
Gore Street Energy Storage Fund plc

Capital Markets Day

November 6th 2024



Gore Street
Energy Storage Fund

Gore Street Capital: Investment and commercial manager



Gore Street Capital: Experienced manager

Experienced leadership team supported by 45+ team members



Gore Street possesses extensive expertise in sourcing, structuring the acquisition of, and managing the construction and operation of renewable energy assets globally



Forming strategic partnerships with blue-chip counterparts and working with multiple public and private sector stakeholders in the development of large-scale and complex projects



Extensive in-house capabilities with experience across procurement, asset management, construction and commercial teams

Leadership Team



Alex O'Connell
CEO



Sumi Arima
CIO



Paula Travesso
Corporate Development
Principal



Alicja Kowalewska-Montfort
Technical Principal



John-Michael Cheshire
Investment Principal

9

Years working together

>8

Years investing in storage

20

Nationalities

40%

Female employees

2

Managed funds

Investment Manager: Track record

28

Acquisitions in the storage sector

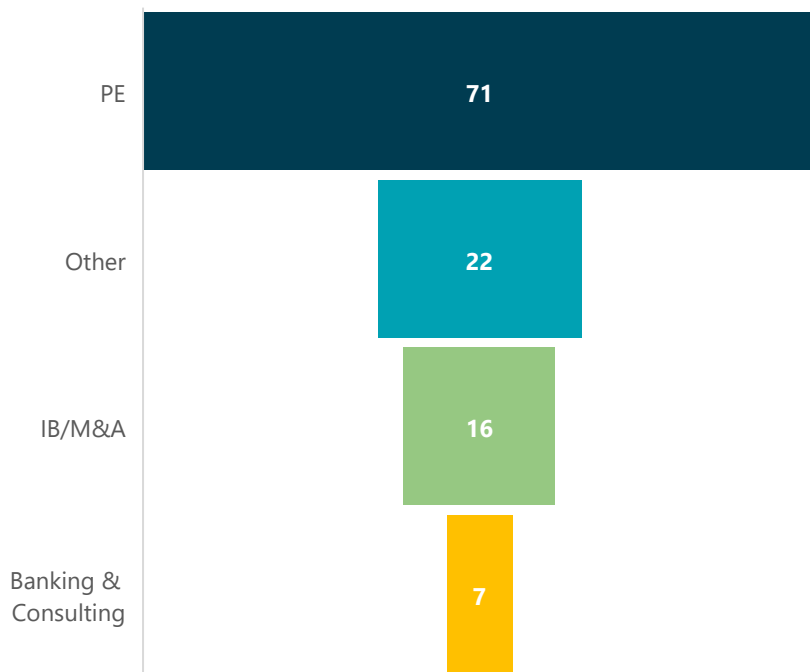
5

Grids present in

>22

of storage opportunities evaluated in one year

Over 100 years' worth of project finance expertise



Key milestones in 2024 FY:

- Share issuances to strategic partners in the current macro environment where an equity raise is not anticipated
- Progress with projects in ERCOT and CAISO which will generate ITCs once “placed-in-service” (expected cash inflow of \$60-80m through the sale of ITCs)
- Through an option secured in 2019, Project Mucklagh was acquired at a competitive cost per MW
- Long-term RA contract supports secured project-level debt.



Investment Team of 11

Commercial Manager: In-house capabilities

| Asset Management Team | Construction Team | Commercial Team | Trading Team |
|--|--|--|---|
| <ul style="list-style-type: none">Asset uptimeBest in class fire safetyDegradationImproved approach to security | <ul style="list-style-type: none">Cost per MW / MWhNegotiation & tailoring of warrantiesProcurement processGrid connections | <ul style="list-style-type: none">Negotiation of commercial contractsPeak shifting contracts securedManagement of relationships with grid operatorsSuccessful duration optimisation | <ul style="list-style-type: none">Unique optimisation softwareEarly pre-qualification for revenue streamsBenchmarkingSophisticated asset specific revenue strategies |



Access to pipeline and record of successfully progressing deals into the portfolio

1.25 GW of projects acquired, and an international pipeline. Gore Street Capital has led all acquisitions.



Delivering for investors

46.7% NAV total return since GSF IPO in 2018.¹ Annual dividend target achieved.



