitted in respect of a total of 6 CMUs. Of these, 4 CMUs (1,206.5MW) declared that they would be closed down, decommissioned or otherwise non-operational by the commencement of the Delivery Year. The remaining 2 CMUs declared that they would remain operational during the Delivery Year.
- 3.14. Figure 7 below illustrates in further detail the Prequalification outcomes for the 2026/27 T-1 Auction. Of the 10.5GW of De-rated Capacity which entered Prequalification, 8.4GW received a Prequalified status (80%), 640MW received a Not Prequalified status (6%), 67MW was Rejected (1%), and 1.4GW Withdrew after Prequalifying (13%).

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Figure 7: 2026/27 T-1 Auction Prequalification Decisions**Prequalified CMUs**

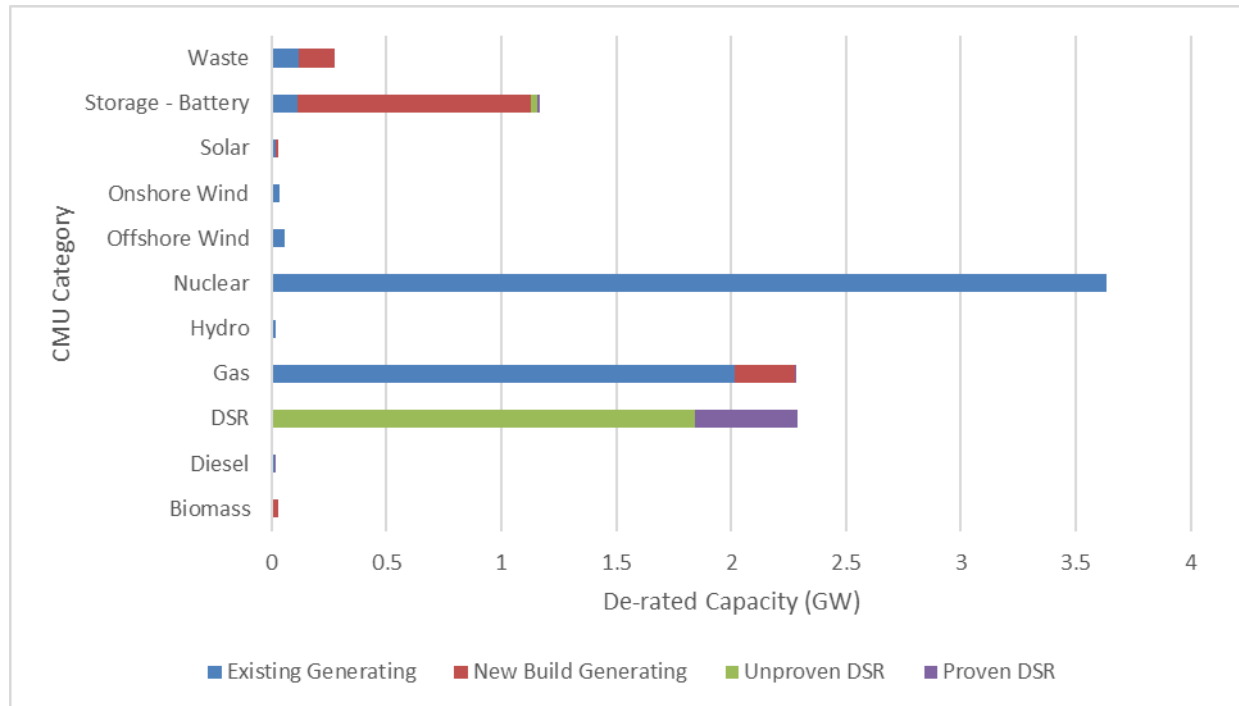
- 3.15. 437 CMUs were successful in Prequalifying, which amounted to 9.8GW of De-rated Capacity. This includes 1.4GW of capacity that successfully Prequalified but withdrew before the first bidding round.
- 3.16. Figure 8 below demonstrates that Existing Generating CMUs accounted for the largest share of De-rated Capacity that Prequalified, at 6.0GW (61%). Unproven DSR CMUs accounted for 1.9GW (19%) of total De-rated Capacity that Prequalified, New Build Generating CMUs accounted for 1.5GW (15%), and Proven DSR CMUs accounted for 0.5GW (5%).

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Figure 8: 2026/27 T-1 Auction Prequalified by CMU Category

3.17. Figure 8 also shows that Existing Generating CMUs and Unproven DSR CMUs were the two categories with the most CMUs, with 145 each. The mean De-rated Capacity of Existing Generating CMUs and Unproven DSR CMUs was 42MW and 13MW respectively. In comparison, New Build Generating CMUs had a mean De-rated Capacity of 18MW and Proven DSR CMUs had a mean De-rated Capacity of 7MW.

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Figure 9: 2026/27 T-1 Auction Prequalified by Primary Fuel Type and CMU Category

3.18. Figure 9 shows that Nuclear CMUs accounted for the largest share of De-rated Capacity that Prequalified for the Auction, totalling 3.6GW (36.7%). 100% of this was Existing Generating CMUs. DSR CMUs accounted for the next largest share of De-rated Capacity, totalling 2.3GW (23.5%). Of this, 1.8GW (81%) was Unproven DSR CMUs and 0.4GW (19%) was Proven DSR CMUs. Gas CMUs accounted for a further 2.3GW (23.5%) of De-rated Capacity. Of this, 2.0GW (88%) was Existing Generating CMUs, 265MW (12%) was New Build Generating CMUs and 4MW was Proven DSR CMUs.

3.19. Table 9 below shows the breakdown of the 10 largest parent companies by De-rated Capacity, which together accounted for 6.9GW (70%) of total Prequalified Capacity.

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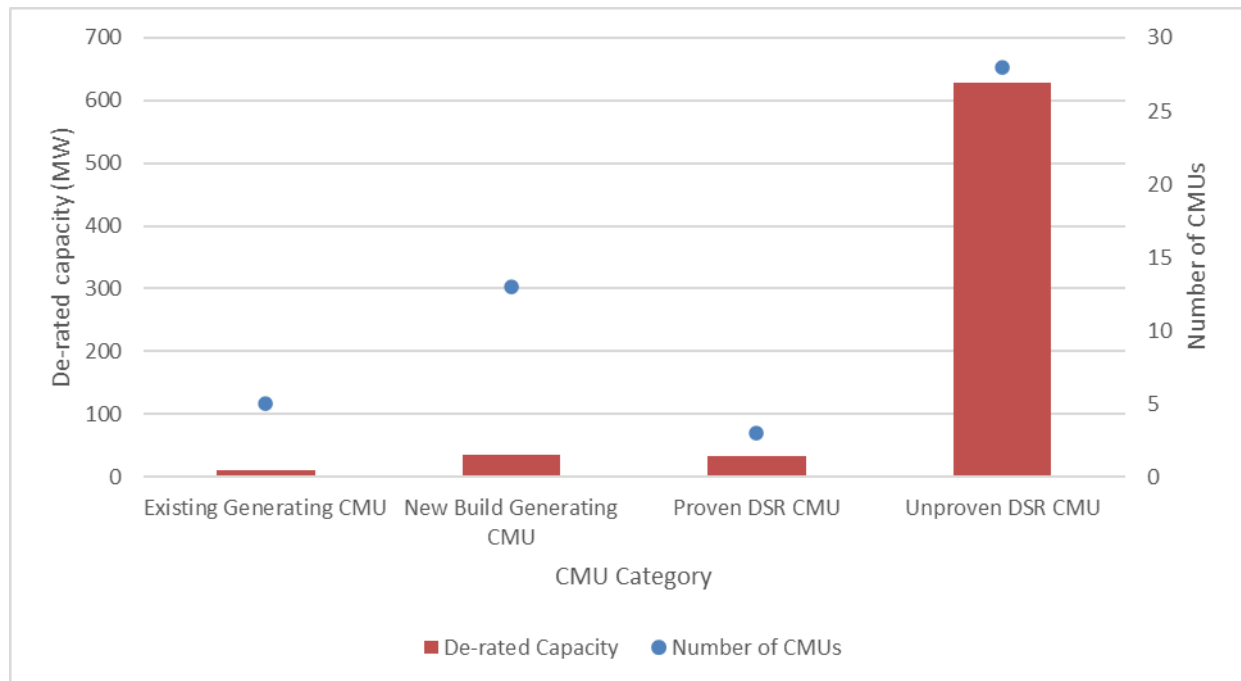
Table 9: Top 10 Parent Companies by De-rated Capacity that Prequalified for the 2026/27 T-1 Auction

Parent Company	Sum of De-rated Capacity (MW)	Share of Total Prequalified De-rated Capacity (%)
EDF Energy Holdings Limited	3,633	37%
Calon Energy (Severn) Limited	772	8%
Sutton Bridge Holdings Limited	772	8%
Octopus Energy Group Limited	507	5%
ENEL X INTERNATIONAL S.R.L.	406	4%
Statera Energy Limited	208	2%
Drax Smart Generation HoldCo Limited	193	2%
SSE plc	179	2%
CI Iv Spring Holdco C Ltd	136	1%
OAKTREE POWER GROUP LIMITED	134	1%

Unsuccessful CMUs

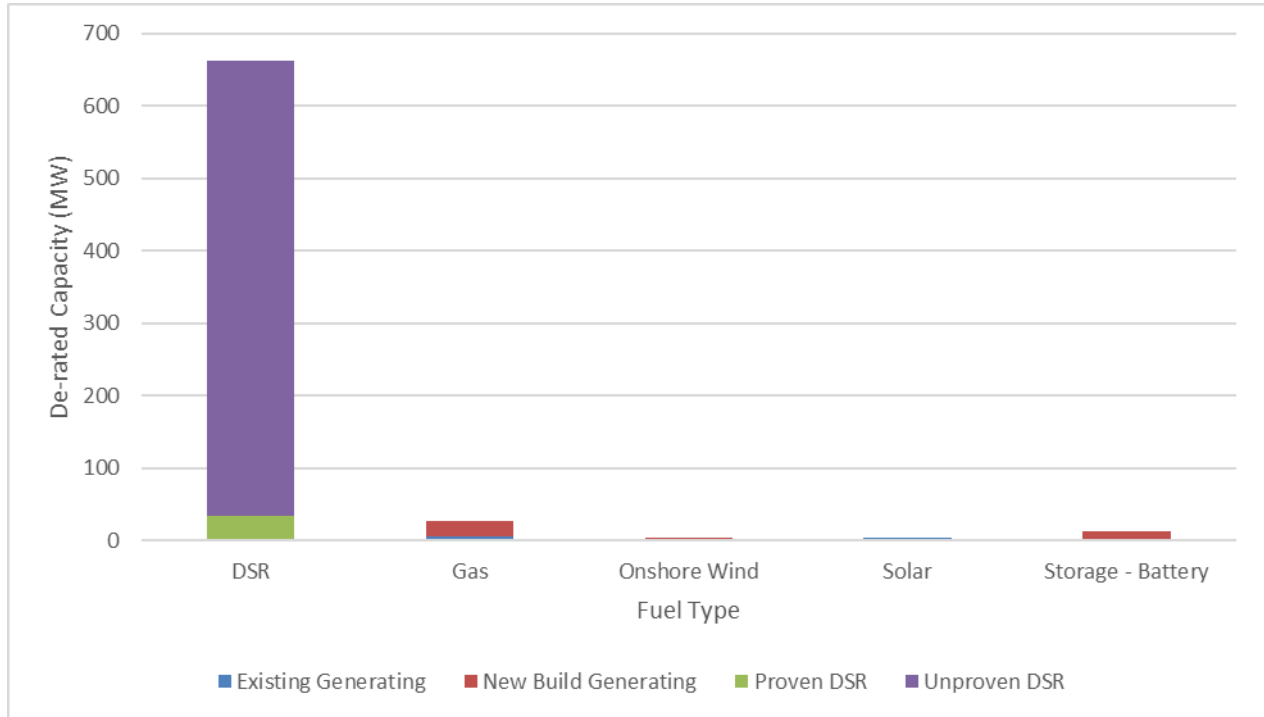
3.20. A total of 49 CMUs, amounting to 707MW of De-rated Capacity, failed to Prequalify. Figure 10 below shows that the majority of these (28 CMUs) were Unproven DSR CMUs, which totalled 629MW. This was followed by 13 New Build Generating CMUs totalling 35MW, 5 Existing Generating CMUs totalling 10MW and 3 Proven DSR CMUs totalling 33MW.

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Figure 10: 2026/27 T-1 Auction Unsuccessful in Prequalification by CMU Category

3.21. Figure 11 below shows that DSR CMUs accounted for the largest share of De-rated Capacity that was unsuccessful at Prequalification, totalling 662MW (94%). This was followed by Gas CMUs, as they made up 27MW (4%) of the unsuccessful Prequalification De-rated Capacity. Battery Storage CMUs accounted for a further 12MW (2%) of unsuccessful De-rated Capacity. The remaining unsuccessful De-rated Capacity was attributable to Solar and Onshore Wind CMUs, which collectively accounted for less than 1% of the total.

