



Department for  
Energy Security  
& Net Zero

Rt Hon Ed Miliband MP  
Secretary of State

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Fintan Slye  
Chief Executive Officer  
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07 February 2025

Dear Fintan,

### **Update to the Capacity Market Auction Parameters 2025**

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 Energy System Operator (NESO) in its capacity as the Capacity Market Delivery Body on 24 January 2025. 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 set in July 2024 by 1.0 GW to account for technical considerations and expected non-delivery. I have therefore decided to set an auction target of 7.5 GW for the T-1 auction for delivery in 2025/26.

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

Following consideration of your recommended adjustments for the 2028/29 delivery year and wider factors, I have decided to set the T-4 auction target at 43.7 GW and to set-aside 1.0 GW for a future auction.

Noting the recommendations included in your report on adjustments to the Demand Curve for upcoming auctions, I agree with your recommendation to increase the T-4 auction target by 1.9 GW to account for technical considerations and expected non-delivery. In addition, to reflect the recent Heads of Terms agreement with Drax Power Station in Selby for a Generation Collar CfD, I have also decided to make an additional adjustment on your recommendations and set a T-4 auction target for delivery year 2028/29 that is 2.2 GW lower than your overall recommendation.

I have set the final auction parameters for the forthcoming Capacity Market auctions as detailed below in Table 1.

Yours ever,

**RT HON ED MILIBAND MP**  
Secretary of State for Energy Security & Net Zero