First mover in energy storage

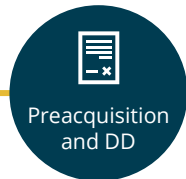
Active in the storage industry since 2016. Extensive experience constructing, operating and commercialising energy storage assets. Gore Street Capital is a registered AIFM.

1. Source: [11.09.2024 RNS](#)

Energy storage is a unique asset class and rewards expertise

Investment Expertise

- Screens a large number of deals across multiple markets
- DD identifying material risks



- Project plan development of large complex assets, e.g. geotechnical assessments and site planning
- CAPEX & earnings estimations
- Grid connection application and lease negotiation

- Project financing (potential inclusion of leverage)



- Construction management
- Specific revenue contract qualification negotiations
- Grid connection arrangement

- Continual review of revenue curves given high level of merchant revenue (combination of third-party research houses)



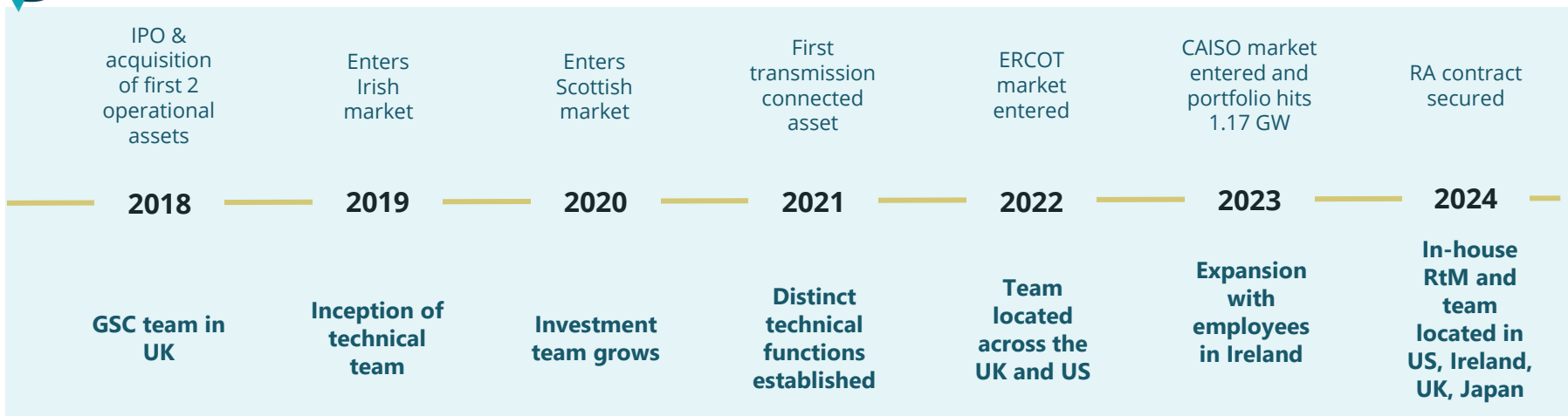
- Revenue optimisation
- Asset management to increase availability
- Site performance review

Continuity of management throughout the lifecycle of the asset

- Holistic view of investment opportunities ensures alignment between technical and financial decisions
- Continuity of technical team throughout buildout to COD – reduces losses due to inefficiency of commercial strategy
- Capex optimisation strategy
- Strategic portfolio management

Technical Expertise

Rapid growth at GSC supports GSF growth



| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------|---------------|---------------|---------------|----------------|----------------|----------------|-------------|
| Investment Team | 2 | 4 | 5 | 6 | 6 | 9 | 11 |
| Technical Team | 0 | 1 | 1 | 4 | 11 | 10 | 17 |
| Total Portfolio | 29 MW | 189 MW | 300 MW | 400 MW | 898 MW | 1.17 GW | 1.24 GW |
| GSF NAV | £29.7m | £35.9m | £75.0m | £285.3m | £534.8m | £543.3m | |