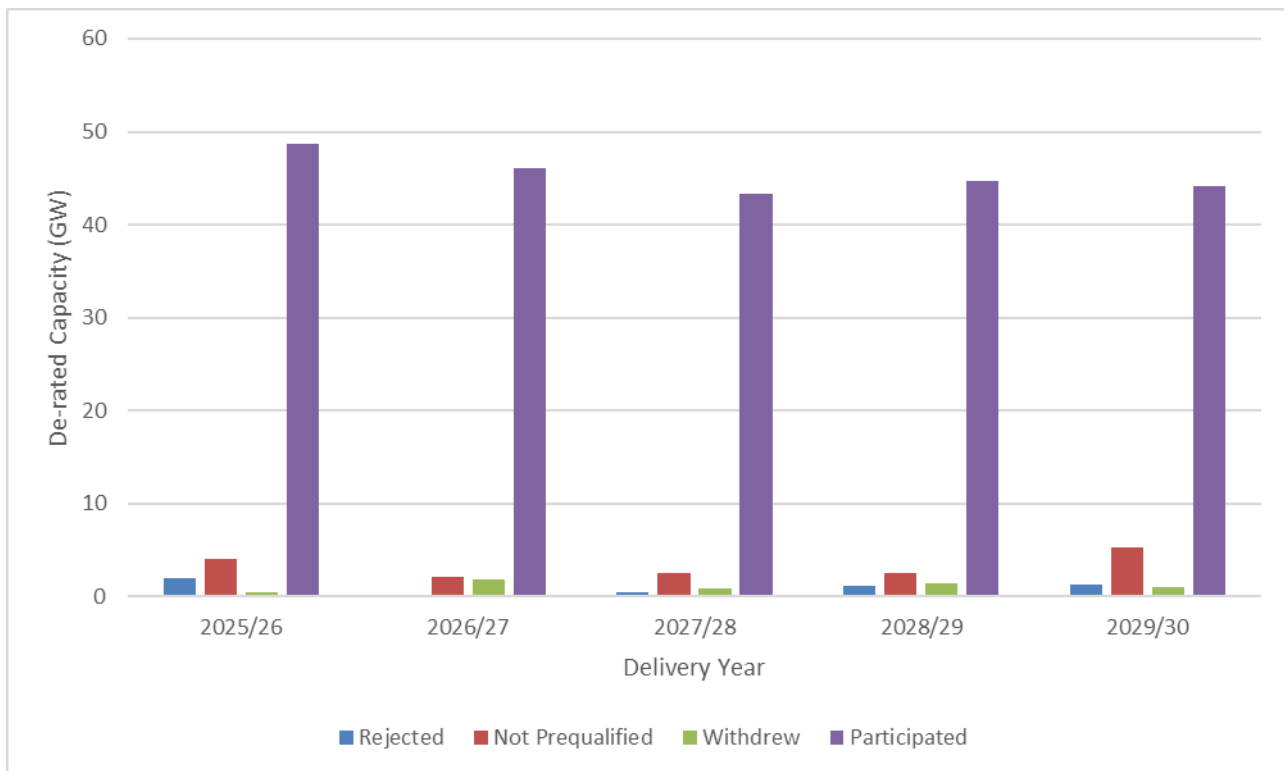
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Figure 11: 2026/27 T-1 Auction Unsuccessful in Prequalification by Primary Fuel Type and CMU Category

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

3.22. Figure 12 below illustrates the T-4 Auctions Prequalification results over the last five years. When compared with the most recent 2025/26 T-4 Auction, there was a 0.5GW (1% year-on-year) decrease in the volume of De-rated Capacity that participated in the Auction. This is despite a 1.9GW (4%) increase in the volume of De-rated Capacity that applied for Prequalification.¹⁴

Figure 12: Historical Overview of last 5 T-4 Prequalification Decisions



3.23. Figure 13 below shows the T-1 Auctions Prequalification results since the 2022/23 T-1 Auction. The volume of De-rated Capacity participating in Prequalification increased from 5.1GW in the 2022/23 T-1 Auction to a peak of 9.5GW in the 2024/25 T-1 Auction. Participation has subsequently declined, falling to 8.4GW in the most recent 2026/27 T-1 Auction, a decrease of 801MW (9%) compared with

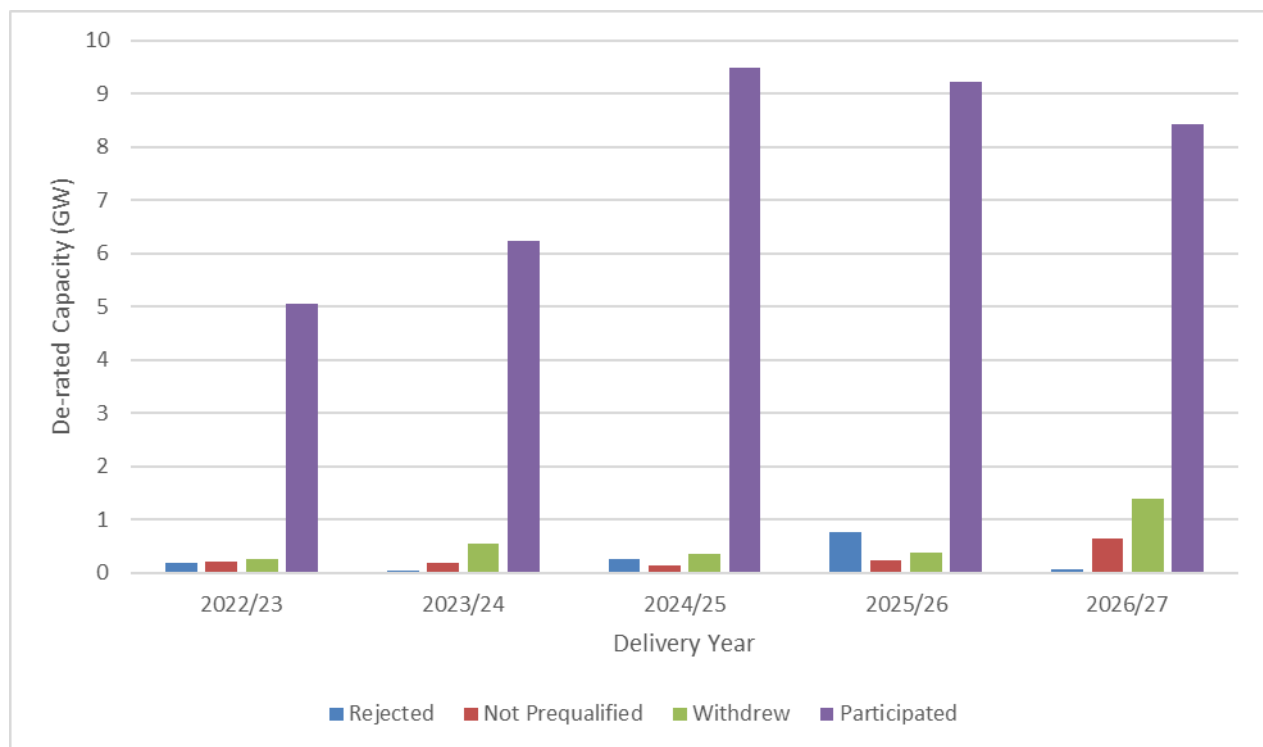
¹⁴ De-rating factors may vary between auction years. Accordingly, year-on-year comparisons of de-rated capacity may be influenced by changes in de-rating factors as well as changes in underlying capacity.

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the previous year. Despite this reduction, participation remains significantly above the level observed in the 2022/23 T-1 Auction. The volume of capacity withdrawn after Prequalification increased to 1.4GW in the 2026/27 Delivery Year, the highest level in the period shown.

- 3.24. Recent T-1 Auctions have seen comparatively high levels of participating capacity. This is partly attributable to the continued participation of the nuclear fleet, which has supported higher levels of participating capacity in recent years.

Figure 13: Historical Overview of the last 5 T-1 Prequalification Decisions

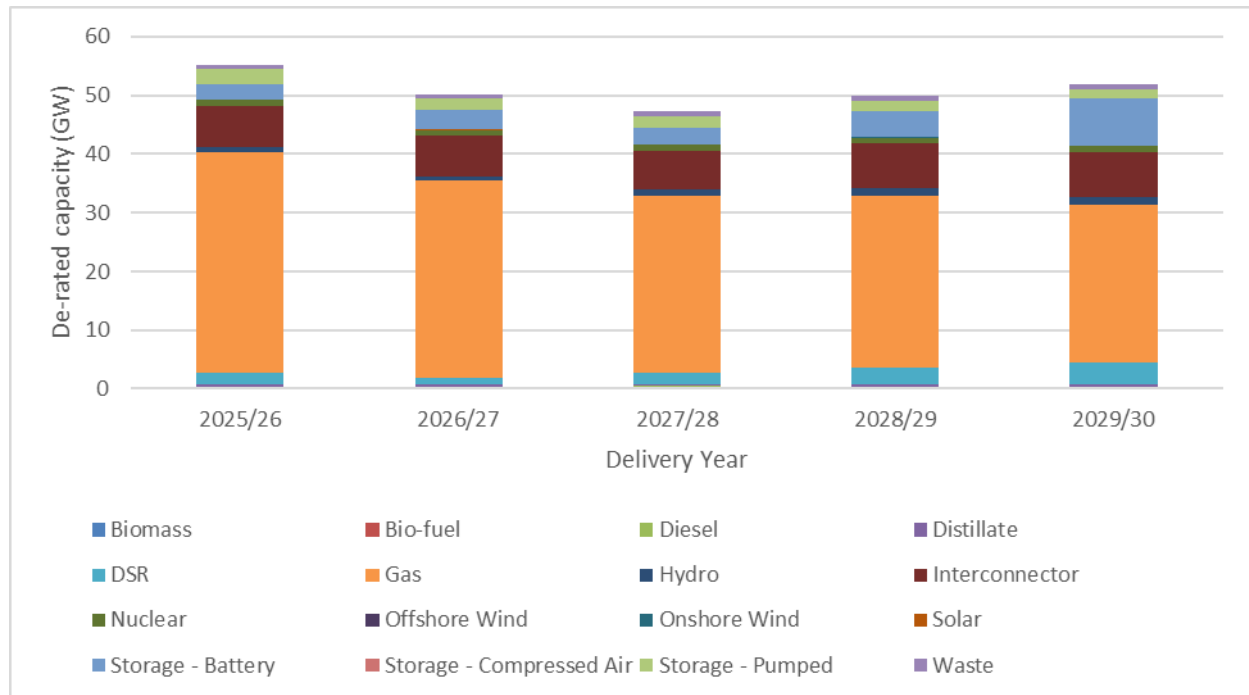


- 3.25. Figure 14 below shows CMUs entering Prequalification for the T-4 Auctions over the previous 5 years by Primary Fuel Type. This shows a large decrease in Gas De-rated Capacity entering Prequalification for the T-4 Auctions. Gas De-rated Capacity has decreased from 37.8GW to 26.8GW (29% decrease) since the 2025/26 T-4 Auction. This reduction has not been fully offset by increases in other fuel types. Battery Storage CMUs have seen the largest increase in De-rated Capacity entering Prequalification, increasing from 2.7GW to 7.9GW (196% increase) over the period. DSR has also seen a significant increase in De-rated Capacity entering Prequalification, increasing from 2.0GW to 3.9GW (96% increase). Interconnector CMUs increased from 7.0GW to 7.8GW (12% increase) and Hydro increased from 842MW to 1.2GW (46% increase) over the same period. In contrast, Pumped

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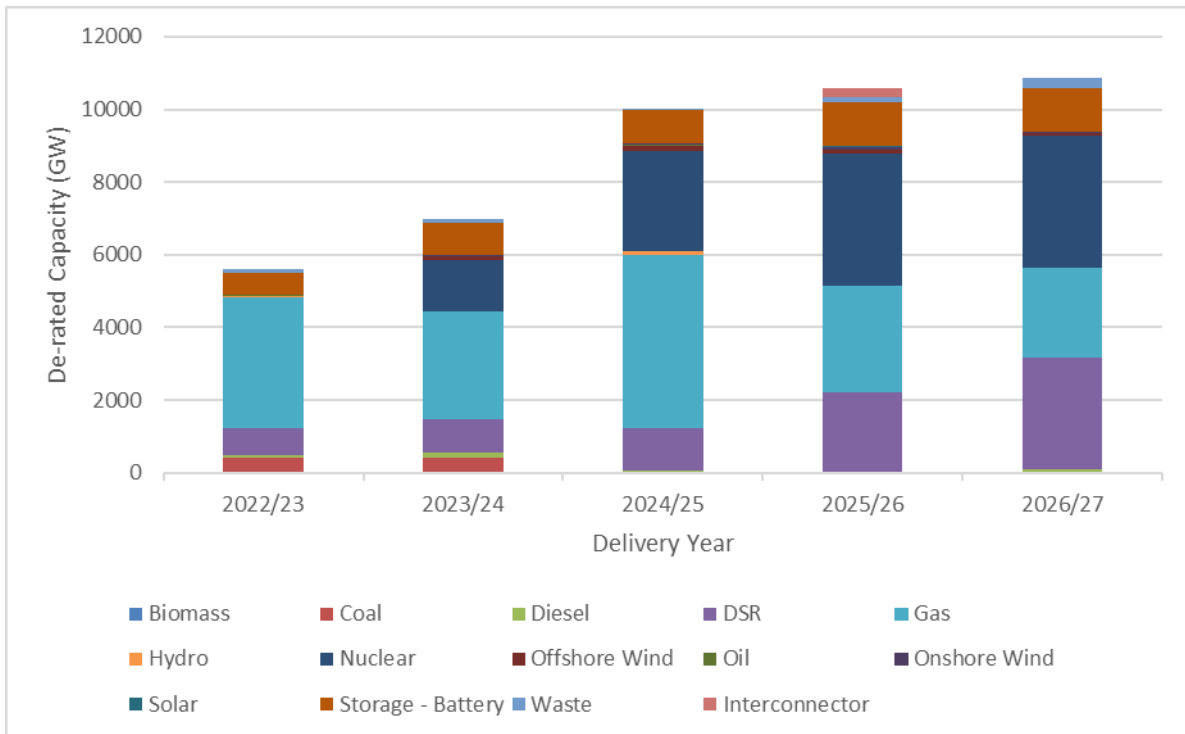
Storage CMUs decreased from 2.6GW to 1.6GW (38% decrease). Nuclear De-rated Capacity remained relatively stable over the period, decreasing from 990MW to 929MW (6% decrease), whilst Offshore Wind, Onshore Wind and Solar continued to contribute relatively small volumes of De-rated Capacity entering Prequalification.

Figure 14: Primary Fuel Types Entering Prequalification for T-4 Auctions over the last 5 years



3.26. Figure 15 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 2026/27 DY increased by 2.4GW (323%) compared with the 2022/23 DY Prequalification. Nuclear CMUs began entering the T-1 Auction in the 2023/24 DY and are now the predominant fuel type, and Gas CMUs decreased by 1.2GW (-33%). This year, the volume of De-rated Capacity for DSR CMUs was 3.0GW, the largest in the last 5 years, as well as for Battery Storage CMUs (1.2GW). Hydro CMUs entered the smallest volume of De-rated Capacity in the last 5 years, at 15MW.

