July 2024
Factsheet

Gore Street
Energy Storage Fund

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.

TOTAL CAPACITY	ENERGISED CAPACITY[1]
1.25 GW	**421.4 MW**

NAV PER SHARE	SHARE VOLUME
107.0p March-end 2024	**c.6m** Av. weekly share trading volume in July 2024

MARKET CAPITALISATION	SHARE PRICE
£311m As at 31 July 2024	**61.5p** 31 July 2024 closing price

Highlights of the month:

- GSF has published its **Audited Full Year results for the year ended 31 March 2024**, in which the Company achieved significant growth by raising new funds and expanding its diversified energy storage portfolio to c.1.25 GW (FY23: 1.17 GW) across five markets.
- At the in-construction 200 MW/400 MWh Big Rock project in California, all 137 battery and inverter enclosures have arrived in California. The asset continues to progress towards energisation in December 2024.
- In the UK, the newly elected Labour government has pledged to reach 35 GW of onshore wind, 55 GW of offshore wind and 50 GW of solar by 2030. The influx of new renewable energy projects is expected to deliver increased grid volatility and potentially higher demand for ancillary services and Balancing Mechanism dispatches from battery energy storage systems.
- Ireland has published its Electricity Storage Policy Framework, which sets out a range of measures designed to increase the integration of electricity storage systems and provide greater market opportunities.

Policy overview

IRE: The Government of Ireland has published the 2024 **Electricity Storage Policy Framework** setting out 10 actions it plans to implement to support the asset class out to 2040.

These policies include increasing access to wholesale electricity markets, arbitrage and revenue stacking for electricity storage systems. This workstream, to take place between 2024-2027, aims to address restrictions placed on storage facilities within the transmission system operators' Scheduling and Dispatch (S&D) programme, which currently prevents energy storage assets from delivering arbitrage in the Intra-day and Balancing wholesale electricity markets.

Battery systems will be re-registered during 2025 as electricity storage units rather than generators, with the intention of boosting their ability to participate in ex-ante markets. This will be achieved through the submission of negative or positive physical notifications while assets will be able to manage their own state of charge through ex-ante trading. These systems will then be scheduled to dispatch in line, where possible, with physical notifications submitted by market participants, with grid operators intending only to retain capacity in specific circumstances.

Other measures to be enacted by the Irish government include initiating consultations to establish the quantity and cost of optimal storage requirements to meet climate targets and electricity grid network expansion between 2030-2040. This will include assessment of two 'route-to-market' products under development to introduce long duration energy storage to the Irish market, which is targeted to be in place by the end of 2028.

The policies will build on the 1 GW of electricity storage already in place to support deployment of 9 GW of onshore (2024: c.4.8 GW) and 5 GW of offshore wind, as well as 8 GW of solar (2024: 500 MW), by 2030 when penetration of renewable electricity is targeted to reach 80-95%.

Progress at Big Rock: battery & inverter enclosures in CA

Portfolio activity

US: The 200 MW/400 MWh Big Rock project[2] reached a milestone in July with delivery of all battery and inverter enclosures to California. Each of the 137 AC blocks provides almost 2 MW of power and will contain 3.5 MWh of batteries.

The project's main power transformers also arrived and have been assembled on site. These transformers are central to the project's eligibility for an investment tax credit (ITC), equal to 30% of capital costs, under the Inflation Reduction Act.

Substation construction continues to make good progress, and the site remains on track to achieve energisation in December 2024.

The project is to be targeted at the Resource Adequacy (RA) market, which is designed to ensure the state has sufficient capacity to meet peak load. The RA market has become increasingly constrained in recent years, with average prices over the most recently reported full years (2017-2022) **rising at an accelerating pace**.

Market development

GB: The new UK government, formed by the Labour Party following an election on 4 July, aims to reach 140 GW of renewable capacity by 2030. **Planning restrictions on onshore wind** have already been removed, while a partnership between the state-owned **Great British Energy and the Crown Estate** will look to deliver 20-30 GW of new offshore wind developments reaching seabed lease stage by 2030.

The clean power mission of the new government will likely cut gas generation on the grid, reducing the marginal cost of power in wholesale markets, while the increase of intermittent generation is likely to result in higher demand for system balancing from grid operators. This could push up revenue opportunities for battery energy storage systems (BESS) in ancillary services and the Balancing Mechanism.

Any increase in supressed or negative pricing, such as in the middle of the day as a result of high solar penetration, could prove advantageous for BESS able to charge during cheaper periods and discharge when prices are elevated during grid constraint periods.

Further market reforms to planning, as well as the grid connections process, are expected to be required if additional renewable capacity and clean flexibility to support it are to be delivered.

1. The Company will continue to report energised capacity in line with the latest Annual Report for year ended 31 March 2024.
2. The Big Rock asset can be configured to a 4-hr duration to meet Resource Adequacy requirements.

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Investment Manager
Gore Street Capital
Alex O'Cinneide / Paula Travesso
T +44 (0) 20 3826 0290

Sponsor and Co-broker
Shore Capital
Anita Ghanekar (Corporate Advisory)
Fiona Conroy (Corporate Broking)
T +44 (0) 20 3826 0290

Co-broker
J.P. Morgan Cazenove
William Simmonds / Jérémie Birnbaum
(Corporate Finance)
T +44 (0) 20 7742 4000

Public Relations
Burson Buchanan
Charles Ryland / Henry Wilson
T +44 (0) 207 466 5000
E gorestreet@buchanan.uk.com

Investor relations: ir@gorestreetcap.com