Investment Strategy



Original storage investment trust business model

GSF Overview: Origins of the fund and key IPO proposals

- GSF IPOs as the **first pure-play energy storage** LSE-listed vehicle
- The seed asset, “Boulby”, was monetised under a **fixed-price contract** known as EFR or Enhanced Frequency Response - grid balancing service available at the time
- This contracted income profile under the EFR contract **supported the ‘fixed’ dividend payments**
- GSF **concentrated on the GB market**, with the National Grid as the sole customer
- **Buy-and-hold strategy** adopted which resembled a traditional infrastructure portfolio

The fund had a size of £30 million at IPO, **with a target of rapid growth to offer a balanced portfolio to investors**



Boulby, 6 MW / 6 MWh, GB
First GSF asset

Yield-stock: dividend payment of 7% of NAV

6 years since IPO: What we saw in the storage market

1

Continued market growth

2

Volatility in revenue

3

Opportunity to outperform

4

Multiple business models

5

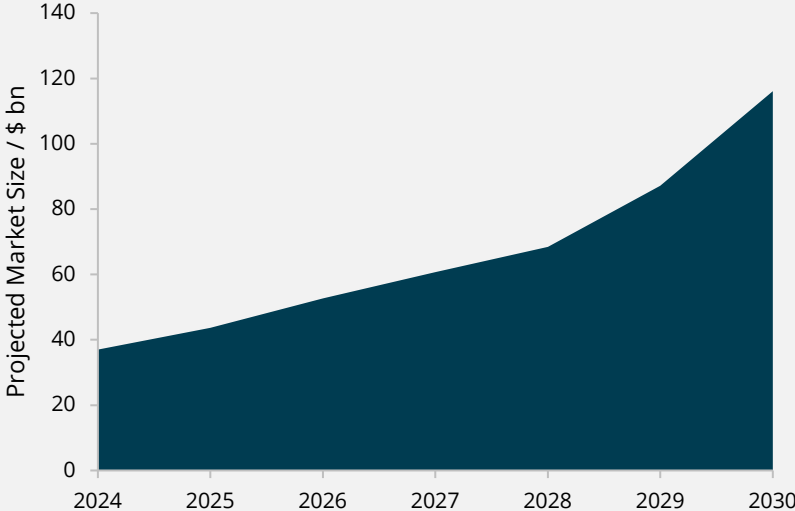
Limited access to equity

6 years since IPO

1 Continued market growth

- Storage is a critical component for renewable penetration and as such continues to see rapid market growth
- An increase in demand does not automatically lead to higher profits as it can be accompanied by an even greater increase in supply
- Growth acts as an inherent stabiliser for merchant revenue, without the need to rely on capacity retiring

Projected global market size of BESS¹



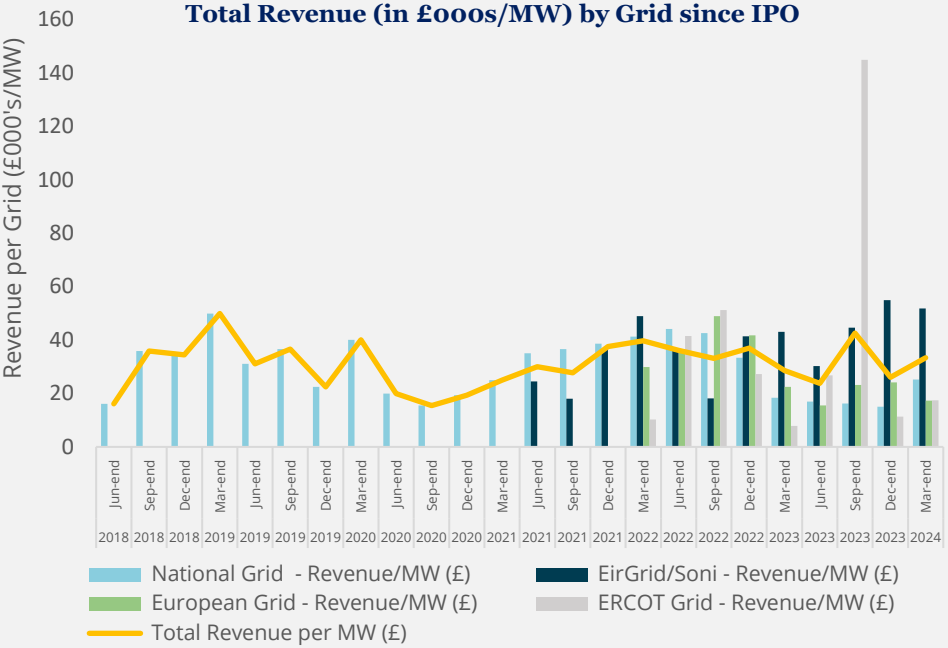
Flexible assets are recognised as a key enabler of renewables as bidirectional grid stabilisation assets