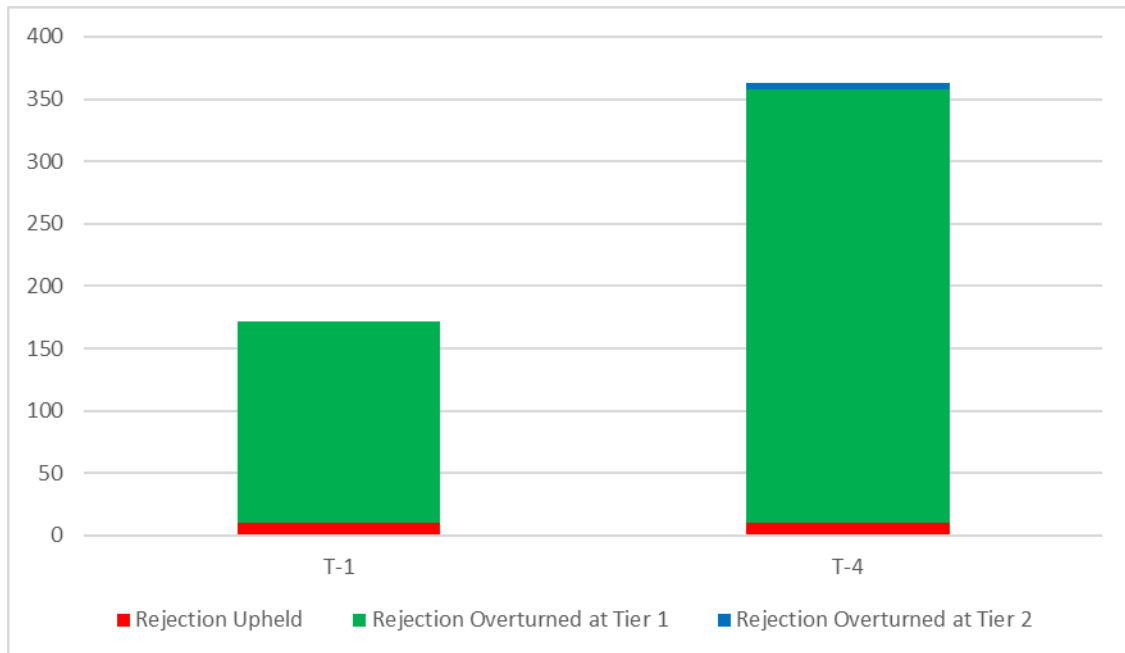
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Figure 15: Primary Fuel Types Entering Prequalification for T-1 Auctions over the last 5 years

Appeals process review

- 3.27. The Delivery Body received 363 appeals for reconsideration ('Tier 1 dispute') for the 2029/30 T-4 Auction and 172 for the 2026/27 T-1 Auction.
- 3.28. Figure 16 below shows that appeals submitted to the Delivery Body for reconsideration for the 2029/30 T-4 Auction had 353 appeals (97%) result in the overturning of non-Prequalification decisions, meaning the applicants were able to Prequalify. The 2026/27 T-1 Auction had 162 overturned decisions (94%). Many of these appeals relate to non-material errors in Prequalification Applications. Regulation 69(5A) allows applicants to submit evidence during the reconsideration process to rectify certain non-material errors, which NESO may consider when reaching its reconsidered decision.

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Figure 16: Outcome of Appeals to Reconsider a Prequalification Decision Submitted to the Delivery Body for the 2025/26 Capacity Auctions

3.29. The five most common reasons for Applicants failing Prequalification for the 2029/30 T-4 Auction were:¹⁵

- The Low Carbon Declaration (Exhibit ZD) was missing (41).
- Part 2 Declarations in respect of the Relevant CMU on Fossil Fuel Emissions Commitment (Exhibit ZB) were incorrect (35).
- DSR Business Plans were not provided (32).
- Part 4 of the Fossil Fuel Emissions Commitment (Exhibit ZB) contained invalid Director Signatures (25).
- Conflicting information was provided for the Accelerated Grid Connection Agreement (23).

3.30. The four most common reasons for Applicants failing Prequalification for the 2026/27 T-1 Auction were:

- DSR Business Plans were not provided (35).
- Part 2 Declarations in respect of the Relevant CMU on Fossil Fuel Emissions Commitment (Exhibit ZB) were incorrect (18).

¹⁵ Data from NESO

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- Unproven DSR Business Plans contained incorrect components (15).
- Part 4 of the Fossil Fuel Emissions Commitment (Exhibit ZB) contained invalid Director Signatures (11).

In joint fifth place were:

- Missing content for the Address of the CMU Component (10).
- Invalid Certificates of Conduct (Exhibit C), where Director Signature(s) had been incorrectly printed (10).
- Aggregated Connection Capacity not being equal to the maximum capacity (10).

3.31. A total of 11 appeals to the Authority were submitted: 9 relating to the 2029/30 T-4 Auction, covering 11 CMUs, and 2 relating to the 2026/27 T-1 Auction, covering 6 CMUs. We upheld the Prequalification decision made by the Delivery Body for all of the appeals covering T-1 auctions. We upheld 6 T-4 decisions made by the Delivery Body, covering 6 CMUs, and overturned 3 decisions, covering 5 CMUs.

3.32. The T-4 Auction disputes were grouped into 9 appeals. The decisions by the Delivery Body were upheld by the Authority in 6 disputes, with 3 decisions overturned. The reason for rejection for each of these disputes was:

- Declaration in respect of the Relevant CMU on Form of Low Carbon Declaration (Exhibit ZD) is incorrect.
- No document provided to confirm Line Loss Factors.
- Despatch Controller application submitted where Connection Capacity exceeds 50MW.
- Declaration in respect of the Relevant CMU on Fossil Fuel Emissions Commitment (Exhibit ZB) is incorrect.
- Low Carbon Declaration (Exhibit ZD) is not correct.
- Low Carbon Declaration (Exhibit ZD) is not correct for an application for a New Build CMU that has been terminated within the previous two years.
- Low Carbon Declaration (Exhibit ZD) is missing Director Signatures, Director Signature Date, and Director Printed Name.

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- Evidence provided was unclear as to whether the applicant was applying as a single-year or multi-year applicant.
- Failed to meet historic performance requirements; request to be accepted as opting out was rejected as it constituted a material change.

3.33. The T-1 Auction disputes were grouped into 2 appeals. The decisions by the Delivery Body were upheld by the Authority in both disputes. The subject of these disputes were:

- Connection Agreement not in effect by the start of the Delivery Year.
- Exhibit ZB was submitted incorrectly at Prequalification and, at Request for Reconsideration, was signed by a Director who was not listed on Companies House.

4. Auction results

Auction outcomes for the 2029/30 T-4 Auction

Auction parameters: clearing price and volume

- 4.1. The 2029/30 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 10th Round at a clearing price of £27.10/kW/year.¹⁶
- 4.2. Of the 45.1GW that Prequalified, 44.1GW took part in the Auction with approximately 40.1GW of Capacity being awarded a Capacity Agreement through the Auction. This is above the central target capacity of 39.4GW, but within the target parameters (37.9 to 40.9GW) of the Auction.

Results by CMU category

- 4.3. As demonstrated in Figure 17 below, a significant share of the volume securing a Capacity Agreement was from Existing Generating CMUs with 15.6GW (39%). This was followed by Refurbishing Generating CMUs with 12.8GW (32%) and Existing Interconnector CMUs with 6.9GW (17%). The remaining CMU categories each contributed 6% or less of total volumes securing a Capacity Agreement in the 2029/30 T-4 Auction, collectively representing 4.7GW (12%) of De-rated Capacity.
- 4.4. Existing Generating CMUs secured Capacity Agreements for a total of 15.6GW of De-rated Capacity. Existing Generating CMUs offered a total of 15.7GW into the Auction, of which 15.6GW secured Capacity Agreements, equating to a 99.7% success rate. New Build Generating CMUs secured Capacity Agreements for a total of 1.2GW of De-rated Capacity across 97 CMUs. New Build Generating CMUs offered a total of 2.5GW into the Auction and secured Capacity Agreements for 1.2GW, equating to a 50.2% success rate.
- 4.5. New Build Interconnector and Existing Interconnector CMUs together represented 7.8GW (19% of total) Capacity Agreements secured through the Auction. Existing

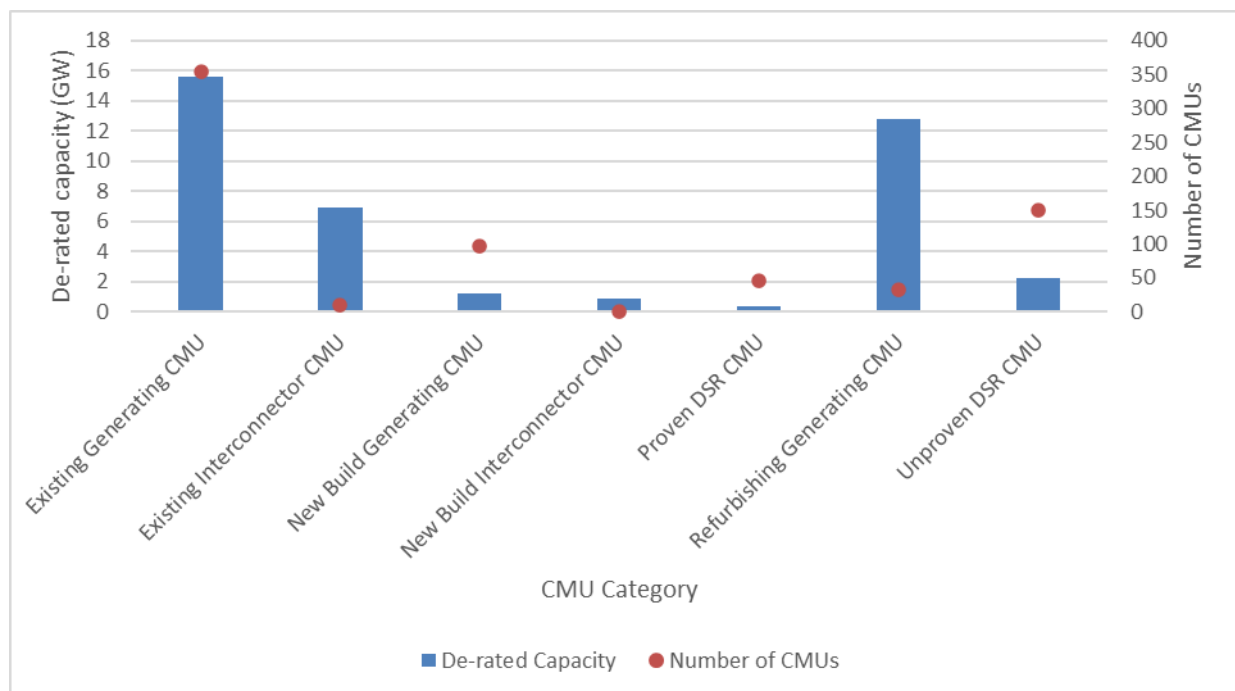
¹⁶ [2029/30 T-4 Auction Results](#)

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Interconnector and New Build Interconnector CMUs both secured Capacity Agreements for 100% of the Capacity entered into the Auction. Both categories together accounted for 11 CMUs securing Capacity Agreements.

- 4.6. Proven DSR and Unproven DSR CMUs accounted for 2.6GW (7% of total) of Capacity Agreements secured through the Auction. Proven DSR CMUs secured Capacity Agreements for 369MW of De-rated Capacity, equating to an 85.4% success rate. Unproven DSR CMUs secured Capacity Agreements for 2.2GW of De-rated Capacity, equating to an 83.5% success rate.
- 4.7. Lastly, Refurbishing Generating CMUs secured Capacity Agreements for 12.8GW of De-rated Capacity across 32 CMUs, representing 32% of all Capacity Agreements secured in the Auction. For more details regarding the outcomes for Refurbishing CMUs, please see paragraphs 4.15 and 4.16.

Figure 17: 2029/30 T-4 Auction Cleared De-rated Capacity by CMU Category

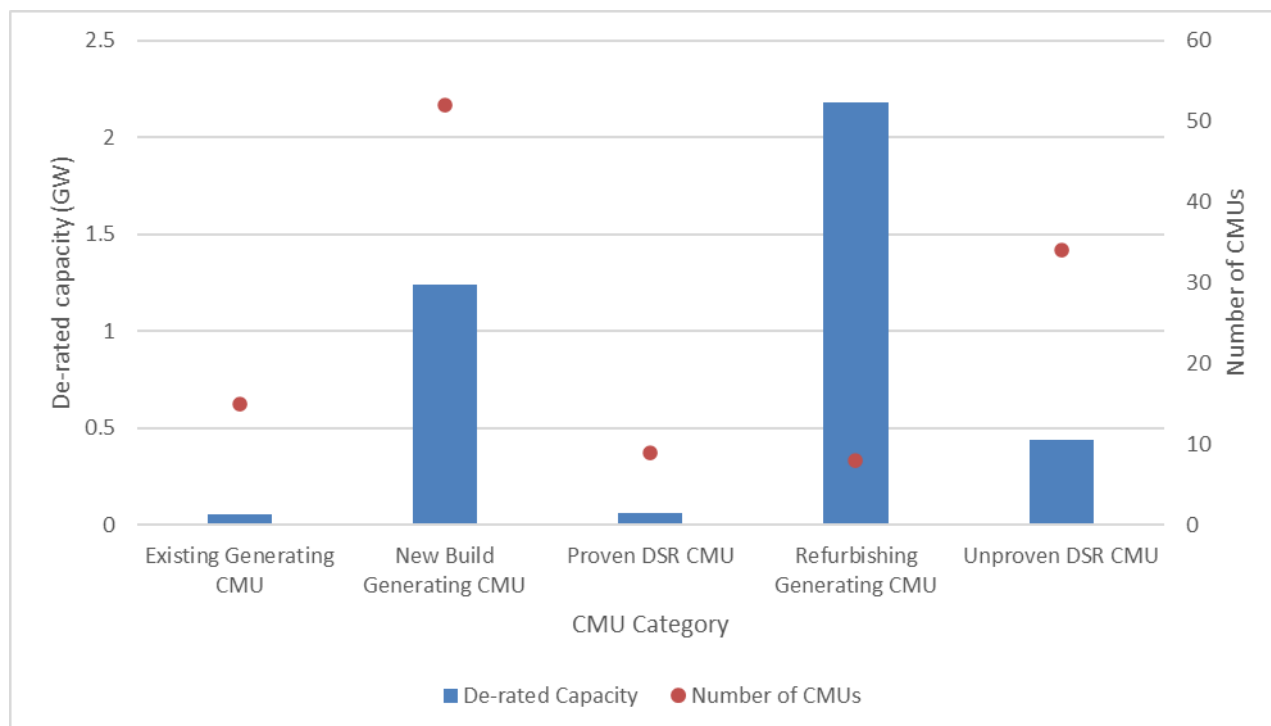


- 4.8. Figure 18 below illustrates the proportion of CMU capacity failing to secure Capacity Agreements by CMU category. A total of 4.0GW of capacity did not secure Capacity Agreements. Of this, 2.2GW (55%) is attributed to Refurbishing Generating CMUs, 1.2GW (31%) to New Build Generating CMUs, 443MW (11%) to Unproven DSR

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CMUs, 63MW (2%) to Proven DSR CMUs and 53MW (1%) to Existing Generating CMUs.

