

# Competition in UK electricity markets, 2024

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## Key headlines

Following privatisation in 1990, the number of UK major electricity suppliers has increased from 16 in 1989 to 36 in 2024. In 2024, 1 company DESNZ surveyed ceased trading, while 5 suppliers rose above the 0.1% market share threshold required to be classed as a major electricity supplier.

In 2024, market concentrations increased across all three sectors. This differs from the trend seen from 2022 to 2023, when electricity market concentrations remained relatively stable.

The market share of smaller suppliers (outside the top nine) has risen from 2.7 per cent in 2010 to 21.9 per cent in 2024, as new suppliers entered the market and others grew.

The number of major power producers has increased from 6 in 1989 to 56 in 2024.

The top nine MPPs' share of generation increased to 75.3 per cent in 2024, up 0.2 percentage points on 2023 levels. Their share of capacity additionally decreased from 67.9 per cent to 67.5 per cent, primarily due to increased renewable installations.

## Background

This article includes information relating to competition in the UK electricity markets, examining the two parts of the industry where there is competition for provision: generation and sales. For both markets, the article describes the number of companies operating, and the market concentrations. The electricity sales market is examined in more detail due to the distinct sectors suppliers sell electricity to – domestic consumers, industrial consumers, and commercial consumers. This article covers the major suppliers surveyed by DESNZ comprising approximately 96% of the market. Major electricity suppliers are classed as those which sold over 0.1% of traded electricity in the reference year – further information on the definition of major suppliers is given in the methodology note at the end of this article.

The Herfindahl-Hirschman index is used to provide the market concentration of the electricity sales market as it provides extra emphasis on the contribution of participants with the largest shares; for more information on this measure see the methodology note at the end of this article.