1. Source: [McKinsey](#)

6 years since IPO

2 Significant volatility in revenues of a single grid

- The merchant revenue risk profile is evident — not only in Great Britain but in many regions around the world
- This presents an opportunity for substantial outperformance over the original business plan, but it can also lead to periods of underperformance
 - i. Partly driven by global macroeconomic factors such as gas prices/battery capex
 - ii. Also driven by local market conditions, including weather patterns, local electricity demand, market design, available service and barriers to entry
- Volatility from local market conditions can be diversified and mitigated; however, certain correlated risks remain



6 years since IPO

3 Opportunities to outperform the market average (1/2)

While worldwide macro-driven performance is difficult to control, there are clear opportunities to outperform average storage returns.

Choosing the right monetisation strategy offers higher investment returns:

- i. Significant variability in performance by RtM players in GB
- ii. The market and services are changing rapidly, leading to significant differences in revenue achieved based on the speed of market adoption with the right trading algorithms
- iii. RtMs that capture volatility and respond rapidly reap higher revenue

Example: Introduction of a D* suite contract in GB – Dynamic Containment High (DCH)

- DCH was first introduced in Nov - 21
- As it could be co-delivered with DCL, it was in the asset owner's interests to get their assets into the service quickly

Day 1: 9 unique assets participating

Day 8: 18 unique assets participating

1 year: 88 unique assets participating

- Assets that took longer to deliver DCH missed out on a significant amount of revenue.

6 years since IPO

3 Opportunities to outperform the market average (2/2)

- Procurement & construction management act as a driver of capex and a mitigator for delays (excluding interconnection factors)
 - i. Selecting the optimal battery while cognisant of capital discipline
 - ii. Management of procurement of long lead-time items along the critical path for construction impacts project delivery
 - iii. Liquidated damages and other contractual obligations ensure stakeholders are incentivised but these can vary
- Asset manager responsible for ensuring optimal availability while minimising costs
 - i. Revenue impact of asset availability is sometimes more important than monetisation strategy
 - ii. Trade-off exists between availability and cost to maintain it

