

Launched in 2018, Gore Street Energy Storage Fund plc (LSE: GSF) is the only UK-listed energy storage fund with an internationally diversified portfolio located across five grids in Great Britain, Ireland, Germany, Texas, & California.

## Highlights of the month:

- Our FY 2023/2024 ESG & Sustainability report was published. The latest report reflects a significant year of growth for GSF with a 45% increase in energised capacity to 421.4 MW. Sustainability reporting has, therefore, become even more critical for investors seeking enhanced transparency over the Fund's social and environmental impacts. The operational fleet avoided 15,178 tCO<sub>2</sub>e and stored 26,232 MWh of renewable electricity. The avoided emissions increased by 3.2x (FY2022/23: 3,580 tCO<sub>2</sub>e) which can be attributed to increased efficiencies across the portfolio and an increase in energised capacity during the period.
- The Transmission System Operator in GB has started the pre-qualification process for the 2024/25 Capacity Market auctions, which will take place in March 2025. Subsequently, the ESO has also confirmed the updated derating factors following a review and target capacities for the T-1 and T-4 auctions. The change in methodology is predicted to increase derating factors for batteries, increasing the value of Capacity Market contracts for batteries.
- The UK government has opened a consultation on proposed changes to the national planning policy framework to support wind and solar development to reduce the barriers associated with obtaining planning permission. For example, the capacity threshold for what is considered a Nationally Significant Infrastructure project would increase by 50 MW for onshore wind and 100 MW for solar from 50 MW for both.

### TOTAL CAPACITY

1.25  
GW

### ENERGISED CAPACITY<sup>1</sup>

421.4  
MW

### NAV PER SHARE

104.4p

Unaudited Jun-end 2024

### SHARE VOLUME

3.5m

Av. weekly share trading volume in August 2024

### MARKET CAPITALISATION

£302m

As at 31 August 2024

### SHARE PRICE

59.8p

31 August 2024 closing price

## Policy overview

### 1 Increased Derating Factors for Capacity Market Contracts in GB

The Electricity System Operator in GB, confirmed changes to the methodology of calculating derating factors for the capacity market. Derating factors are calculated by multiplying the Equivalent Firm Capacity (EFC) by the technical availability. The EFC calculation has changed to a Scaled EFC calculation to better [match the four objectives set by the National Grid](#). This increase in de-rating factors is more significant for T-4 contracts than T-1 contracts.

This change in methodology increases the contracted MW that batteries can receive through auctions, increasing the value of contracts for a given price.

### 2 Proposed Planning Permission Changes

At the beginning of August, the UK government announced a consultation on proposed [changes to the National Planning Policy Framework \(NPPF\)](#) to support wind and solar infrastructure development, marking a significant step towards a greener grid.

The changes focus on three key policies:

1. Removal of additional tests for onshore wind schemes, which had previously created significant barriers to approval.
2. Greater emphasis on the benefits of renewable and low-carbon energy in planning decisions, increasing the likelihood of approval for such projects.
3. Raising the capacity threshold for Nationally Significant Infrastructure Projects to 100 MW for onshore wind and 150 MW for solar, streamlining the approval process.

More intermittent generation would result in higher demand for grid balancing, potentially leading to increased revenue opportunities for battery energy storage systems in ancillary services and the Balancing Mechanism.