## Competition in electricity sales

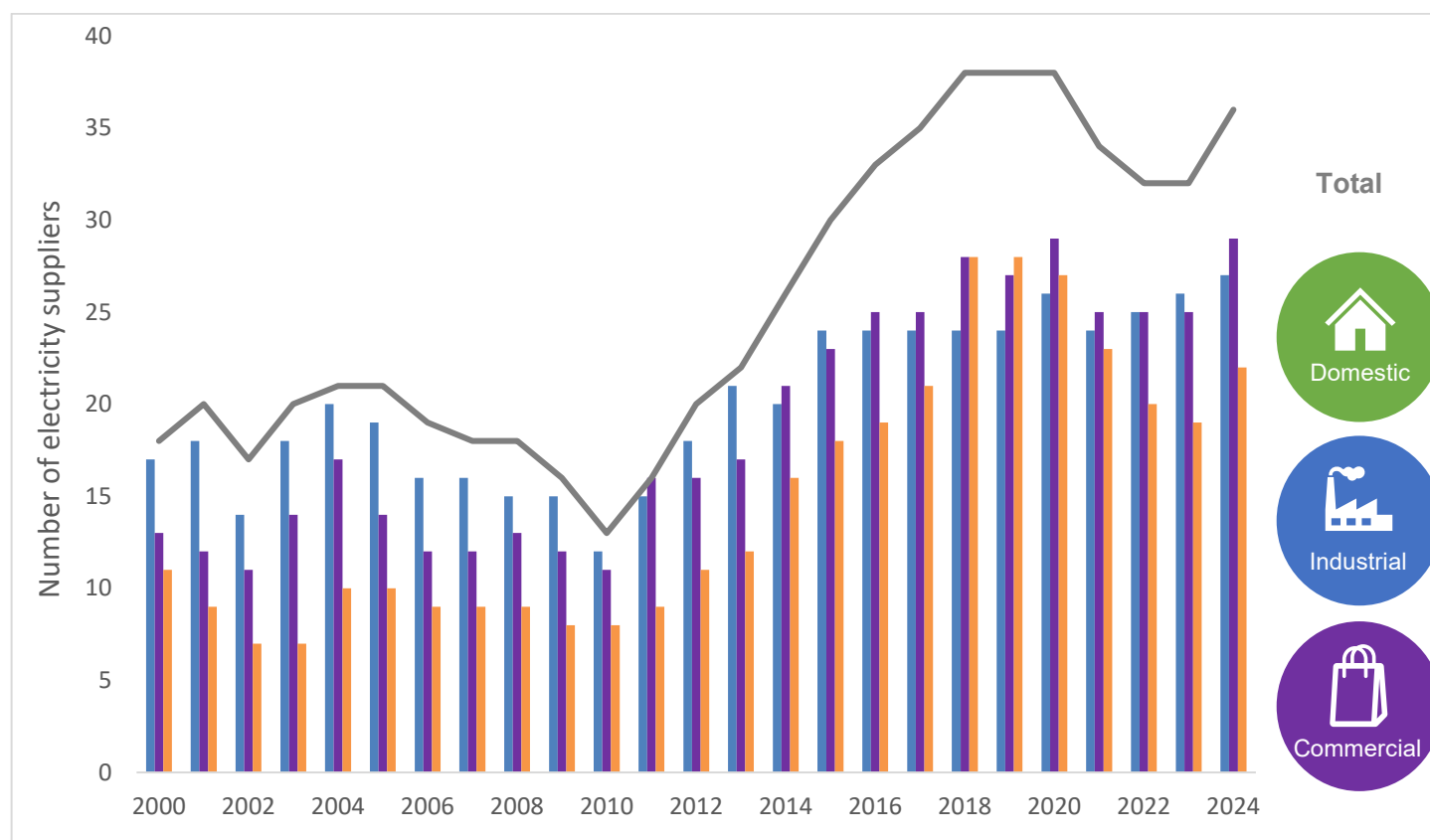
### Number of UK electricity suppliers

Following privatisation in 1989, the number of electricity suppliers initially rapidly increased from 16 to an early peak of 21 in 2004. From 2004 to 2010, the number of companies reduced to 13, as despite new market entrants, other companies were either taken over or bought additional power stations to add to their portfolios. After 2010, the number of companies increased again, reaching their highest level in 2018 at 38 companies. This reflected new market entrants and DESNZ engaging with new, smaller companies to maintain coverage in the more fragmented market.

From 2021 to 2022, sharply rising wholesale gas prices significantly increased the cost of generation for electricity. This led to widespread disruption in the UK electricity market and contributed to the discontinuation of 3 energy suppliers with over 0.1 per cent of the market share, reducing the number of major electricity suppliers to 32. During 2024, 1 company surveyed by DESNZ exited its sector, while 5 suppliers rose above the 0.1% market share threshold, resulting in there being 36 major electricity suppliers at the end of the year.

The number of companies supplying electricity to each sector along with the total number of companies supplying electricity between 2000 and 2024 is shown below in Chart 1.

**Chart 1: Number of companies supplying electricity [note 1]**



[note 1] Companies can supply into more than one market and are counted in each market they supply to. Only includes companies that sold over 0.1% of total traded electricity in the reference year.