£800k+ per MW

2022 Estimated CAPEX for 2-hour system¹

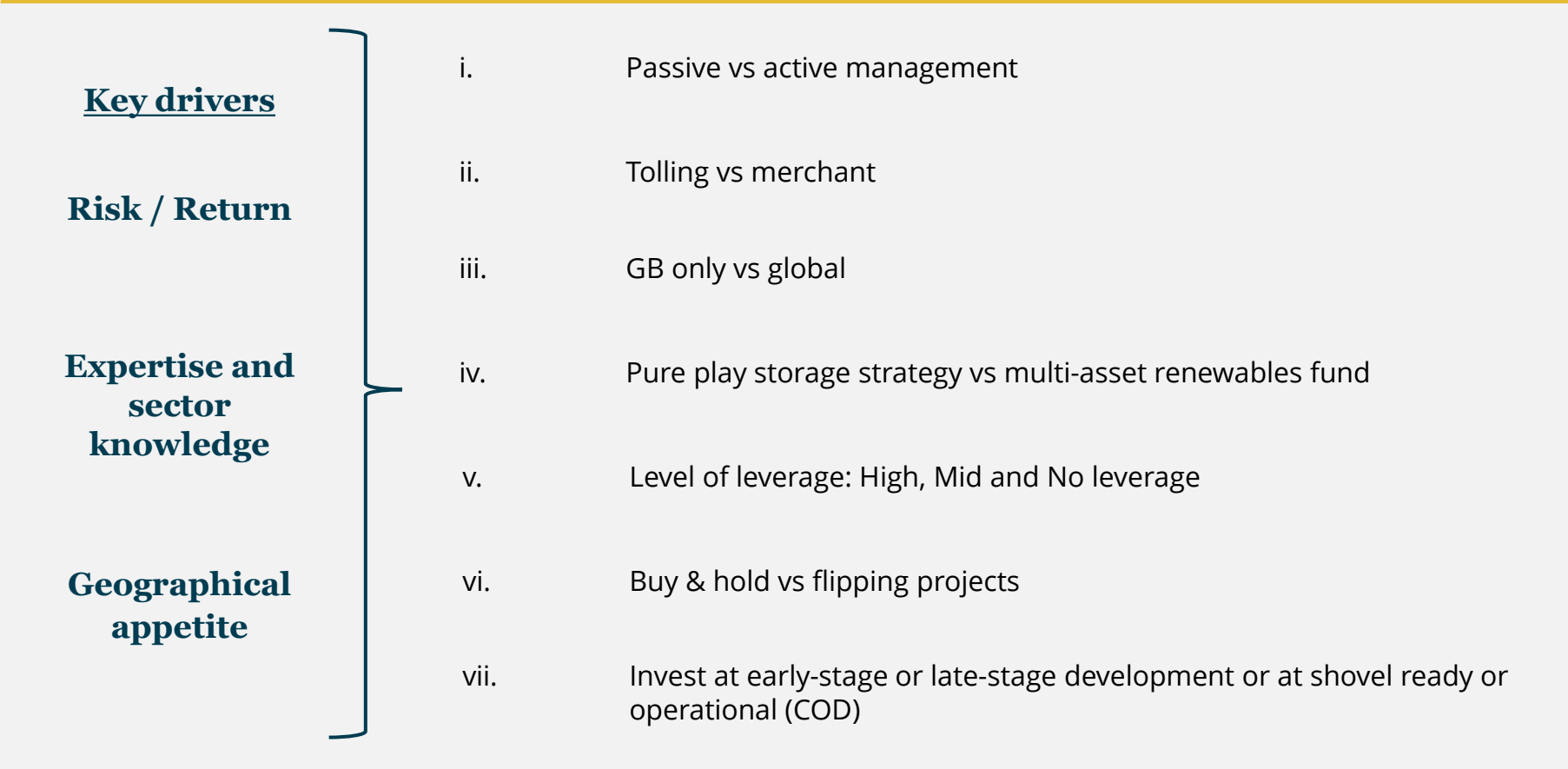
£600k per MW

2024 Estimated CAPEX for 2-hour system¹

1. Source: Modo Energy estimate

6 years since IPO

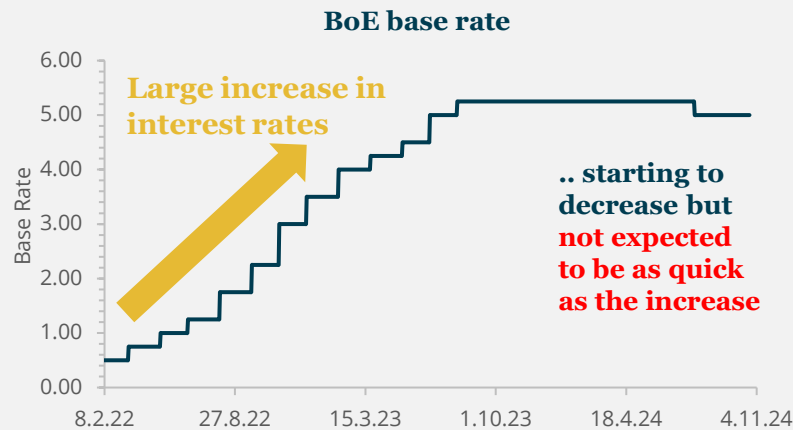
4 Multiple business models with different risk and return profiles:



