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Business, Energy  
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The Rt Hon Claire Perry MP  
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5 July 2018

Dear Fintan,

### Capacity Market Auction Parameters 2018

Thank you for your Electricity Capacity Report 2018 (ECR) delivered on 31 May and for the thorough and helpful analysis that your team has undertaken, which has served to underpin my final decisions. I have also benefitted from advice from my own Panel of Technical Experts (PTE); and in accordance with regulation 12(5) of the Electricity Capacity Regulations 2014, I have also had regard to the reliability standard and the matters set out in section 5(2) of the Energy Act 2013. In light of all this, I am writing to confirm the parameters for the next Capacity Market T-4 auction planned for February 2019, and the T-1 auction planned for January 2019.

#### T-4 Auction

In Table 1 below, I set out the parameters for the T-4 auction for delivery in 2022/23, incorporating a total target volume of 46,700MW of which I am setting aside 400MW leaving 46,300MW to be auctioned in the T-4. This approach is consistent with the ECR analysis.

#### T-1 Auction

Table 1 also sets out the parameters for the T-1 auction for delivery in 2019/20, for which I have decided to target a total volume of 4,600MW. This is also consistent with the ECR analysis.

#### Interconnection

Table 2 sets out the de-rating factors for interconnectors which I have determined for the T-4 and T-1 auctions. The ECR makes no formal recommendation in this area, but provides some technical analysis which I have reviewed alongside advice from the PTE. My decisions are in line with this advice and with the provisions set out in the Capacity Market Rules.

I note that, for both auctions confirmed above, the parameters may be refined and amended following the auction prequalification and related appeals processes.

Yours sincerely,



**THE RT HON CLAIRE PERRY MP**  
Minister of State