Figure 18: 2029/30 T-4 Auction Exited De-rated Capacity by CMU Category

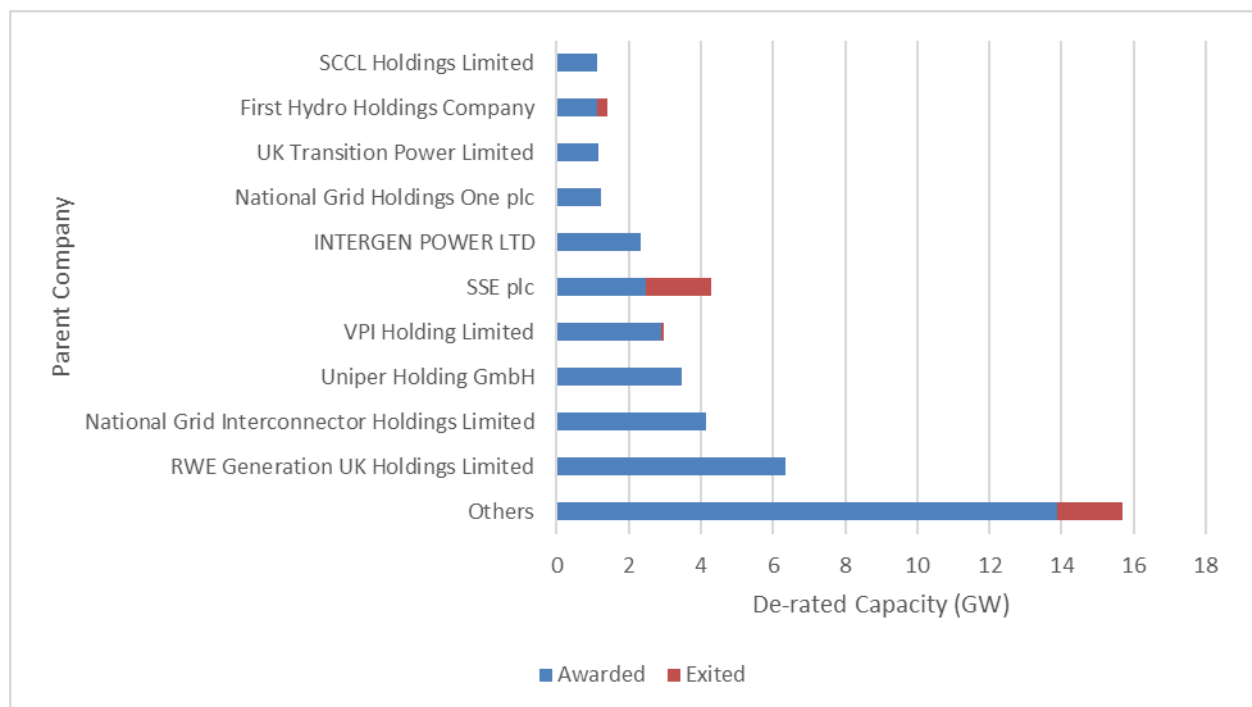


Results by company

4.9. Figure 19 below illustrates the top 10 companies by total volume of De-rated Capacity entered in the Auction. RWE Generation UK Holdings Limited represented 6.3GW (16%) of total cleared volumes, National Grid Interconnector Holdings Limited represented 4.1GW (10%), and Uniper Holding GmbH represented 3.5GW (9%). The remaining companies each accounted for less than 2.9GW (7%) of total cleared volumes.

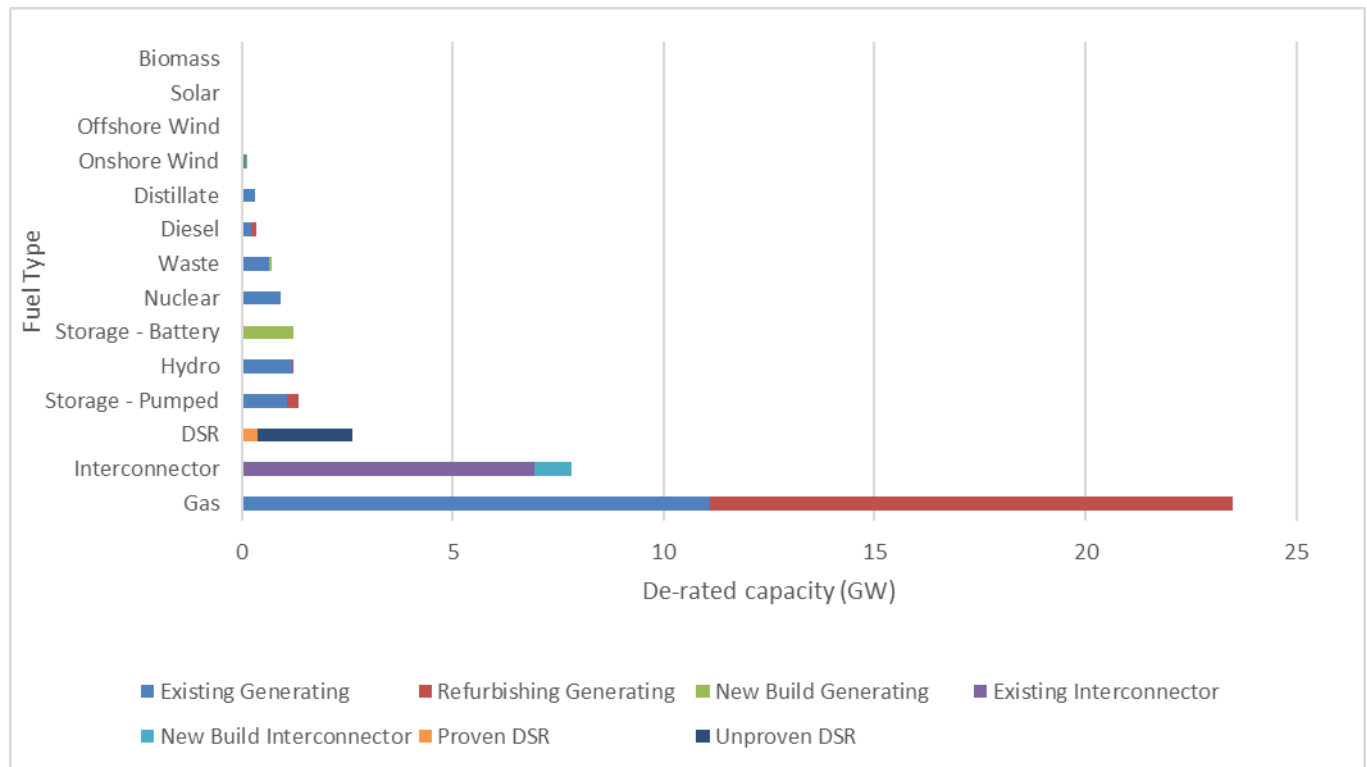
4.10. Out of the top 10 companies, 7 gained Capacity Agreements for 100% of the Capacity they entered into the Auction. SSE plc, VPI Holding Limited and First Hydro Holdings Company had Capacity that exited the Auction. SSE plc had the largest volume of Capacity exit the Auction, with 1.8GW out of a total 4.3GW entered into the Auction (57%) awarded a Capacity Agreement.

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Figure 19: 2029/30 T-4 Auction Results of Top 10 Parent Companies by De-rated Capacity**Results by fuel and technology type**

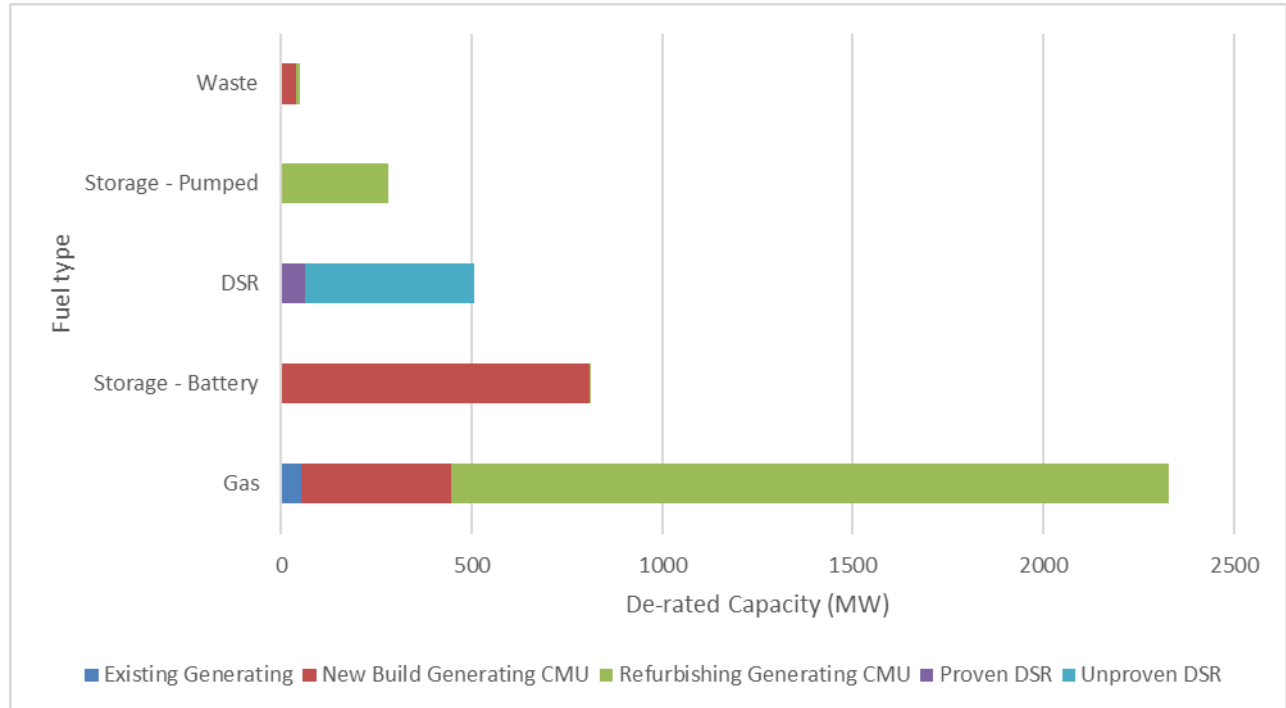
4.11. Figure 20 below illustrates that more than half (59%) of the De-rated Capacity acquired through the 2029/30 T-4 Auction was gained by Gas CMUs, totalling 23.5GW. The majority (53%) was from Refurbishing Generating CMUs, at 12.4GW, whilst 47% was from Existing Generating CMUs, at 11.1GW. Interconnector Capacity accounted for 7.8GW (19%) of cleared volumes. This was followed by Battery Storage at 1.2GW (3%), DSR at 2.6GW (6%), Pumped Storage at 1.3GW (3%), Hydro at 1.2GW (3%), Nuclear at 929MW (2%) and Waste at 698MW (2%). The remaining fuel type categories secured Capacity Agreements for a total of 817MW.

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Figure 20: 2029/30 T-4 Auction Results for Cleared De-rated Capacity by Primary Fuel Type and CMU Category

4.12. Figure 21 below focuses on the Capacity that exited the Auction without a Capacity Agreement. Gas accounted for most of the Capacity exiting the Auction (59%), totalling 2.3GW. Of this, 1.9GW (81%) was Refurbishing Generating CMUs, 394MW (17%) was New Build Generating CMUs and 53MW (2%) was Existing Generating CMUs. Gas was followed by Battery Storage at 814MW (20%), DSR at 506MW (13%), Storage-Pumped at 283MW (7%) and Waste at 48MW (1%).

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Figure 21: 2029/30 T-4 Auction Results for Exited De-rated Capacity by Primary Fuel Type and CMU Category**Length of Capacity Agreements**

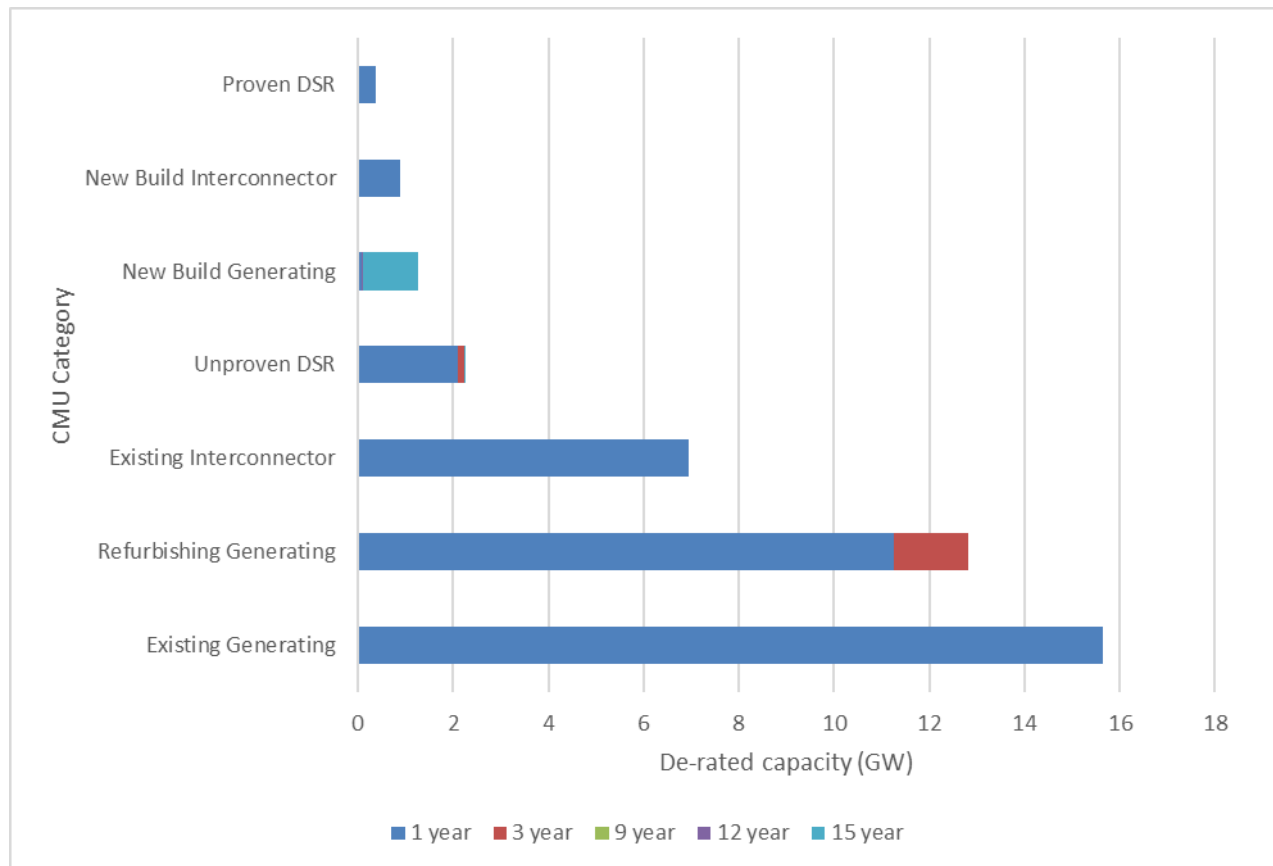
4.13. 37.3GW (93%) of the De-rated Capacity that was awarded Capacity Agreements in the 2029/30 T-4 Auction were one-year agreements. Of the remainder, 1.7GW (4%) won three-year agreements, 1.2GW (3%) won fifteen-year agreements, 22MW of capacity won a twelve-year agreement and 1MW won a nine-year agreement.