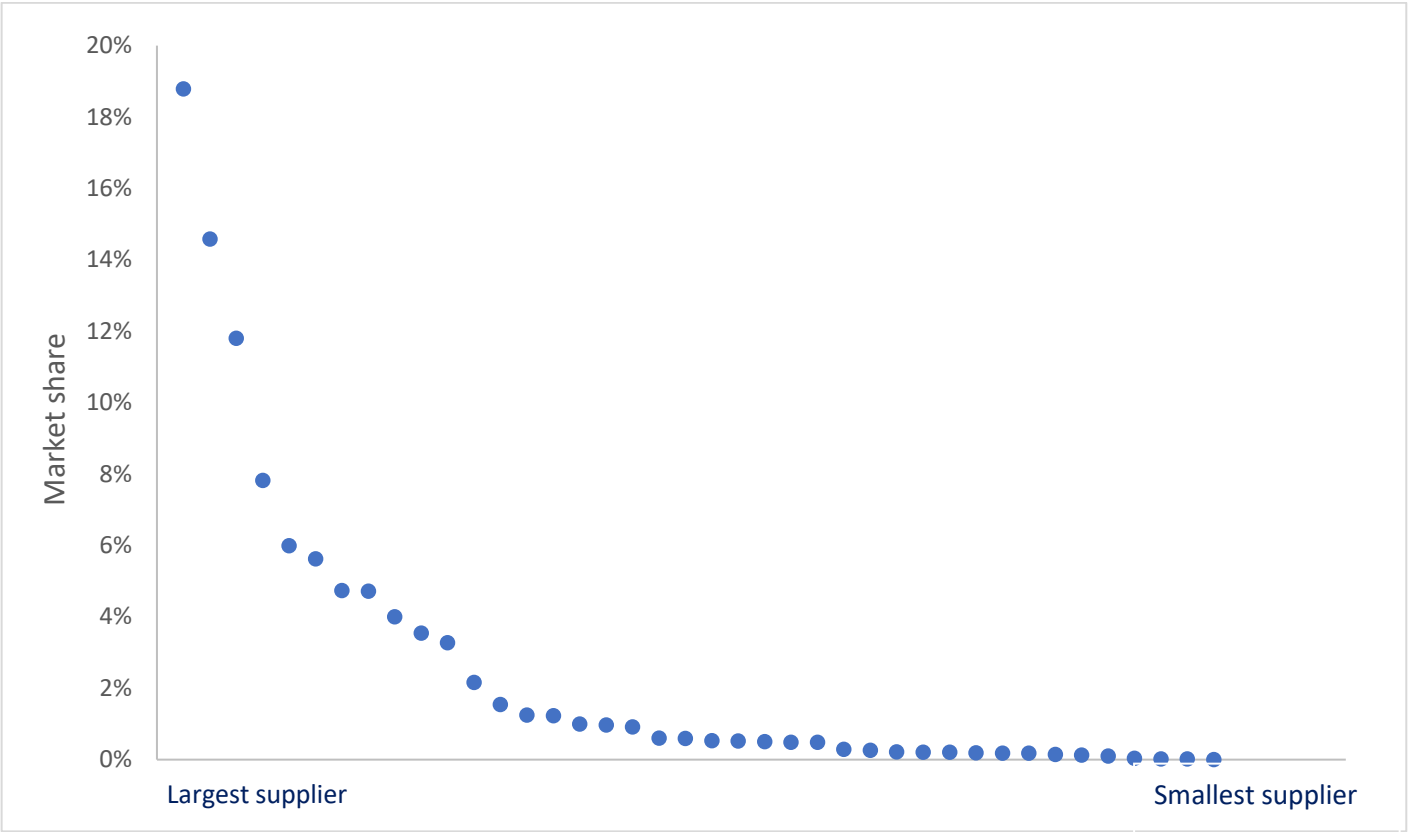
In 2024, one major electricity supplier surveyed by DESNZ transferred all its customers to another electricity supplier and exited its sector. This company had previously only supplied to the domestic sector. Furthermore, five supplier's market shares rose above the 0.1 per cent threshold. The largest of these supplied to the industrial and commercial sectors and the third largest supplied to all three sectors, while the rest mainly supplied domestic.

### Market share of UK electricity suppliers

Since privatisation, the electricity supply market has been characterised by the majority of supply being controlled by a handful of large suppliers. In 2010, the top 6 suppliers controlled a combined total of 91 per cent of total supply. Over time, this share has fallen as smaller suppliers have grown. In 2024, the top 6 suppliers held 65 per cent of the total market share, the same as in 2023. The only time the share of the top 6 suppliers has grown since 2010 was from 2020 to 2021, when it rose by 4.4 percentage points as two companies within the top 6 merged and rising wholesale electricity prices contributed to some smaller suppliers ceasing to trade.

Chart 2 below shows the percentage market share of electricity suppliers above the threshold in 2024. Here we can see the top 3 suppliers control a large portion of the market – 45 per cent of the total. Across the sectors, these three suppliers hold 44 per cent of supply to industrial consumers, 49 per cent of supply to commercial consumers and 44 per cent of supply to the domestic market.