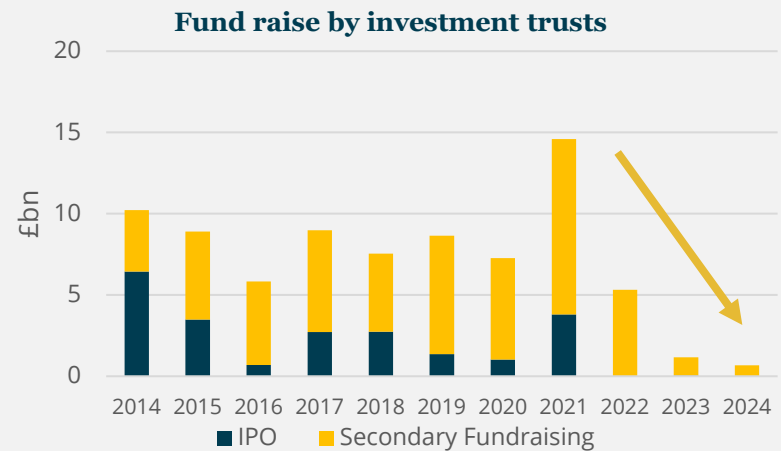
6 years since IPO

5 Capital market appetite has decreased for investment trusts focused on storage

- Higher interest rates diminish the attractiveness of the investment trust business model



- In storage, a potential mismatch exists between investor expectations and merchant revenue profiles. GSF's recent fundraising has been driven by strategic partnerships (Nidec & LC)



- Lenders exerting pressure on highly leveraged storage funds has led to:
 - Tolling agreements
 - Increasing pressure to sell assets to reduce debt (though yet to materialise)
 - Ongoing cuts or adjustments to dividends
- This market change therefore dictates a shift in focus from fund growth to the quality of the operational assets and revenue generation

GSEF's Response



Impact on GSF: Volatile revenue

GSF manages volatile revenue streams based on three key strategic focuses:

A. Geographical exposure to multiple markets

B. Dividends linked to cash generation

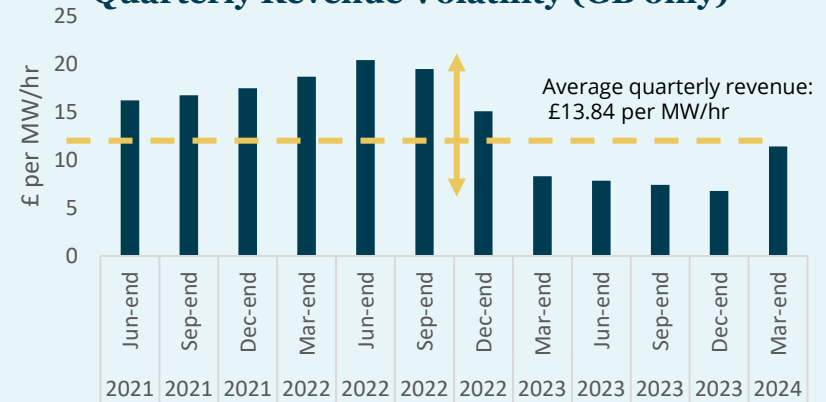
C. Modest leverage

Impact on GSF: Management of volatile revenue

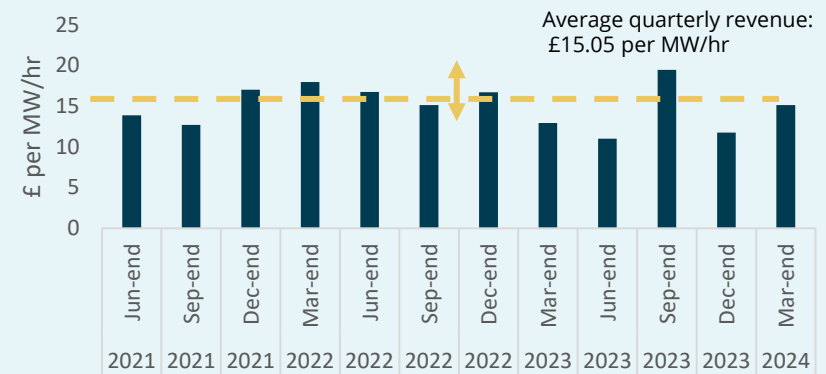
A. Geographic exposure to multiple markets