4.14. Figure 22 below shows how fuel and technology types contributed to multi-year agreements. The largest was Gas CMUs at 1.6GW, all of which were 3-year Capacity Agreements. The second largest was Battery Storage CMUs, at 1.2GW, with 1.1GW (98%) being 15-year agreements and the remaining 22MW (2%) being 12-year agreements. For DSR CMUs, 17MW (11%) received 15-year Capacity Agreements, 134MW (88%) received 3-year Capacity Agreements and 1MW received a 9-year Capacity Agreement. Waste (62MW), Onshore Wind (2MW) and Solar (1MW) made up the remaining multi-year agreements, all of which were 15-year Capacity Agreements.

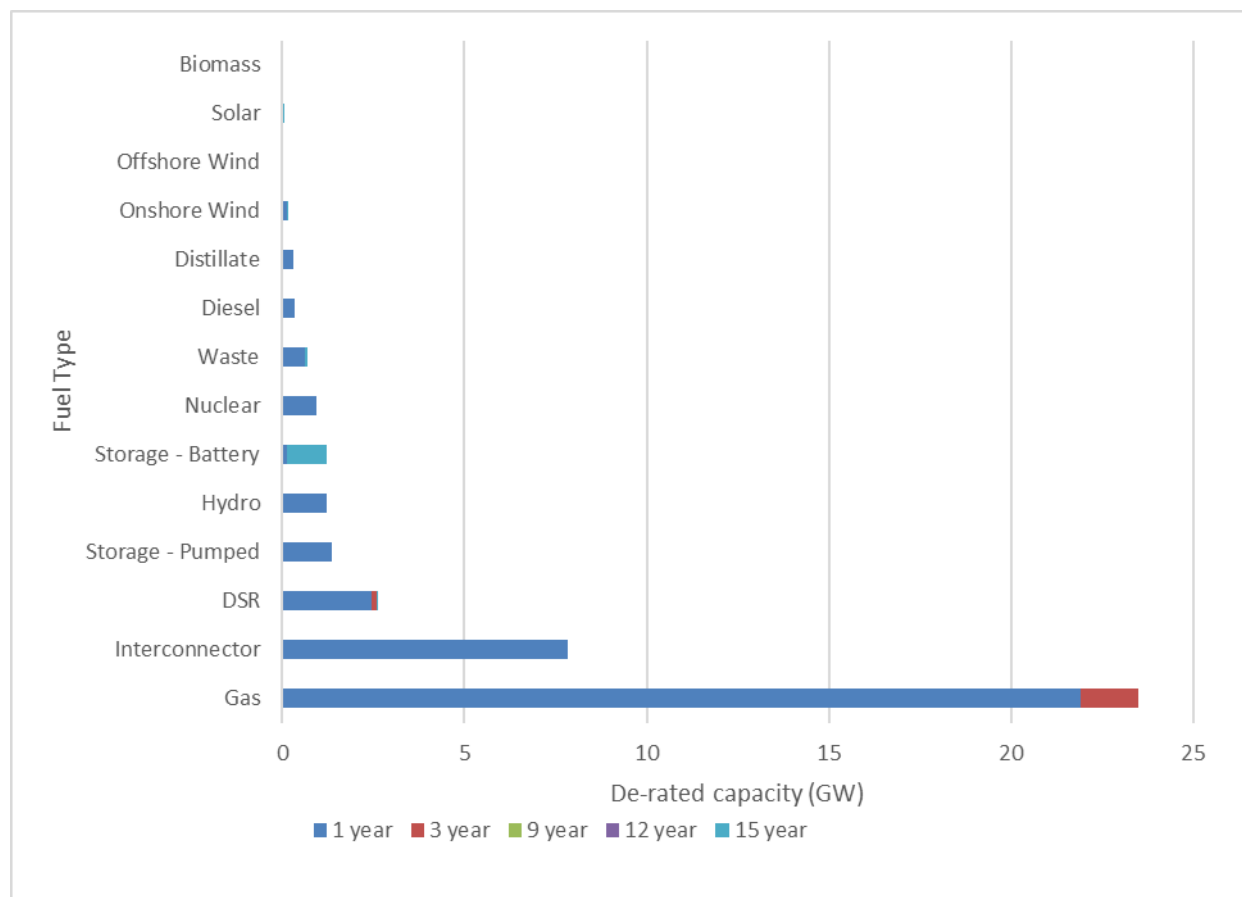
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- 4.15. Although 15.0GW of Refurbishing Generating CMUs entered the Auction seeking Capacity Agreements, only 12.8GW secured Capacity Agreements. The majority of successful Refurbishing Generating capacity received one-year agreements (11.3GW), with the remaining 1.6GW receiving three-year agreements. No Refurbishing Generating CMUs secured fifteen-year Capacity Agreements.

Figure 22: 2029/30 T-4 Auction Results by Multi-Year Agreements (CMU Category)

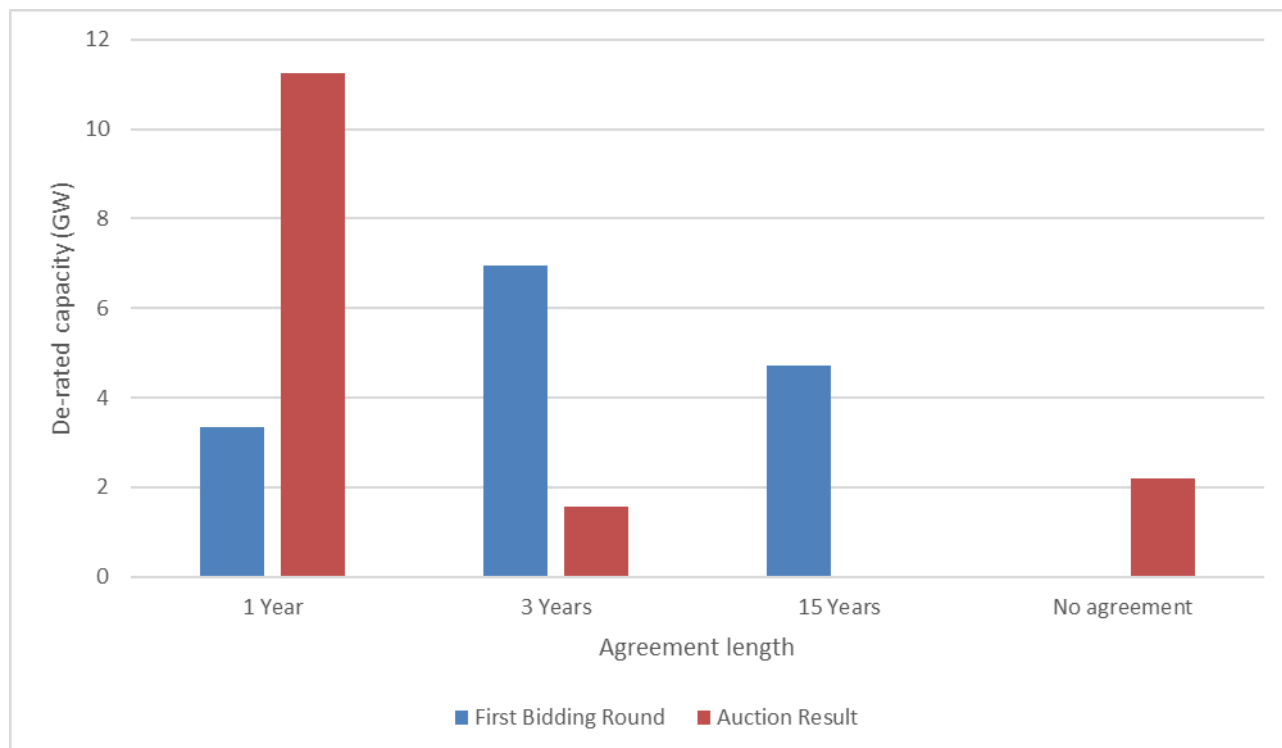


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Figure 23: 2029/30 T-4 Auction Results by Multi-Year Agreements (Fuel type)**Further observations – Refurbishing CMU Agreement Lengths**

4.16. Whilst 12.8GW of Refurbishing CMUs secured some form of Capacity Agreement, 11.3GW only secured a single-year agreement. Figure 24 below shows the agreement lengths sought in the first bidding round, against the final auction results.

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Figure 24 – Outcome of Refurbishing Generating CMUs in the 2029/30 T-4 Auction

Auction outcomes for the 2026/27 T-1 Auction

Auction parameters: clearing price and volume

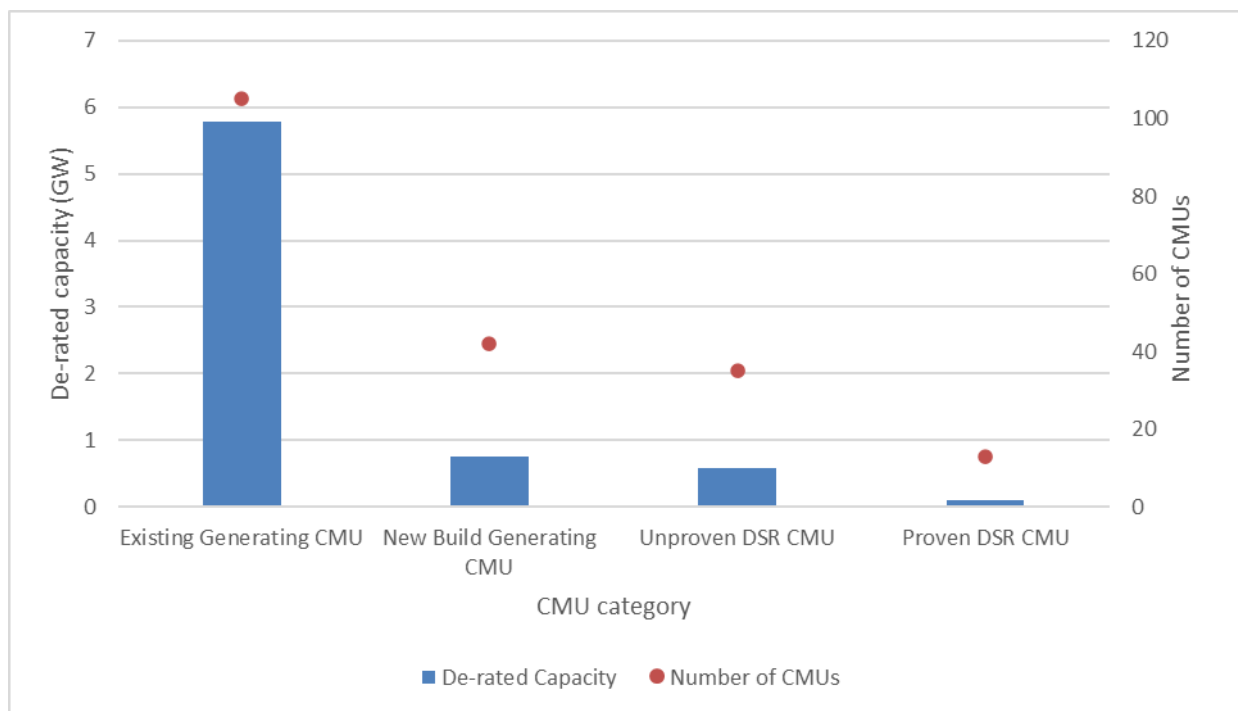
- 4.17. The 2026/27 T-1 Auction Price Cap was £75/kW/year. The price decrement per round was £5/kW/year, resulting in a maximum of 15 rounds for the Auction. The T-1 Auction concluded in the 15th Round at a clearing price of £5.00/kW/year.¹⁷
- 4.18. Of the 9.8GW that Prequalified, 8.4GW took part in the Auction with approximately 7.2GW being awarded a Capacity Agreement through the Auction. This is above the central target capacity of 6.3GW and within the target parameters (5.3 to 7.3GW) of the Auction.