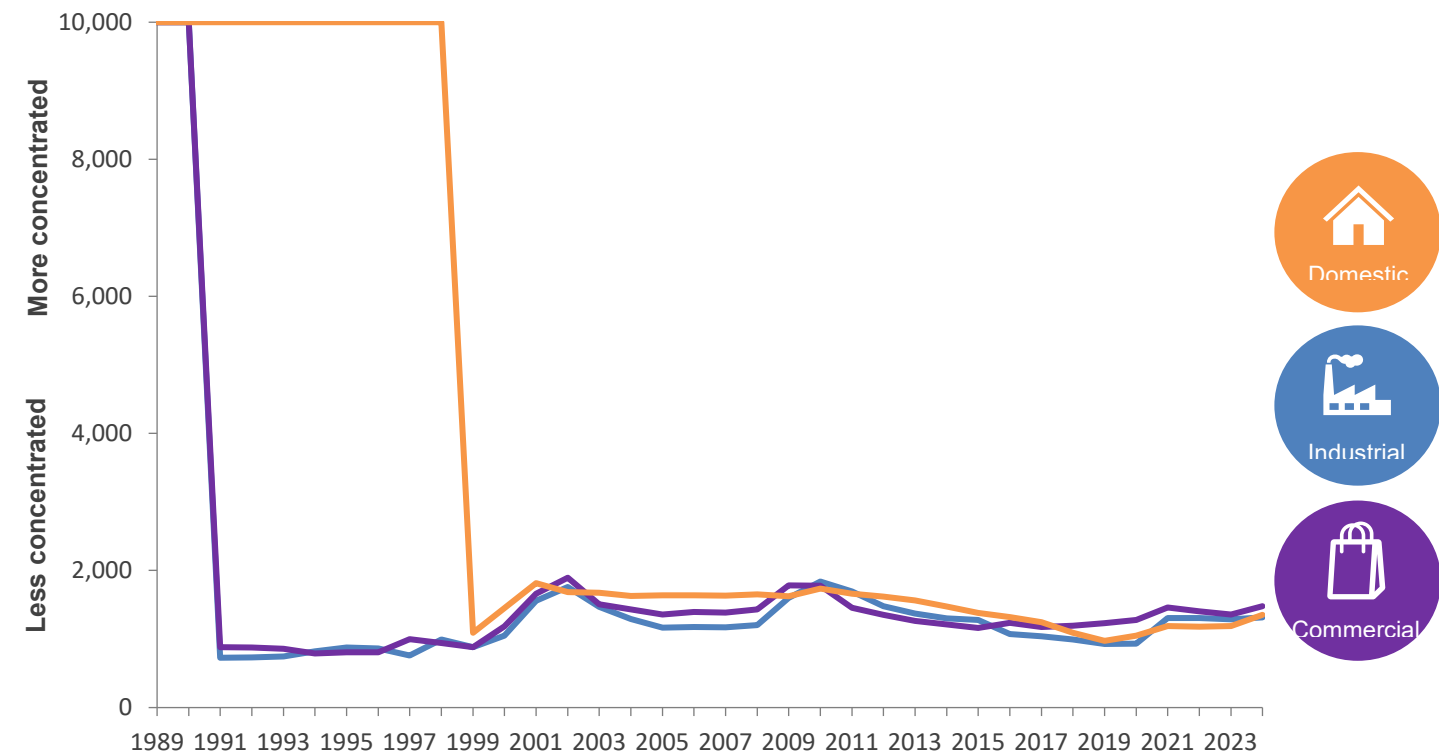
Chart 2: Percentage shares of total electricity supplied to all consumers in 2024



Market concentration of UK electricity suppliers

Chart 3 below shows the market concentration as expressed through the Herfindahl-Hirschman Index. In the chart, higher numbers show more concentration while lower numbers indicate a more diverse market. Further information on the Herfindahl-Hirschman index can be found at the end of this article.

Chart 3: Herfindahl-Hirschman Index for electricity sales market concentration, 1989 to 2024



Following privatisation, the industrial and commercial market concentrations saw initial sharp decreases followed by rises between 1998 and 2002, caused primarily by a spate of mergers. The domestic market's concentration remained at 10,000 before 1999, being dominated by the Regional Electricity Companies (RECs) which each had regional monopolies on the market. Market concentration fell in 1999 as domestic sales became more competitive, then rose until 2001 due to mergers between former RECs. Between 2002 and 2008 there was little variation in the domestic market's index, however the industrial and commercial indexes fell in this period. The market concentration of all sectors then rose in 2008 spurred by the closure of several market participants. From 2010 to 2019, market concentration declined in the domestic and industrial sectors as many new smaller suppliers entered the market.

