

# Energy Regulatory Office

<https://www.ure.gov.pl/en/communication/news/368,Electricity-market-President-of-URE-announces-the-results-of-the-main-auction-on.html>  
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## Electricity market: President of URE announces the results of the main auction on the capacity market for deliveries in 2028

The auction was held by PSE on 14 December 2023 and ended in the sixth round. As a result, contracts with 159 capacity market units were concluded, including 111 physical units from Poland and 48 units from the Czech Republic, Slovakia and Sweden.

The closing price of the capacity obligations for Polish physical units was 244.90 PLN/kW/year. Meanwhile, the closing price for foreign units located in the synchronous profile zone was 207 PLN/kW/year, and for units from the Swedish transmission area - 244.90 PLN/kW/year.

The total capacity obligations resulting from the main auction for 2028 held in December add up to over 7 GW, with contracts concluded with foreign units accounting for slightly over 1 GW. The capacity contracted in all auctions for delivery in 2028 held to date totals 21.15 GW.

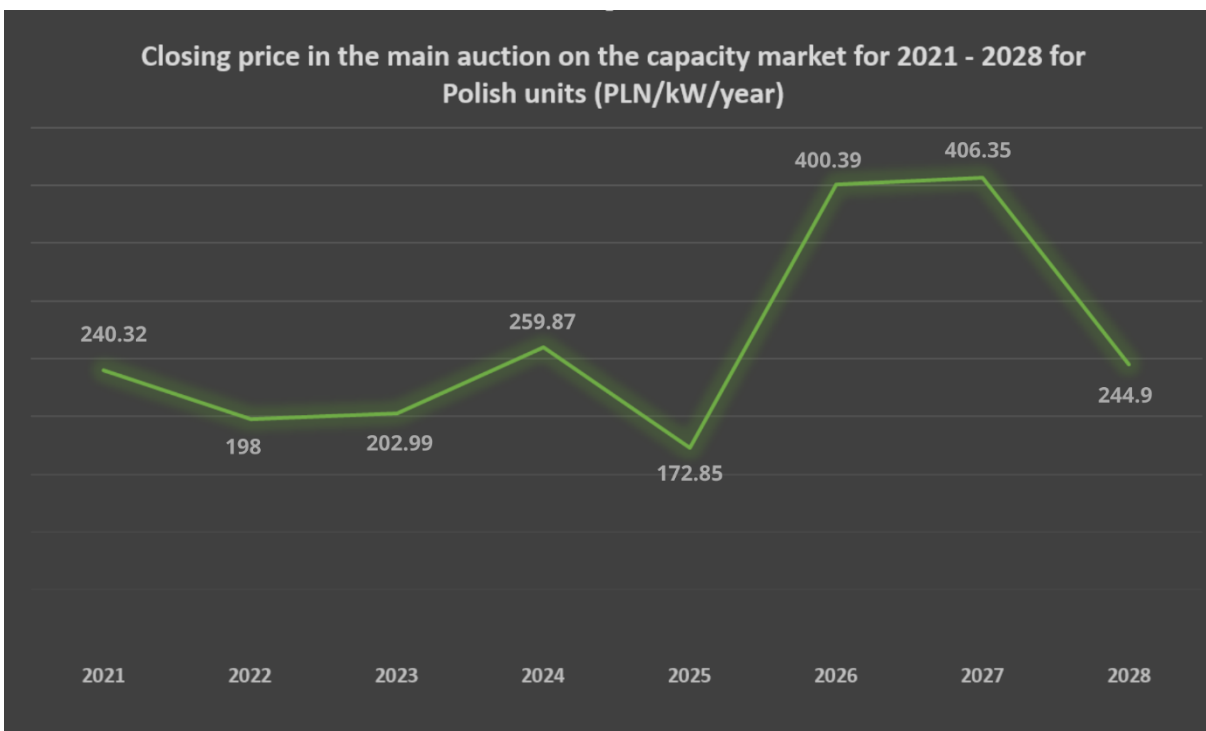


Fig. 1. Closing price in the main capacity market auctions for 2021-2028 for Polish units (PLN/kW/year).

Detailed information on the auction results can be found in the Communication of the

President of URE No 2/2022 in the URE Public Information Bulletin.

What is the capacity market?

The capacity market is a regulatory instrument whose main objective is to ensure long-term security of electricity supply for the Polish power supply system<sup>[1]</sup>. The contracting of capacity obligations is intended to power companies to build new and upgrade existing generating units in the coming years. The regulations are also expected to result in more proactive power consumption management and improved electricity demand flexibility.

The introduction of the capacity market transformed the architecture of the power market from a single-commodity market to a dual-commodity one, where trading is not limited to the electricity generated but also involves buying and selling the net available capacity, i.e. the readiness to supply energy to the grid.

The selection of capacity market units to offer the new service for an appropriate remuneration is made through a Dutch auctions which include multiple rounds with a decreasing price. Capacity market units admitted to the auction after successfully completing the certification process withdraw from the auction when the price in the next round no longer guarantees their expected remuneration for the capacity. As a result, offers with the lowest prices win the auction with technology neutrality being maintained in the process.

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- The purchase cost for capacity obligations contracted in auctions for 2024 totals approximately PLN 5.3 billion.
- [The general certification for the main auction on the capacity market for 2029](#) started on 4 January 2024. Applications can be submitted to PSE until 17 January.
- The certification requirement applies to all participants in the main auction and is a precondition to participation.
- The following entities may be capacity providers:
  - demand reduction units – entities or groups of entities able to reduce their power consumption from the grid through the use of controlled consumption systems or own power units, e.g. an industrial plant that will reduce its demand for power from the system during an emergency by starting up its generation units;
  - generation units – entities authorised to supply electricity to the grid - e.g. power plants or CHP plants;
  - energy storage facilities.
- The support scheme for capacity providers is expected to operate until 2047.

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[\[1\]](#) In accordance with the Capacity Market Act of 8 December 2017 (Journal of Laws of 2023, item 2131).

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