¹⁷ [T-1 DY 25-26 Final Auction Results Report](#)

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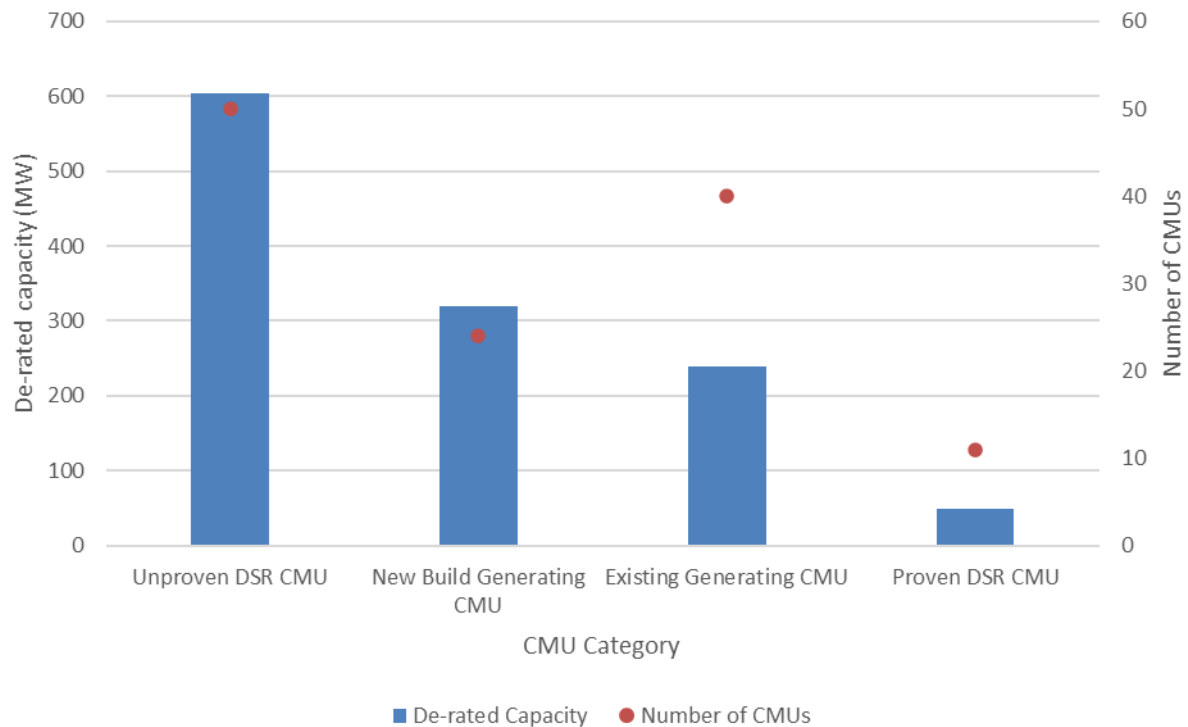
Results by CMU category

- 4.19. As demonstrated in Figure 25 below, out of the total 6.0GW of Existing Generating CMUs that entered the Auction, 5.8GW secured Capacity Agreements (96%). New Build Generating CMUs entered 1.5GW into the Auction, and 748MW (70%) secured Capacity Agreements.
- 4.20. Proven DSR CMUs secured Capacity Agreements for 89MW, which equates to 66% of the amount entered into the Auction. Unproven DSR CMUs secured Capacity Agreements for 573MW, the equivalent of 52% of the amount which entered the Auction.

Figure 25: 2026/27 T-1 Auction Cleared De-rated Capacity by CMU Category

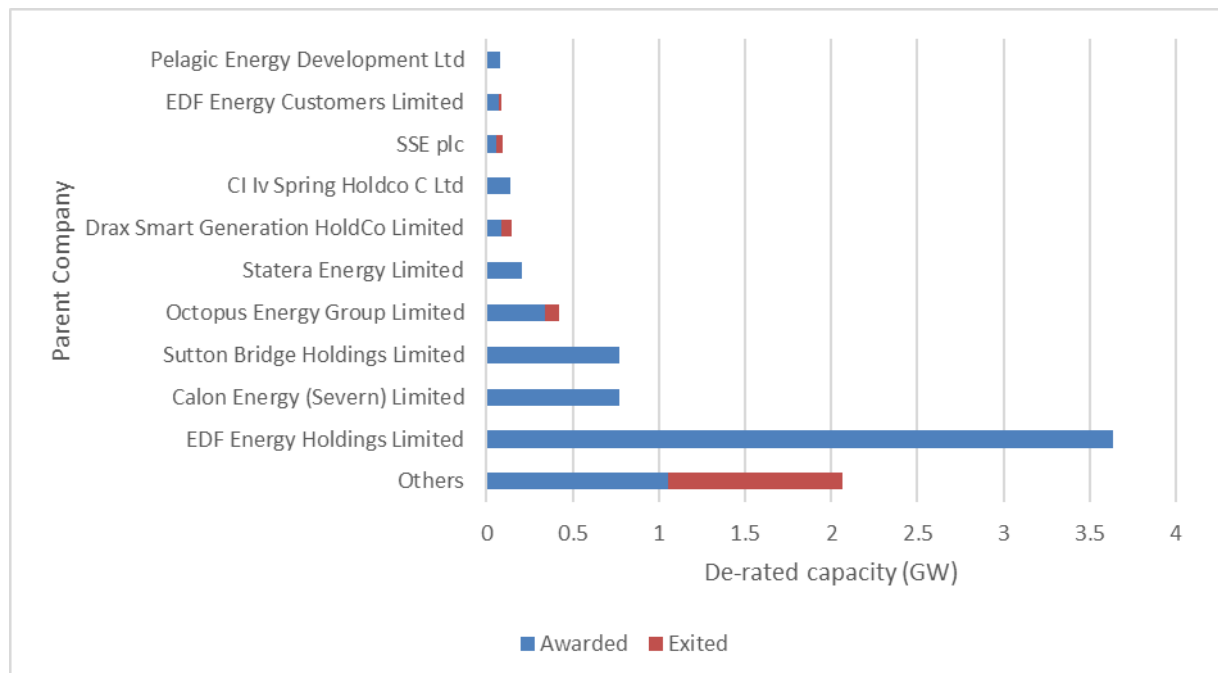
- 4.21. Figure 26 below illustrates the proportion of CMU Capacity failing to secure Capacity Agreements by CMU category. A total of 1.2GW of Capacity did not win Capacity Agreements. 604MW (50%) of this is attributed to Unproven DSR CMUs, 319MW (26%) to New Build Generating CMUs, 239MW (20%) to Existing Generating CMUs, and 49MW (4%) to Proven DSR CMUs.

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Figure 26: 2026/27 T-1 Auction Exited De-rated Capacity by CMU Category**Results by company**

4.22. 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 (43%) of total volumes awarded in the Auction, followed by Calon Energy (Severn) Limited and Sutton Bridge Holdings Limited, which represented 772MW each of the Capacity awarded. Octopus Energy Group Limited represented a further 342MW of awarded Capacity.

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Figure 27: 2026/27 T-1 Auction Results by Top 10 Parent Companies by De-rated Capacity Entered

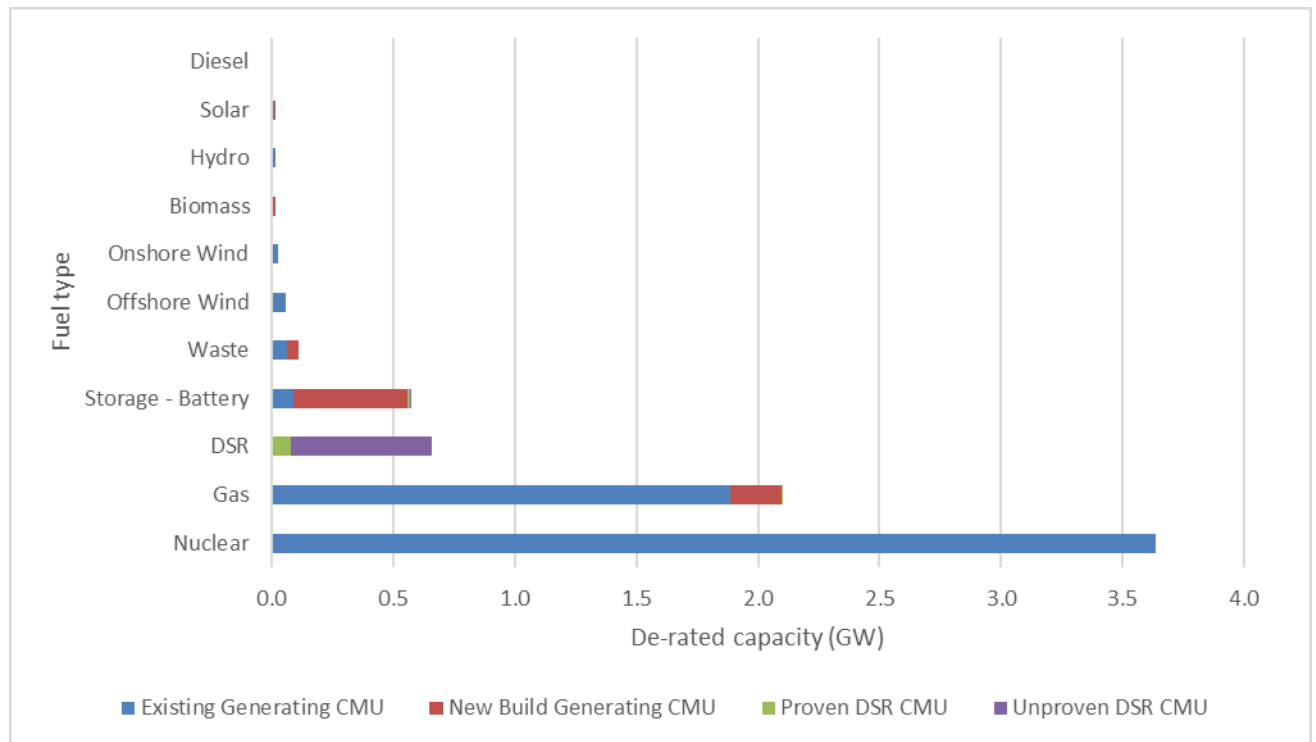
4.23. Out of the top 10 companies, Calon Energy (Severn) Limited, Sutton Bridge Holdings Limited, Statera Energy Limited, CI IV Spring Holdco C Ltd and Pelagic Energy Development Ltd gained Capacity Agreements for 100% of the Capacity they entered into the Auction. Octopus Energy Group Limited secured Capacity Agreements for 342MW out of 424MW entered into the Auction (81%). Drax Smart Generation HoldCo Limited secured Capacity Agreements for 86MW out of 148MW entered into the Auction (58%), SSE plc secured Capacity Agreements for 58MW out of 96MW entered into the Auction (60%), and EDF Energy Customers Limited secured Capacity Agreements for 74MW out of 90MW entered into the Auction (83%). EDF Energy Holdings Limited gained Capacity Agreements for 100% of the capacity entered into the Auction.

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Results by fuel and technology type

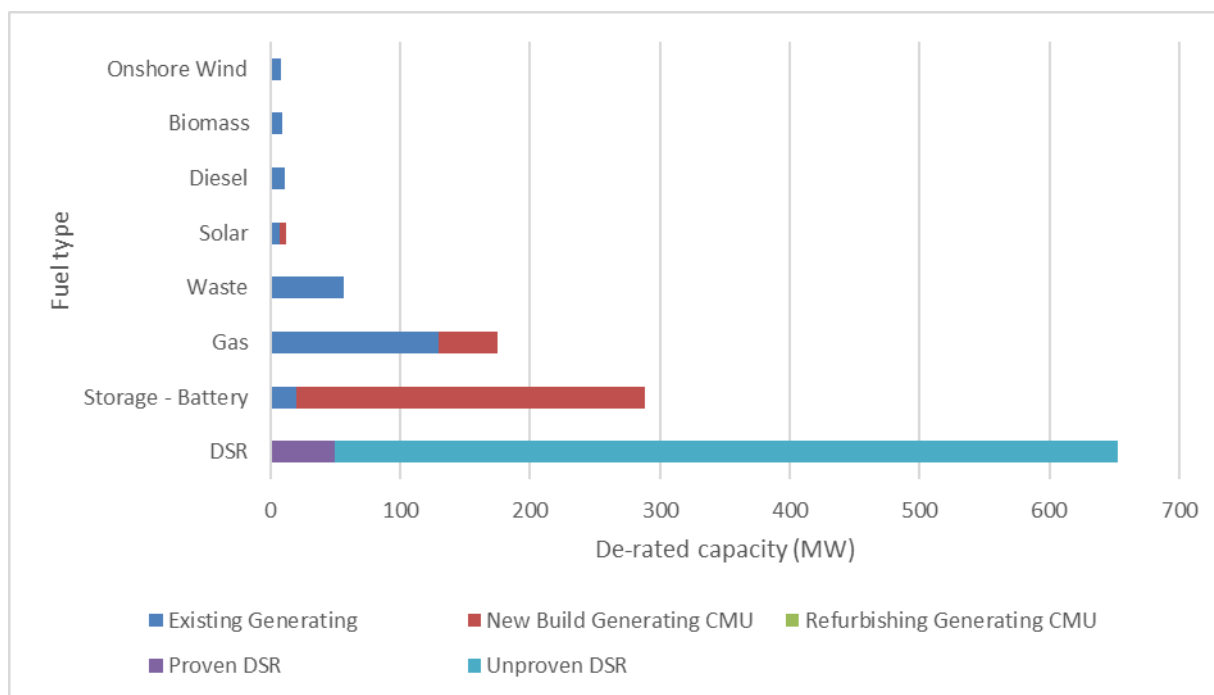
4.24. Figure 28 below illustrates that 3.6GW (50%) of the De-rated Capacity acquired through the 2026/27 T-1 Auction was gained through Nuclear CMUs. Gas CMUs accounted for 2.1GW (29%) of cleared volumes. This was followed by DSR at 657MW (9%), Battery Storage at 577MW (8%), Waste at 111MW (2%), Offshore Wind at 58MW (1%) and Onshore Wind at 25MW (<1%). The remaining fuel type categories accounted for 50MW (1%) of total De-rated Capacity cleared in the Auction.

Figure 28: 2026/27 T-1 Auction Results for Cleared De-rated Capacity by Primary Fuel Type and CMU Category



4.25. 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 653MW (54%). This was followed by Battery Storage CMUs at 288MW (24%) and Gas CMUs at 175MW (14%). Waste CMUs accounted for 56MW (5%) of exited Capacity. The remaining exited Capacity was attributable to Solar, Diesel, Biomass and Onshore Wind CMUs, which collectively totalled 40MW (3%).