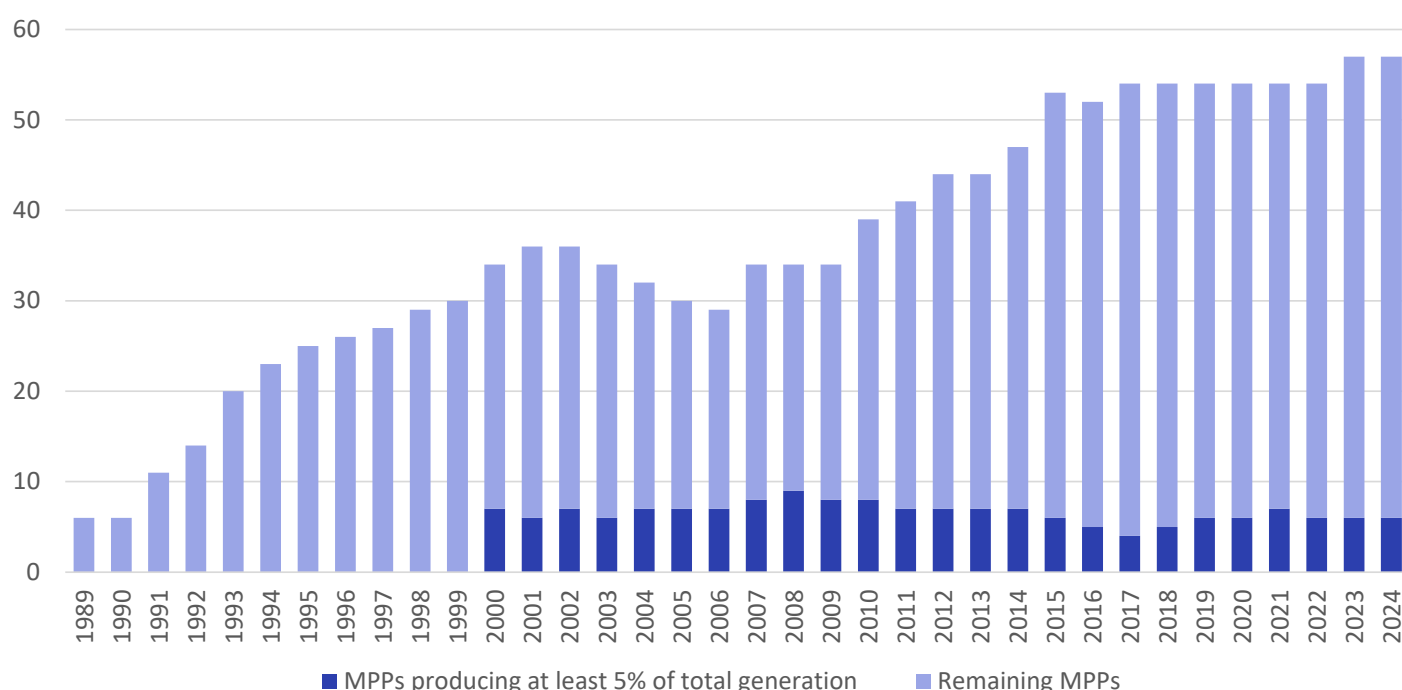
From 2019 to 2021 both the domestic and commercial market concentration increased due to mergers between large suppliers and suppliers exiting the market. The industrial market concentration remained stable between 2019 and 2020, however sharply increased in 2021 due to mergers between large suppliers and another supplier exiting the market. From 2021 to 2023, all market concentrations remained relatively stable. The commercial market saw the most notable change, reducing by 104 points as the market share of the largest suppliers fell and the share of their smaller competitors grew. In 2024, market concentrations increased across all sectors, with domestic rising by 162 points, commercial by 120 points and industry by 28 points. This was largely due to some of the largest suppliers increasing market share.

## Competition in electricity generation

### Number of Major Power Producers

Companies with a generation portfolio over 100 MW, or over 50 MW if they own wind or solar sites, are classed as Major Power Producers. Chart 4 shows the number of companies that are counted as Major Power Producers (MPPs) since 1989. The number of companies increased rapidly, from six before privatisation up to an early peak of 36 in 2001, before mergers caused numbers to fall back to 29 in 2006. Starting in 2007, several renewable generators were reclassified as MPPs, leading to an increase in the number of MPPs to 34; this remained stable through to 2009. Since 2010, the number of MPPs has steadily increased as new generators came online, reaching a peak in 2017 of 54. This remained stable up to 2023, when 2 additional MPPs came online.

