



# Capacity Market 2026 Auction Report

At Brook Green Supply, we offer a comprehensive, end-to-end Capacity Market participation service that is designed from the ground up to remove the complexity barrier and make the scheme genuinely accessible to large business energy consumers.

## 1. What Is the Capacity Market?

The Capacity Market is a government-backed scheme that pays businesses to ensure reliable electricity generation or flexible demand is available during periods of peak system stress. In exchange for that commitment, participants receive a stable, predictable monthly revenue stream backed by government contract, with no requirement to generate continuously.

Two major auctions just closed, and the results were among the most striking in the scheme's history. Here is what happened, what it signals about where the market is heading, and, most importantly, what it could mean for your business.

## 2. The T-4 Auction

The T-4 auction, which secures capacity for the 2029/30 Delivery Year, cleared at £27.10/kW; that is less than half the £60/kW-plus seen in each of the three previous T-4 auctions, and well below the £50/kW most analysts had forecast. Total contracted capacity came in at 40.1 gigawatts against a target of 39.4 to 39.6 gigawatts, with 44.1 gigawatts entering the auction. The lower clearing price will reduce costs to consumers, with the total bill for this delivery year coming in at approximately £1.6 billion compared to £2.6 billion last year.

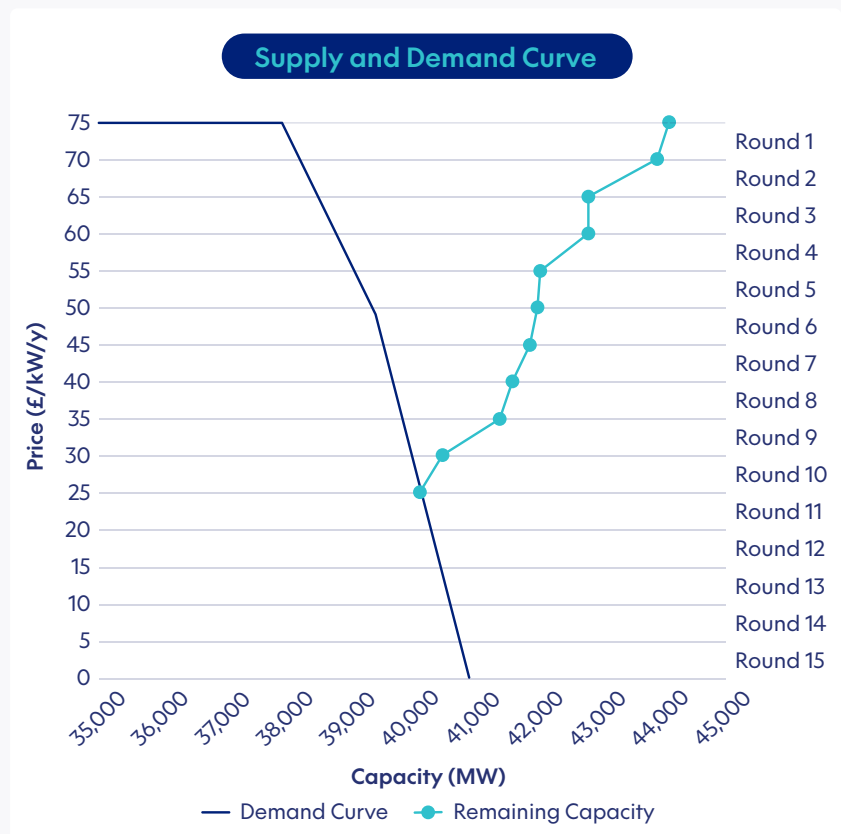


Figure 1: T-4 Auction Supply Curve (Source: NESO T-4 Provisional Auction Report)





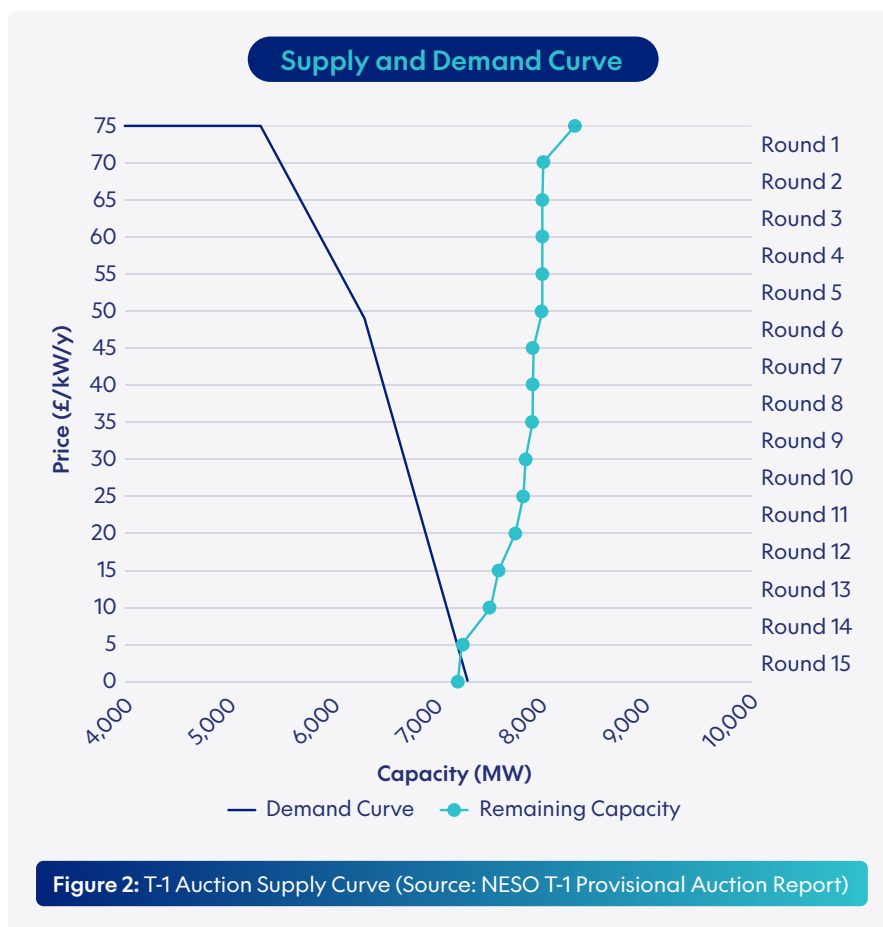
### What does this mean for you?