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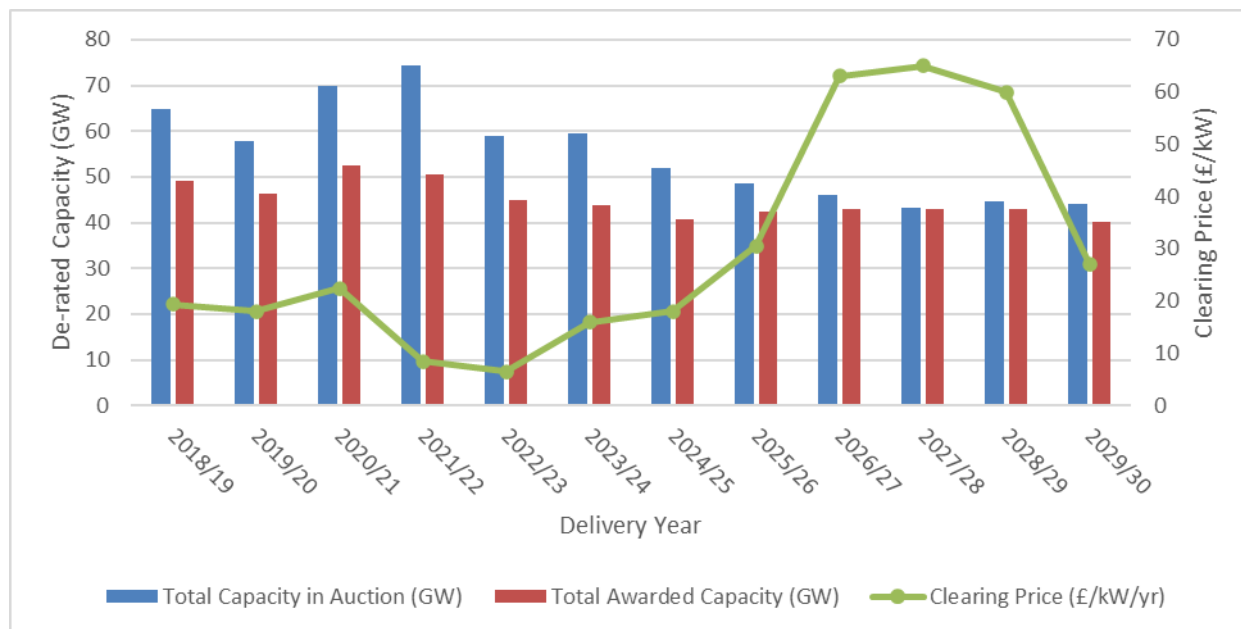
Figure 29: 2026/27 T-1 Auction Results for Exited De-rated Capacity by Primary Fuel Type and CMU Category

Further observations

Price volatility

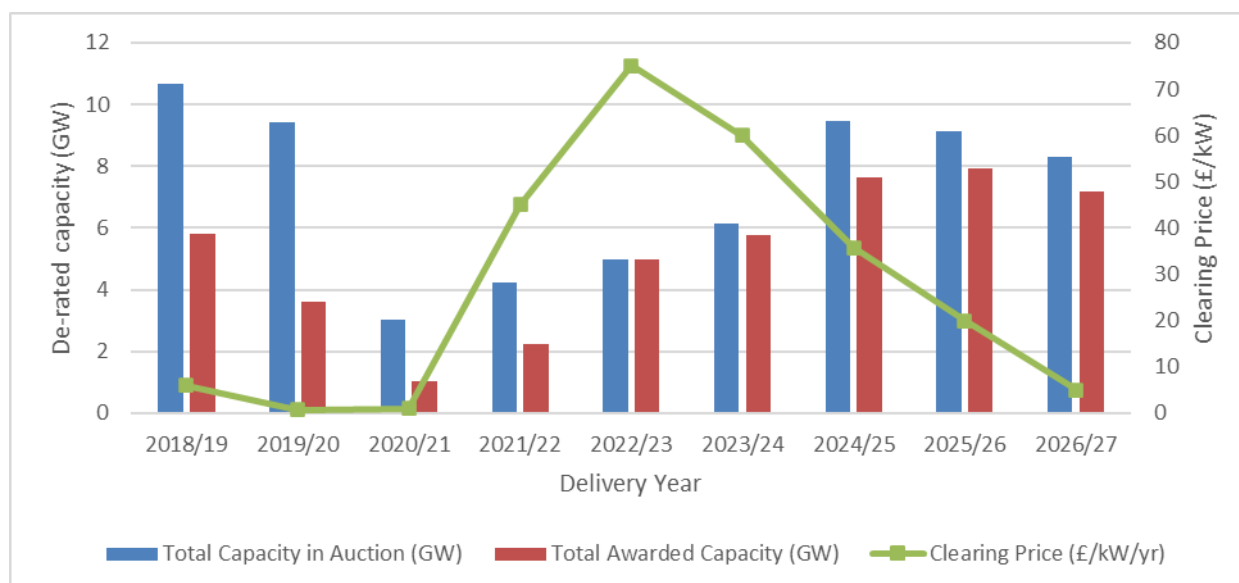
4.26. Figure 30 below shows the correlation between the difference in volume entering the T-4 Auctions and clearing volume with the clearing price. The clearing volume is determined by the target capacity set by DESNZ. It is evident that where the volume entering the Auction is significantly greater than the clearing volume, the clearing price is generally lower. Conversely, where capacity entering the Auction is lower, clearing prices tend to be higher, as demonstrated by the 2026/27 and 2027/28 T-4 Auctions, which produced the highest clearing prices observed during the period shown. Compared with the previous year (Delivery Year 2028/29), the 2029/30 T-4 Auction saw a slight reduction in the volume entering the Auction, whilst the clearing price decreased significantly from £60/kW/year to £27.1/kW/year.

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

4.27. 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 2021/22 T-1 Auction, the volumes clearing and the clearing price increased significantly. For the 2022/23 T-1 Auction, as all capacity entering the Auction was cleared, the Auction cleared at the Price Cap. In both the 2023/24 T-1 Auction and the 2024/25 T-1 Auction, liquidity was comparatively low, but there was sufficient capacity in the Auction to meet the target. The clearing price decreased to £20/kW/year for the 2025/26 T-1 Auction. In the most recent T-1 Auction (Delivery Year 2026/27), capacity remained above the clearing requirement and the clearing price reduced further to £5/kW/year.

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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 2029/30**

4.28. Figure 32 below illustrates the total costs from Capacity Auctions for the Delivery Years 2018/19 to 2029/30 alongside the average price per kilowatt for that year.

4.29. The highest cost Delivery Year since 2018/19 is 2027/28 (approximately £3.2 billion). This is primarily due to the high clearing prices secured through the T-4 Auction (£65/kW/year) for that Delivery Year. The 2028/29 Delivery Year is similarly expensive at approximately £3.1 billion. The cost of the 2029/30 Delivery Year is significantly lower at approximately £1.9 billion, reflecting the lower 2029/30 T-4 Auction clearing price of £27.10/kW/year.¹⁸

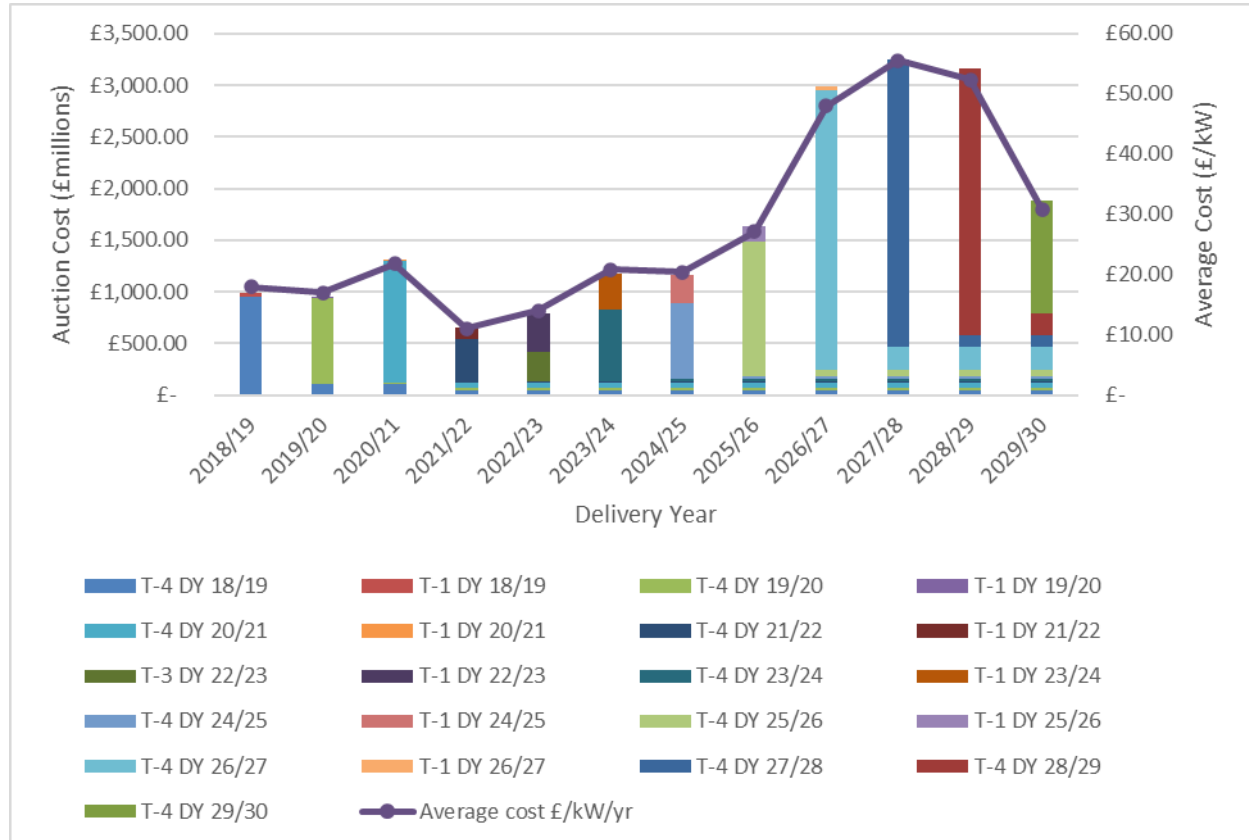
4.30. The least expensive Delivery Year since 2018/19 was 2021/22 (just over £600 million). This was due to the comparatively low T-4 Auction clearing price of £8.40/kW/year, which resulted in total T-4 Auction costs of approximately £424 million. Although the T-1 Auction for 2021/22 cleared at £45/kW/year, the volume

¹⁸ T-1 Auctions for the 2027/28 Delivery Year onwards had not taken place at the time of writing. Accordingly, the costs presented for these Delivery Years reflect T-4 Auction outcomes only.

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of capacity secured through the T-1 Auction was comparatively small and therefore did not materially increase the overall cost of the Delivery Year.

Figure 32: Total Capacity Auction Costs for Delivery Years 2018/19 to 2029/30



5. Bidding behaviour

5.1. This section provides an overview of the bidding behaviour of participants in the 2029/30 T-4 and 2026/27 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:

5.4. **Exit Bid** – all CMUs have the option to specify the price at which they exit the Auction.¹⁹

5.5. **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 and take effect in a later round.²⁰

- **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.

¹⁹ Participants may amend or delete any Exit Bids or Duration Bid Amendments that have not yet been realised.

²⁰ [Capacity Auction User Guide](#)

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

Price Maker / Price Taker Status

5.7. 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 at or below £25/kW/year.

Our monitoring

5.8. 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 2029/30 T-4 Auction

5.9. A total of 809 CMUs entered the 2029/30 T-4 Auction. Of these, 602 CMUs submitted at least one bid during the auction process, while 207 CMUs did not submit a bid ("Non-bidders"). Consequently, approximately 74% of participating CMUs submitted a bid, while 26% were Non-bidders. Submitted bids comprised Exit Bids, Duration Bid Amendments (DBAs) and DBA - Continue as Pre-Refurb bids.

5.10. Of the 602 CMUs that submitted a bid during the 2029/30 T-4 Auction, 50 submitted a Duration Bid Amendment (DBA) or a "DBA - Continue as Pre-Refurb" bid. Consequently, approximately 8% of bidding CMUs submitted a DBA-related bid, with the remaining bidders submitting Exit Bids.

5.11. Before the Capacity Auction, the Applicant for a Refurbishing CMU must specify whether the associated Pre-Refurbishment CMU will also participate in the auction. A Refurbishing CMU for which participation of the associated Pre-Refurbishment CMU has been specified may switch to Pre-Refurbishment status during the auction. A Refurbishing CMU for which participation of the associated Pre-Refurbishment CMU has not been specified may not do so. A Refurbishing

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CMU that opts out cannot. In the 2029/30 T-4 Auction, 15GW (34%) of CMUs were Refurbishing Generating CMUs. Of these, 3.4GW opted for pre-refurbishing status only, 11.3GW for pre- and post-refurbishing and 354MW post-refurbishing only²¹²²

- 5.12. Price Makers accounted for 20% of total submitted capacity in the 2029/30 T-4 Auction, totalling approximately 9GW of De-rated Capacity. As illustrated in Figure 33 below, around 4GW of capacity exited the Auction, all of which were Price Maker CMUs. Price Takers accounted for 80% of total submitted capacity offered in the Auction, totalling around 35GW. Where a Refurbishing CMU has won an agreement following a Duration Bid Amendment to its Pre-Refurbishment CMU, we have used the Price Maker/Price Taker Status of that Pre-Refurbishment CMU. As the clearing price was above the £25/kW/year Price Taker threshold, all Price Taker CMUs cleared the Auction.

Figure 33: Cleared and Exited Capacity by Price Makers and Price Takers in the 2029/30 T-4 Auction



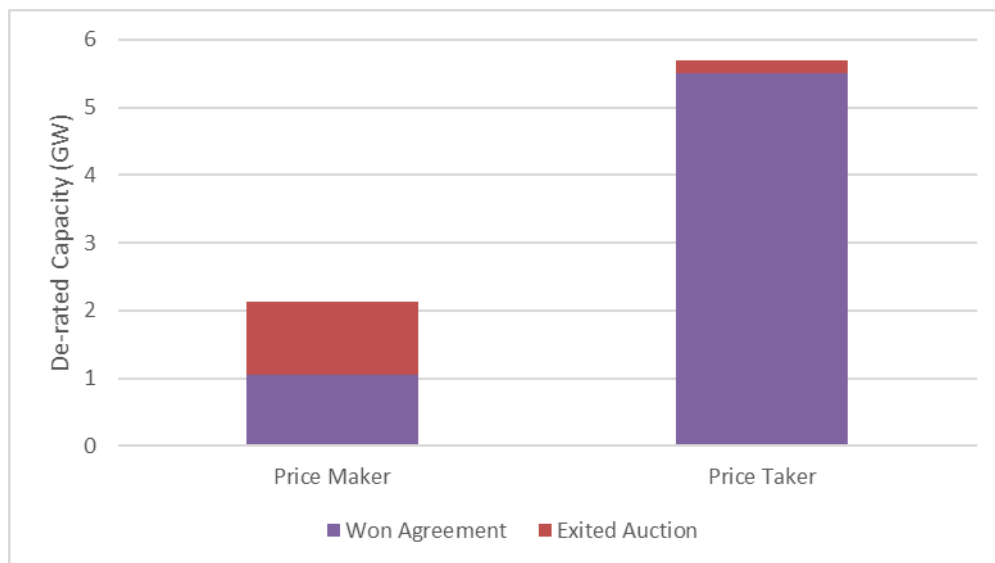
²² A Post-refurbishing CMU is categorised in the Capacity Market Register as one that has won a Capacity Market Agreement but opted out of entering a Pre-Refurbishing CMU part in the relevant Capacity Market Auction.