## Portfolio activity

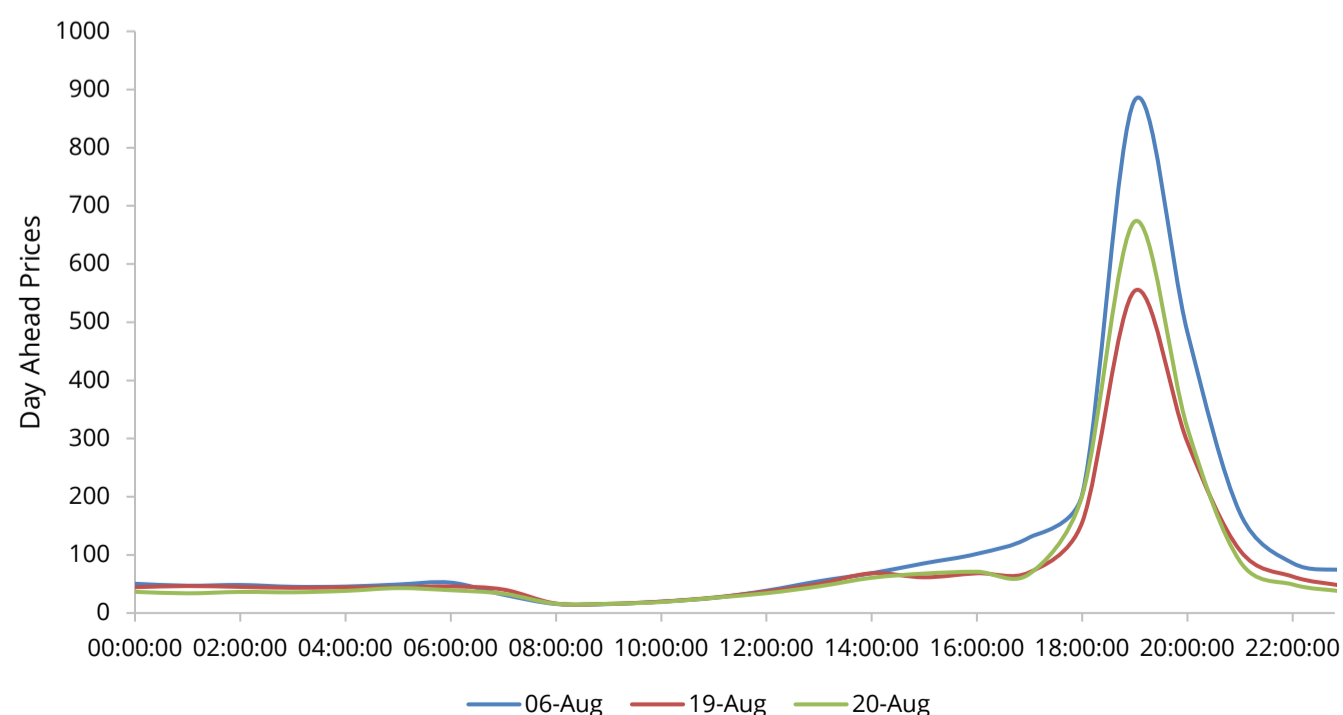
**ERCOT:** Day-ahead prices drove a significant portion of revenue over the month. As noted in the graph below, prices rose between 6 pm and 8 pm due to decreased solar generation. These price spikes were particularly notable on 6 August, 19 August and 20 August. Prices dropped after this period due to wind generation compensating for the decrease in solar.

**NI:** Revenues were strong in NI as a consequence of high wind penetration increasing System Non-Synchronous Penetration (SNSP), and therefore, revenue under the DS3 contract rose.

**GER:** Revenues from the 22 MW Cremzow asset in Germany remained strong in August due to high FCR prices and additional participation in aFRR, which boosted revenues. The aFRR capacity service pays providers to reserve flexible capacity that can be called on in case of system imbalances. FCR and aFRR prices are set for all participants by the marginal cost of thermal generation; as solar generation increased over the month, thermal plants increased their bids to cover their costs as wholesale energy prices decreased, allowing Cremzow to capture value from increased market prices. More detailed information can be found in the [June factsheet](#).

**GB:** The pre-qualification for capacity markets auctions has started in advance of the upcoming T-4 auction in March 2025.

## Low solar generation in evenings drove Day-Ahead prices in Texas



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The fund is a listed fund, and returns to investors are based on share price, not net asset value ("NAV"). The fund can trade at a discount or a premium to NAV, and this changes over time. As at 31 August 2024, the fund was trading at a discount of 43% to the unaudited 30 June-end NAV.

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