



Fintan Slye
Chief Executive Officer
National Energy System Operator
Faraday House
Warwick Technology Park
Gallows Hill
Warwick
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06 February 2026

Dear Fintan,

Update to the Capacity Market Auction Parameters 2026

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 23 January 2026.

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 2025 by 0.5 GW to account for technical considerations and expected non-delivery. I have therefore decided to set an auction target of 6.3 GW for the T-1 auction for delivery in 2026/27.

T-4 target

Following considerations of your recommended adjustments for the 2029/30 delivery year and wider factors, I have decided to set a T-4 auction target of 39.4 GW and set-aside 1.0 GW for a future auction.

Noting the recommendations included in your report on adjustments to the Demand Curve for the upcoming auctions, I agree with your recommendation to increase the T-4 auction target by 0.7 GW to account for technical considerations and expected non-delivery. In addition, to reflect the recent Heads of Terms agreement with Lynemouth Power Station for a Low Carbon Dispatchable CfD, I have also decided to make an additional adjustment on your recommendation and set a T-4 auction target for delivery year 2029/30 that is 0.4 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