- Geographical exposure diversification **5** markets i.e. GB, IRE, GER, CAISO, ERCOT
- **20+** revenue streams resulting in high revenue generation per MW
- **4** different system durations¹, ranging from **26 minutes to 2 hours**, each tailored to the market opportunity while minimising costs to maximise returns
- Quarterly revenue volatility reduced by c. **1/2** following diversification (compared to GB alone)¹
- Total portfolio's average revenue is **9%** greater than the GB portfolio alone per MW/hr¹

Quarterly Revenue Volatility (GB only)



Quarterly Revenue Volatility (After Diversification)



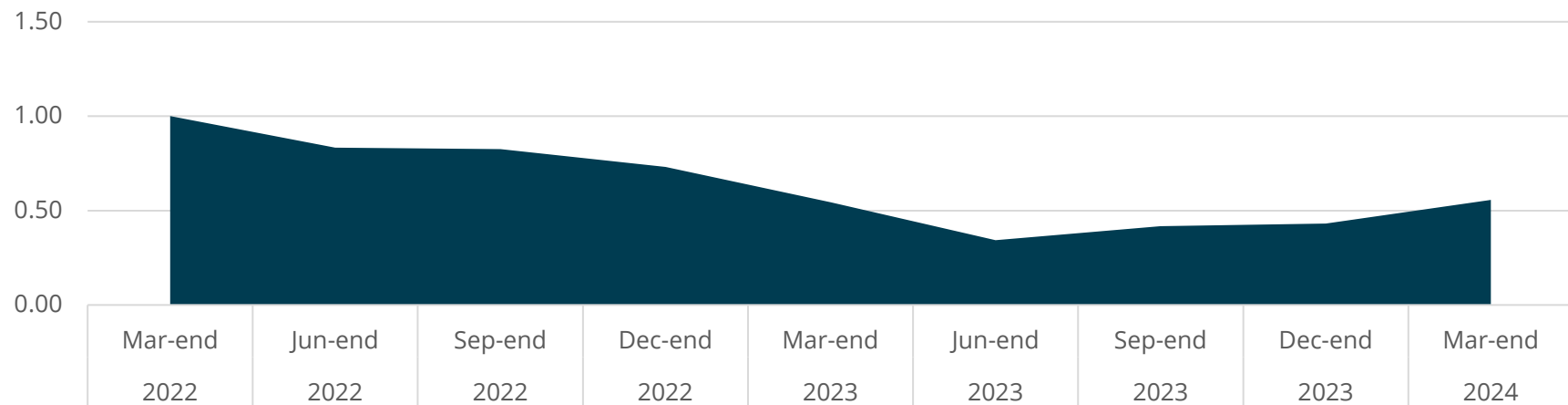
1. Calculated from data starting from Jun-end 2021

Impact on GSF: Management of volatile revenue

B. Dividends linked to cash generation

- A fixed dividend payment does not match a merchant revenue profile
- The dividend policy has therefore been tied to cash flow to align it with revenue streams: 1p per quarter for 3 quarters and target to pay 7p in total based on annual performance

Fund Level Dividend cover (paid)



Impact on GSF: Management of volatile revenue

C. Modest leverage

Two debt facilities:

- Santander RCF at the portfolio-level
- CIT loan at the project-level (long-term fixed price RA contract supports securing project-level debt)

GSF:

Gearing c.15% of GAV¹
*following buildout of Big Rock, Dogfish and
Enderby only – reaching a steady-state
portfolio*

Peers²:

Gearing at c.25% of GAV
as at their latest interim reports

1. Based on debt required for expected capex to reach energisation of 750 MW as a function of Jun-end NAV
2. Based on a weighted average (MW) of GRID, and HEIT

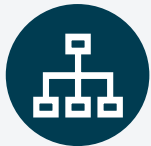
Impact on GSF: Outperform average returns

GSC has developed as a purpose-built platform for Battery Energy Storage Systems



In-house Trading

- No conflict of interest
- Ownership model versus agent approach
- No reliance on external parties for the critical storage investment function