**Chart 4: Number of Major Power Producers [note 2]**

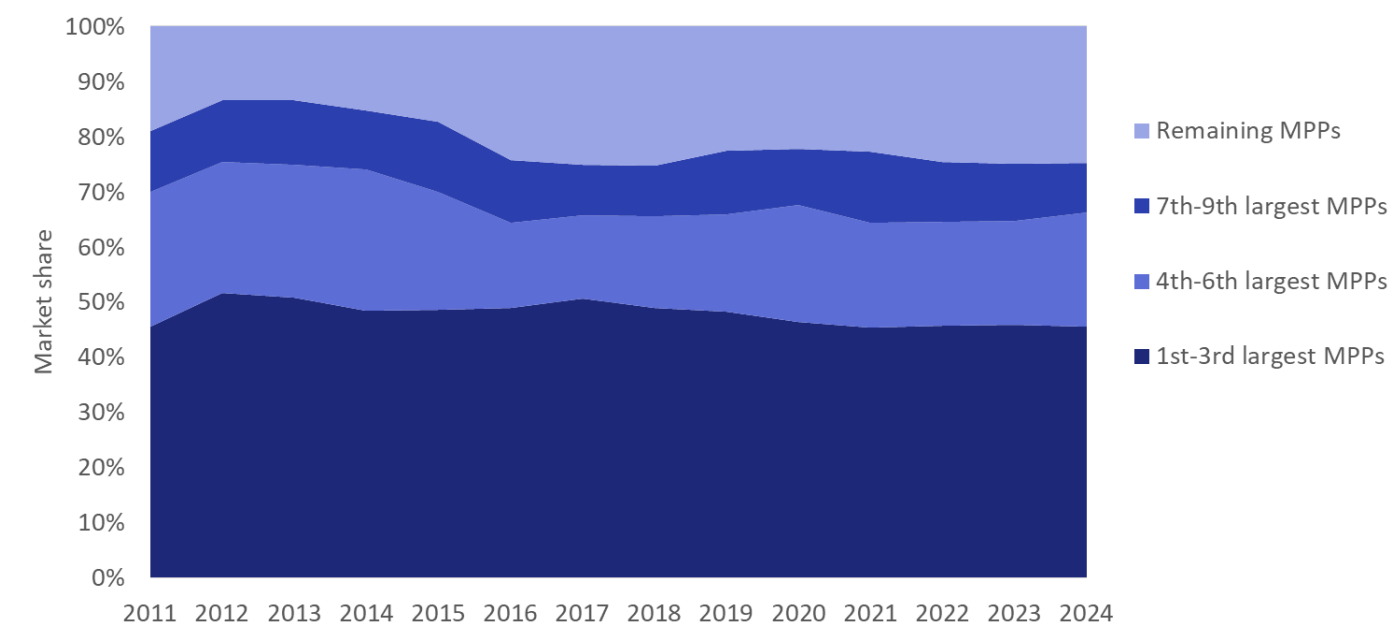


[note 2] Data on the number of MPPs producing at least 5% of total generation is not available from 1989-1999. During this period, all MPPs are shown under 'Remaining MPPs'.

