



CORNWALL INSIGHT

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The Rise and Fall of REGO Prices

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Part of Thought Leadership

The Rise and Fall of REGO Prices

Over the last two years, the price of Renewable Energy Guarantee of Origins (REGOs) rose to a peak in late 2023 before gradually declining to lows not seen since 2021. Analysis conducted as part of our latest [Green Certificates Survey](#) shows that for the 2024-25 Fuel Mix Disclosure (FMD) year, REGO prices have fallen from >£15/MWh in Oct 2023 to <£1/MWh in April 2025 (Figure 1). In this blog we explore the drivers behind this decline in REGO prices before considering the outlook for prices and what the future could hold for REGOs more broadly.

What has Driven REGO Prices?

The prices for REGOs are, at their heart, underpinned by market sentiment. With prices rising and falling in line with perceived scarcity or surplus, respectively. As a result, the rise and fall in REGO prices in recent years can be considered as reflective of the underlying policy risk, amongst other factors.

In 2023, the fifth allocation round of the Contracts for Difference (CfD) scheme secured substantially less new capacity than the previous two allocation rounds.

At the same time, various projects that had secured contracts under the fourth CfD allocation round were also struggling to come online. The reasons behind these challenges are discussed in more detail in our November 2023 report "[Race to net zero: Rebuilding investor confidence in the UK](#)". The combination of these market headwinds created uncertainty in the future growth of renewables and therefore the supply of REGOs, causing prices to rise.

Additionally, from the disclosure period that began 1 April 2023, suppliers could no longer use EU Guarantees of Origin in FMDs. This change added further demand to the REGO market and together with the uncertainty over future REGO supply contributed towards the record high REGO prices.

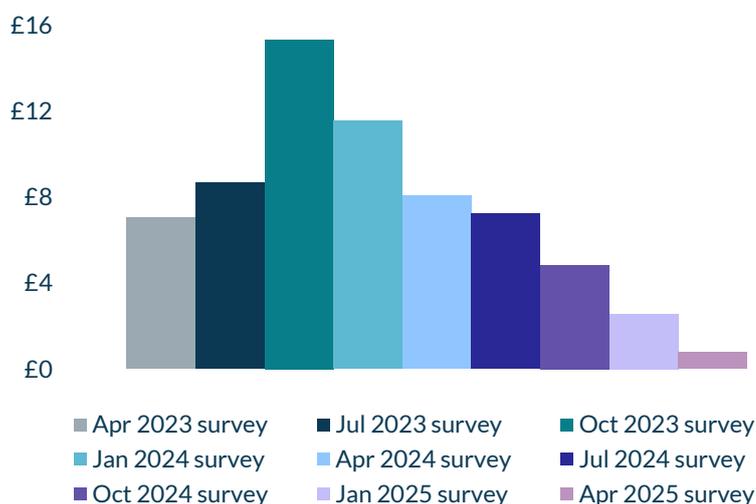
In the 18 months since these record highs, REGO prices have consistently declined back to levels last seen in 2021. This decline has been driven by a reversal of the supply-demand balance, with the outcome of the sixth allocation round of the CfD and other broad support for renewables from the Government contributing to a more positive policy environment for renewables growth. This positive market sentiment on the future growth of renewables has a suppressing effect on REGO prices.

Alongside an increasing supply of REGOs, demand has also decreased. Respondents to our latest [Green Certificates Survey](#) suggested that this demand reduction could be driven by reduced appetite for green tariffs amongst consumers given the current economic climate, as well as larger corporates looking for alternative methods to decarbonise. The combination of growing supply and falling demand has therefore resulted in the significant drop off in REGO prices since 2023.

Where Next for REGO Prices?

In the short-term it is likely that there will be greater volatility in REGO prices as the 1 July deadline approaches for suppliers to redeem their REGOs with Ofgem. Any REGOs that suppliers wish to redeem for the preceding disclosure period must be registered in their Renewable Electricity Register account by this date and this can result in increased volumes of trades to account for over or under supply of REGOs in the

Figure 1: Average REGO prices (£/MWh) for FMD 2024-25



Source: Cornwall Insight – Green Certificates Survey (April 2025)

market. The market is likely to face an oversupply this year and so short-term REGO prices could be further reduced as suppliers look to sell the excess.

In the longer-term, market sentiment is fairly evenly split over whether REGO prices will continue to decrease or will instead increase. Some market participants expect that falling wholesale prices could lead to more interest in green tariffs, creating a greater demand for REGOs, whilst others expect that continued renewable asset growth will create greater oversupply in the REGO market. Our REGO price forecast indicates that prices are expected to be largely stable over the next few FMD years. There is then forecast to be a longer-term decline in REGO prices as more renewable capacity comes online and a greater number of corporates look for alternative ways to decarbonise their Scope 2 emissions, potentially through the use of corporate power purchase agreements rather than an annual matched REGO product.

The Future of REGOs

Beyond the price forecasts there are broader questions over what the future looks like for REGOs. The Government held a [call for evidence](#) in 2021 and published a [summary of responses](#) in 2023, on attitudes to and potential reform options for REGOs. It is still not clear what reforms could result from this, or the timelines for these reforms, but a workstream on reviewing 'greenwashing' and providing more transparent information to consumers on carbon in energy products is expected to commence later in 2025, following the completion of the policy development phase of the Review of Electricity Market Arrangements.

The Greenhouse Gas Protocol, which underpins how entities report carbon emissions, has begun work to update how Scope 2 emission reporting should make use of certificates such as REGOs to assign carbon emissions for reporting energy consumption. It is also looking at the validity of coordinating the Protocol with recognised voluntary reporting programs such as the Science Based Target initiative (SBTi). Alongside this, there are several initiatives across GB, Europe, and the US seeking to establish arrangements to allow hourly matching of consumption with generation.

Alongside potential Government reform to REGOs and the increasing interest from corporates in exploring alternatives to traditional REGOs for decarbonising, another major uncertainty in the future of REGOs is whether major suppliers will continue to remain involved in the market. This uncertainty is highlighted by OVO who, in April 2023, [announced](#) that it would immediately stop purchasing REGOs, as it believed that they were providing little or no benefit in terms of increasing the level of renewable generation on the system. Whether other major suppliers will follow a similar approach as part of the wider conversation around REGOs and 'greenwashing' remains to be seen.

If you would like to talk about how Cornwall Insight could support you in understanding and forecasting the price of REGOs, or the latest trends in other low-carbon markets, please reach out.

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