



Department for  
Business, Energy  
& Industrial Strategy

The Rt Hon Anne-Marie Trevelyan MP  
Minister of State for Business, Energy and  
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Dear Mr Slye,

### **Capacity Market Final Auction Parameters 2021**

Thank you for the recommended adjustments to the Demand Curve for the forthcoming one-year ahead (T-1) and four-year ahead (T-4) Capacity Market auctions delivered by National Grid Electricity System Operator (NG:ESO) in its capacity as the Capacity Market Delivery Body on 21 January 2021.

I am writing to you to confirm the final auction parameters for those two auctions.

#### **T-1 target**

I have accepted your recommendation to increase the T-1 auction target to 2.4GW which accounts for a range of non-delivery uncertainties.

#### **T-4 target**

I have accepted your recommendation to increase the T-4 auction target by 0.5 GW to account for small technical considerations. This takes the capacity target for the delivery year to 42.1GW. Consequently, I have decided to set the T-4 auction target at 40.1GW, and to set-aside 2GW for the future T-1 auction.

I have set the final auction parameters for the forthcoming CM auctions as detailed below.

Yours sincerely,

**THE RT HON ANNE-MARIE TREVELYAN MP**  
Minister of State for Business, Energy and Clean Growth

Table 1. Final auction parameters

<b>Parameter</b>	<b>T-1 auction for the delivery in 2021/22</b>	<b>T-4 auction for delivery in 2024/25</b>
Target capacity	2.4 GW	40.1 GW
Demand curve: Minimum capacity at price cap	1.9 GW	38.6 GW
Demand curve: Maximum capacity at £0	3.4 GW	41.6 GW
Reliability standard	3 hours LOLE	3 hours LOLE
Net CONE	£49/kW/yr	£49/kW/yr
Price cap	£75/kW/yr	£75/kW/yr
Price taker threshold	£25/kW/yr	£25/kW/yr
15-year agreement threshold	N/A	£280/kW
3-year agreement threshold	N/A	£140/kW
Indexation	N/A	2019/20