### Market share of Major Power Producers

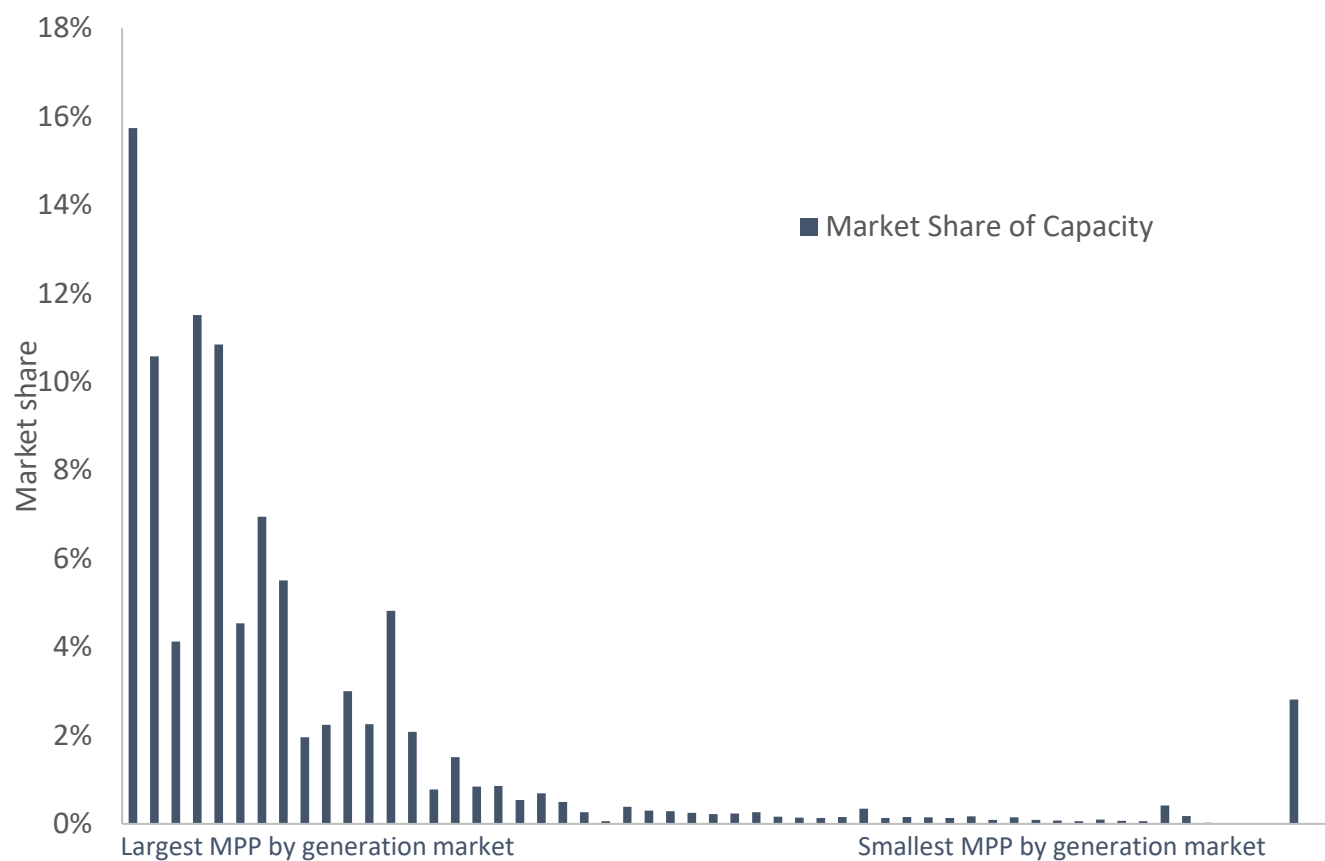
Chart 5 shows the MPPs aggregated share of generation from 2011 to 2024. The market share of the top 9 generators in this period peaked in 2013 at 86.7 per cent declining to 74.8 per cent in 2018, as new smaller companies entered the market. This share increased in 2019 and 2020, before decreasing again for the past three years, reaching 75.1 per cent in 2023. It increased marginally in 2024 to 75.3 per cent.

Chart 5: Percentage shares of total MPP generation



Over all periods, the top 9 generators have held a lower share of capacity (67.5 per cent in 2024) compared to generation. This indicates a greater proportion of their generation came from non-renewable sources, which are able to operate closer to full capacity as they are not limited by environmental factors. This, alongside factors such as outages, is a primary reason for the low correlation between capacity market share and generation market share shown in Chart 6 below.

Chart 6: Capacity market shares of MPPs in 2024, sorted by generation market share of the MPP



## Data for this article

The data used to produce this article can be found in [Tables 1 to 6 of the associated Competition in UK Electricity Markets workbook](#). Revisions to data in this article are noted here.

## Further Sources of Information on competition in UK electricity markets

Ofgem release their own statistics on competition in [GB generation and the domestic suppliers' market](#).

Ofgem list [all companies that hold licenses in generation and supply](#).

The Competition and Markets Authority [published a report on competition in energy](#).

## Methodology notes

In this article, '**electricity supplier**' refers to the major electricity suppliers surveyed by DESNZ, covering approximately 96% of all UK electricity sales in 2018. '**Major electricity suppliers**' include suppliers that sold over 0.1% of traded electricity in the reference year, this was 246 GWh in 2024. This differs from previous editions of this article where all suppliers surveyed by DESNZ were included. The change allows DESNZ to increase its survey coverage whilst still presenting comparable trends in this article. Please see the [DESNZ Electricity statistics data sources and methodologies](#) for more details.

**The Herfindahl-Hirschman measure** attempts to measure market concentration. It places extra emphasis on the contributions of participants with the largest shares. The measure is commonly used to assess whether mergers should go ahead and whether they will significantly affect the balance of the market in a particular sector. It is expressed by the following equation: Herfindahl-Hirschman measure = the square of each participant's market share added together across all participants in the market. Values vary between zero, which signifies a perfectly competitive industry, and ten thousand, for a pure monopoly.



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