Even at lower clearing prices, the Capacity Market remains a genuine and accessible revenue opportunity for businesses with the right assets. If anything, the shift towards a more competitive and diverse participant base underlines the importance of getting involved early, before the market becomes more crowded still. A £27/kW clearing price still represents meaningful, government-backed income for an asset that was always going to be running regardless.

This is exactly where Brook Green Supply can help. Our team monitors every auction cycle closely, and we work with our customers well in advance to ensure their assets are pre-qualified, their bid strategy is optimised, and they are positioned to secure a contract at the best available price. Whether you are entering the scheme for the first time or looking to sharpen an existing approach, we take care of the entire process, so you're in the best position to succeed when the auction clears.

## 3. The T-1 Auction

The T-1 auction, which secures capacity for the 2026/27 Delivery Year, cleared at £5/kW, the lowest T-1 clearing price since 2020/21. The five preceding T-1 auctions had cleared between £20/kW and £75/kW, and consensus forecasts had pointed to around £25/kW. The result caught almost everyone off guard.



### Early engagement is crucial

The T-1 result is a powerful illustration of how the entry of price-insensitive capacity can rapidly change auction outcomes. For businesses thinking about Capacity Market participation, it reinforces a simple but important point: the earlier you engage, the more control you have over your strategy. Businesses that are pre-qualified and ready ahead of the next auction cycle will be best placed to respond to whatever the market delivers.

Having the right partner in place before an auction opens is the difference between reacting to the market and being ready for it. At Brook Green Supply, we work with customers throughout the year to assess assets, manage pre-qualification, and build a participation strategy that holds up regardless of how the market clears. If you have assets that could be earning Capacity Market revenue but are not yet registered, now is the time to start that conversation.





## 4. Where is the market heading?

These results are not one-off anomalies. They reflect lasting structural shifts in the Capacity Market that businesses should understand when thinking about their own participation strategy.

Demand Side Response is growing rapidly every year, driven by advances in smart metering, electric vehicle integration, and energy management technology. New-build battery storage is expanding at pace as capital costs continue to fall. Both trends are adding liquidity to the auction and applying sustained downward pressure on clearing prices. At the same time, the government's Clean Power 2030 ambition is creating an ongoing and growing need for reliable, flexible capacity, and DESNZ will be monitoring whether clearing prices remain high enough to incentivise the investment the system needs. Rule changes are possible, and they could shift the dynamics of future auctions in either direction.

The practical takeaway is this: the Capacity Market is not going away, and the revenue opportunity it represents is real. But the market is becoming more competitive, and the businesses that engage early will be the ones best positioned to benefit as the landscape continues to evolve.

## 5. Could your business be earning Capacity Market revenue?

If your site operates a combined heat and power (CHP) unit, a standby or backup generator, or has electricity demand that can be reduced or shifted at short notice, there is a strong chance you are already sitting on a Capacity Market opportunity. The scheme is open to a far wider range of businesses than many realise across manufacturing, logistics, retail, healthcare, hospitality, and more.

The Capacity Market is also accessible to businesses without any on-site generation at all. If you can reduce or shift your electricity demand during system stress events, even for relatively short periods, you may qualify as a Demand Side Response participant. Brook Green Supply can assess your position and advise on the most appropriate route into the scheme.

Pre-qualification takes time, and businesses looking to participate in the next T-4 auction cycle should begin exploring their options now. Our team can provide a detailed, bespoke market report alongside a clear view of what your assets could realistically earn.

## 6. How Brook Green Supply can support

At Brook Green Supply, Capacity Market participation is one of our core areas of expertise. We provide end-to-end management, ensuring your participation is smooth, profitable, and fully supported from start to finish – so you don't need specialist in-house expertise to access the scheme.

Our services cover every step of the process: pre-qualification and registration, bid strategy and optimisation, metering setup and management, and full compliance oversight throughout the contract period. You focus on running your business, while we make sure your assets are generating revenue.

Whether you are entering the Capacity Market for the first time or optimising an existing participation strategy, our team provides expert guidance to maximise opportunity, ensure reliable qualification and dispatch, and unlock predictable, government-backed income.

Interested in how participation in capacity markets can **unlock revenue** and **drive efficiencies** at your organisation? [Find out more](#)



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