Summary of bidding behaviour in 2026/27 T-1 Auction

5.13. 93% of participants submitted Exit Bids into the T-1 Capacity Auction, and approximately 7% were CMUs that did not submit an Exit Bid ('Non-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.

5.14. As illustrated in Figure 34 below, Price Makers accounted for 27% of total submitted capacity in the 2026/27 T-1 Auction, totalling approximately 2.1GW of De-rated Capacity. Price Takers accounted for 73% of total submitted capacity offered in the Auction, totalling 5.7GW. 1.1GW of capacity exited the Auction from Price Makers, and 0.2GW from Price Takers.

Figure 34: Cleared and Exited Capacity by Price Makers and Price Takers submitting bids in the 2026/27 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 2018-2026

- 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.^{23,24} A failure to do so can result in a loss of CM payments, and/or a termination of their Capacity Agreement.

²³ Financial Commitment Milestone demonstrates that a project is financially committed and progressing towards completion.

²⁴ Substantial Completion Milestone demonstrates that a project has reached a sufficient level of operational readiness and is capable of delivering on its Capacity Agreement.

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Table 10: Successful New Build Capacity/CMUs, Auction milestones achieved, and all terminated De-rated Capacity to date²⁵²⁶

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
2025/26 T-1	892	62	99%	92%	178	20
2025/26 T-4	4,877	135	95%	83%	264	15
2026/27 T-1	748	42	82%	0%	0	0
2026/27 T-4	4,490	167	81%	39%	844	12
2027/28 T-4	2,669	133	98%	42%	211	19
2028/29 T-4	3,456	124	38%	10%	0	0
2029/30 T-4	3,700	102	4%	0%	0	0

Milestones by Auction overview

6.4. A high proportion of successful new build and post-refurbished capacity in the 2025/26 auctions has met both key milestones, with FCM achievement standing at 95-99% and SCM achievement at 83-92%, indicating that most projects awarded agreements have progressed through to being Operational. For the 2026/27 delivery year, a substantial proportion of capacity has met FCM, with attainment of 81-82%, although fewer projects have progressed to SCM, with attainment of 0% in the T-1 auction and 39% in the T-4 auction. For later delivery years, a larger share of projects remain before the FCM deadline, with FCM attainment of 98% in the 2027/28 T-4 auction, falling to 38% and 4% in the 2028/29 and 2029/30 T-4 auctions respectively. Similarly, SCM attainment decreases for auctions with later delivery years, with 42% of 2027/28 T-4 capacity, 10% of 2028/29 T-4 capacity and none of the 2029/30 T-4 capacity having met SCM to date, consistent with these projects being at an earlier stage of development.

²⁵ Data from NESO: The dates for relevant milestones for each Delivery Year can be calculated through the CM Rules

²⁶ For some Delivery Years, the milestone deadlines for the FCM/SCM have not yet been reached.

Metering assessment

- 6.5. Prior to or after Prequalification, a CMU must complete a Metering Assessment questionnaire. The questionnaire determines whether the CMU is required to complete a Metering Test. Metering Tests are conducted by EMR Settlement Limited, acting on behalf of the Electricity Settlements Company. A Metering Test Certificate is issued where the CMU successfully demonstrates compliance with the applicable requirements.²⁷
- 6.6. 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 Metering Assessment will result in termination under Capacity Market Rule 6.10.1(ha).

²⁷ Acting on behalf of the Electricity Settlements Company (the CM Settlement Body)

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Table 11: Metering assessment outcomes for Delivery Years 2024/25 to 2029/30

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)	484	75
2024/25 T-1 (DY 2025/26)	396	16
2025/26 T-1 (DY 2026/27)	271	19
2022/23 T-4 (DY 2026/27)	464	49
2023/24 T-4 (DY 2027/28)	387	133
2024/25 T-4 (DY 2028/29)	329	337
2025/26 T-4 (DY 2029/30)	580	802

7. Delivery Year performance

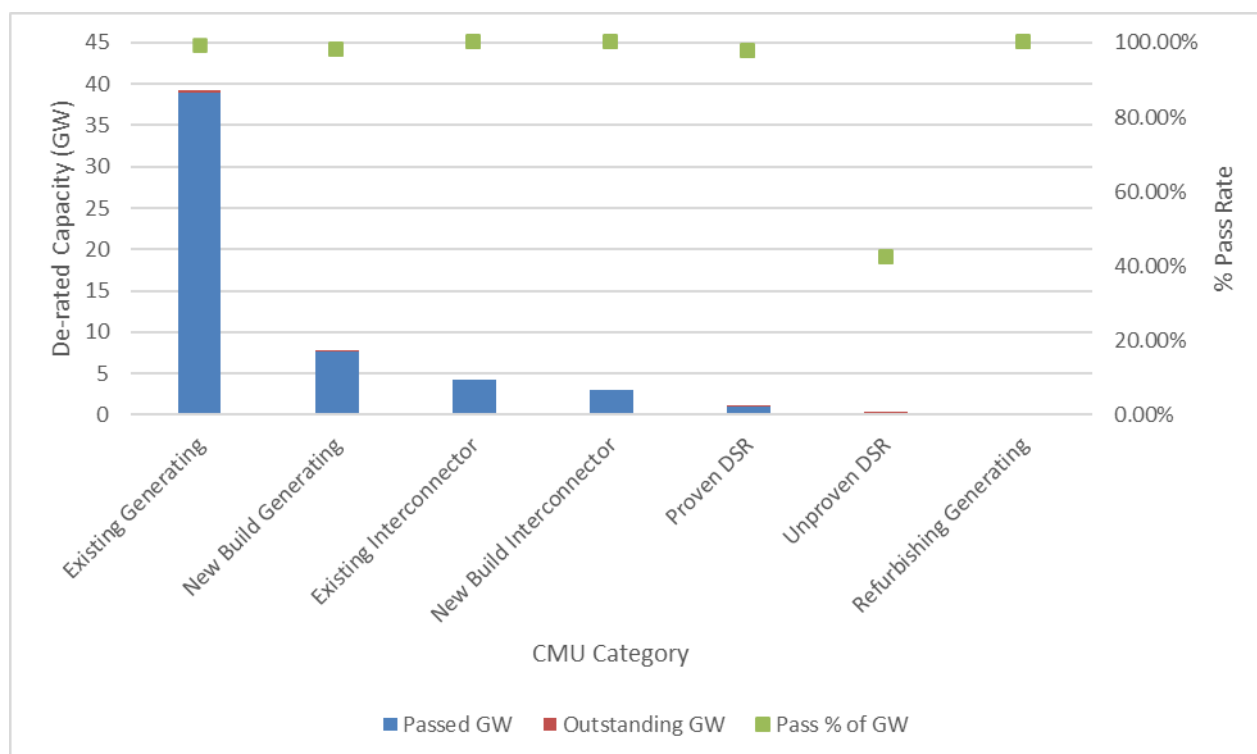
- 7.1. This section provides a progress report on Delivery Year performance for the 2025/26 Delivery Year. Specifically, it covers the Satisfactory Performance Days (“SPD”), which are days within the Delivery Year on which Capacity Providers must demonstrate that they can deliver their Capacity Obligation. It covers both the 2025/26 Delivery Year for agreements won in the relevant T-4 and T-1 Capacity Auction, but also any multi-year agreements that are still active in the Delivery Year.

Satisfactory Performance Days

- 7.2. Capacity Providers are obligated to meet their Capacity Obligation as set in their Capacity Agreement Notice. The exact deliverable obligation that must be met in the event of a System Stress Event is expressed through the Adjusted Load Following Capacity Obligation (ALFCO) and this can be calculated using Chapter 8 of the CM Rules.²⁸
- 7.3. As shown in Figure 35 below, approximately 0.64GW (1%) of De-rated Capacity remains outstanding against the SPD requirement for Delivery Year 2025/26. The largest share of outstanding De-rated Capacity is attributable to Existing Generating CMUs (0.24GW, 37% of all outstanding capacity), followed by Unproven DSR CMUs (0.22GW, 35%), New Build Generating CMUs (0.15GW, 24%) and Proven DSR CMUs (0.02GW, 4%). Existing Interconnector, New Build Interconnector and Refurbishing Generating CMUs have all passed their SPD requirements. In total, 55.24GW (99%) of De-rated Capacity has passed the SPD criteria.

²⁸ Rule 8.5.1 “During a System Stress Event, a Capacity Provider must deliver the Adjusted Load Following Capacity Obligation of its Capacity Committed CMU, provided that a Capacity Provider has no obligation”

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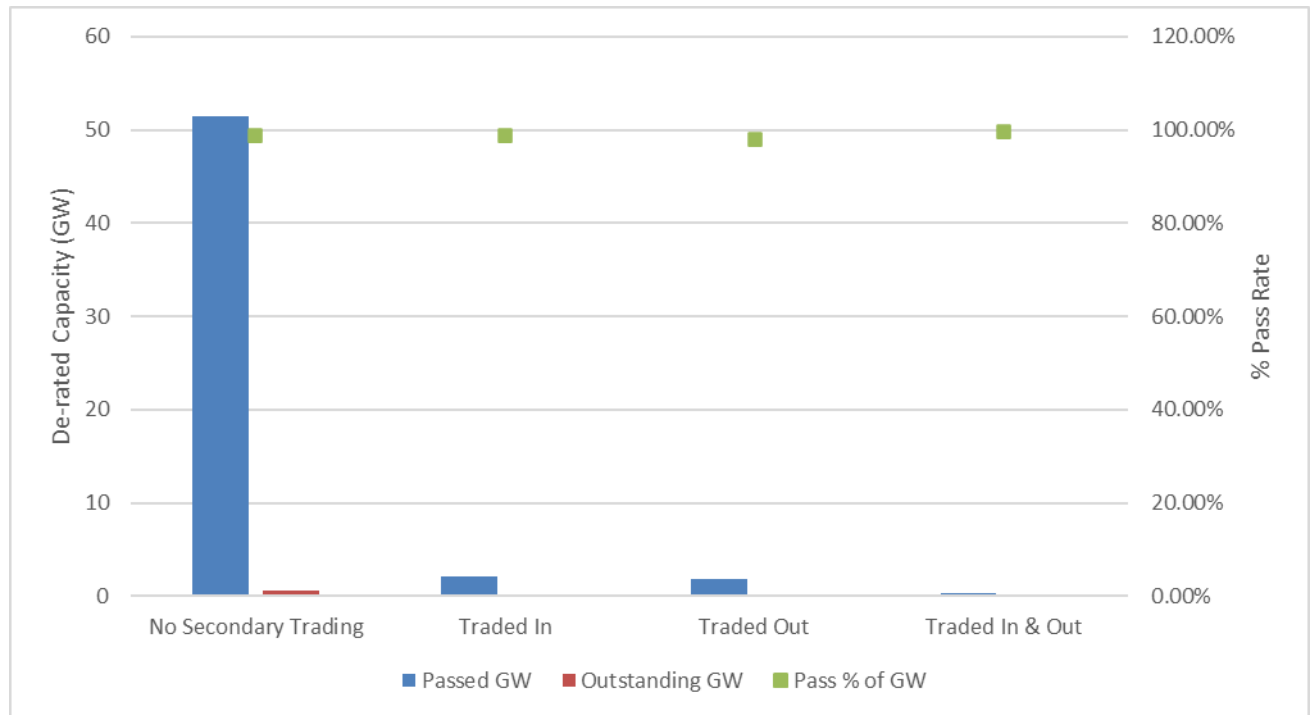
Figure 35: Satisfactory Performance Days by CMU Category for the Delivery Year 2025/26 Not Including Secondary Trading (as of 12 May 2026)

7.4. Although 99% of De-rated Capacity has satisfied the SPD requirement, performance varies by CMU category. Unproven DSR CMUs have the lowest pass rate, with 0.22GW of capacity remaining outstanding against the SPD criteria. This contrasts with Existing and Refurbishing Generating CMUs, Existing and New Build Interconnector CMUs, and Proven DSR CMUs, all of which have achieved pass rates close to, or at, 100%

7.5. Figure 36 shows the De-rated Capacity that has passed the SPD criteria by Secondary Trading activity. Approximately 51.4GW (92%) of De-rated Capacity that has passed the SPD criteria has not participated in Secondary Trading. A further 2.1GW (4%) has been traded in, 1.9GW (3%) has been traded out and 0.3GW (1%) has both traded in and traded out. Outstanding De-rated Capacity remains low across all Secondary Trading categories.

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Figure 36: Satisfactory Performance Days for the Delivery Year 2025/26 for Transferees in Secondary Trading (as of 12 May 2026)



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 47 meetings to date discussing a range of potential Change Proposals, details of which can be found on Elexon's CMAG webpage.²⁹

8.3. This year, we published our Decision on CM Rule change proposals CP383, CP384, CP385, CP386, CP387, CP389, CP390, CP392, CP393, CP394, CP396, CP397, CP398, on 25 June 2026, and our Decision on CP391 on 03 July 2026.^{30,31} We are currently preparing a Statutory Consultation on change proposals which have been submitted to us for decision.

8.4. If you have feedback on the contents or structure of this report, please contact us at the following address: EMR_CMRules@ofgem.gov.uk

²⁹ [Homepage - Elexon CMAG](#)

³⁰ [Capacity Market Rules: change proposals 2026 | Ofgem](#)

³¹ [Enabling the use of Market-Wide Half-Hourly Settlement Systems in the Capacity Market | Ofgem](#)