External RTMs

- Entry to new market or subscale portfolios
- Review of trading logic / performance – more important than just a fee comparison



Holistic Operational Management

- In-house Asset Management to assess trade off between availability and costs
- Global portfolio-wide standard monitoring procedures/software
- Improved availability and communication with trading team



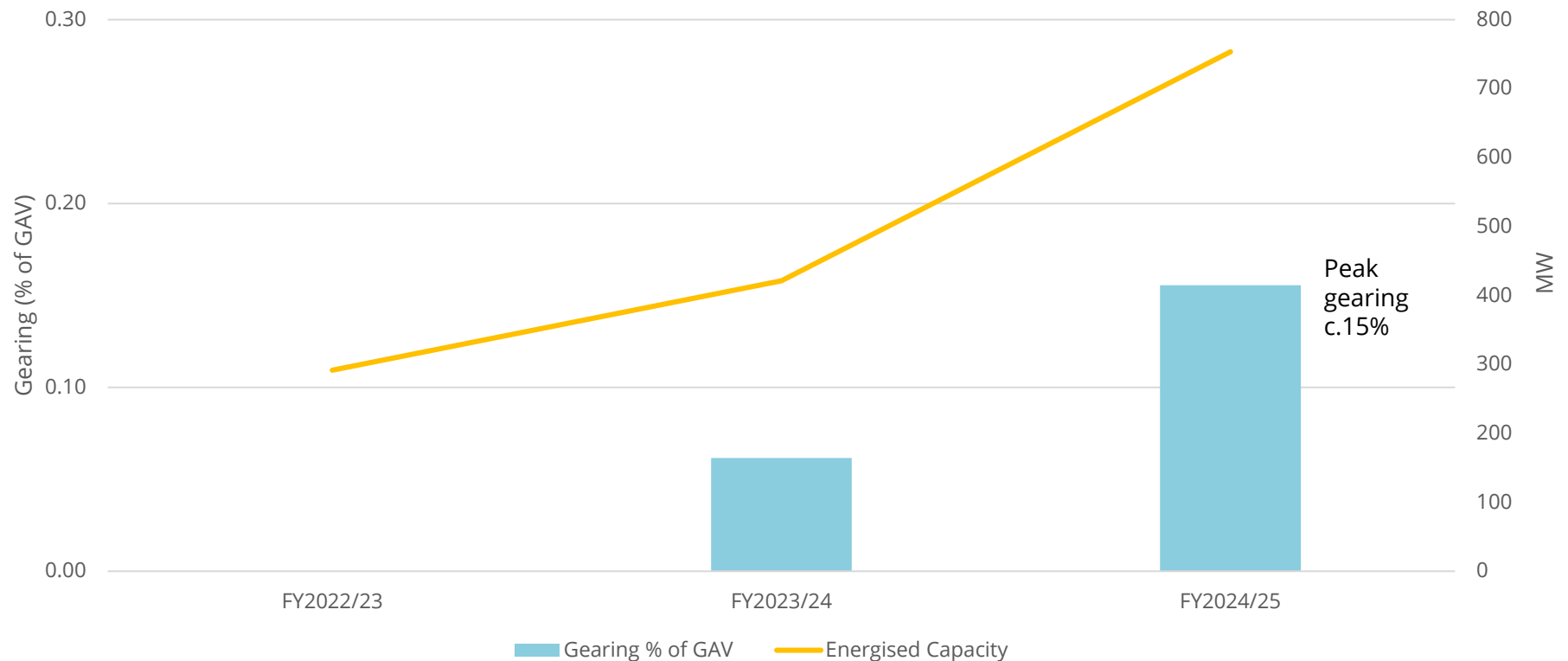
Procurement & Construction Management

- Capital discipline - 2-hour vs 1-hour storage duration
- BESS specifications to match expected trading strategies
- Advanced procurement of long lead-time items and liquidated damages help mitigate delays

Impact on GSF: Capital constraints - focus on 750MW (1/3)

- GSF has sufficient funding to reach an operational capacity of over 750 MW

Gearing based on energisation of Big Rock, Dogfish, and Enderby¹

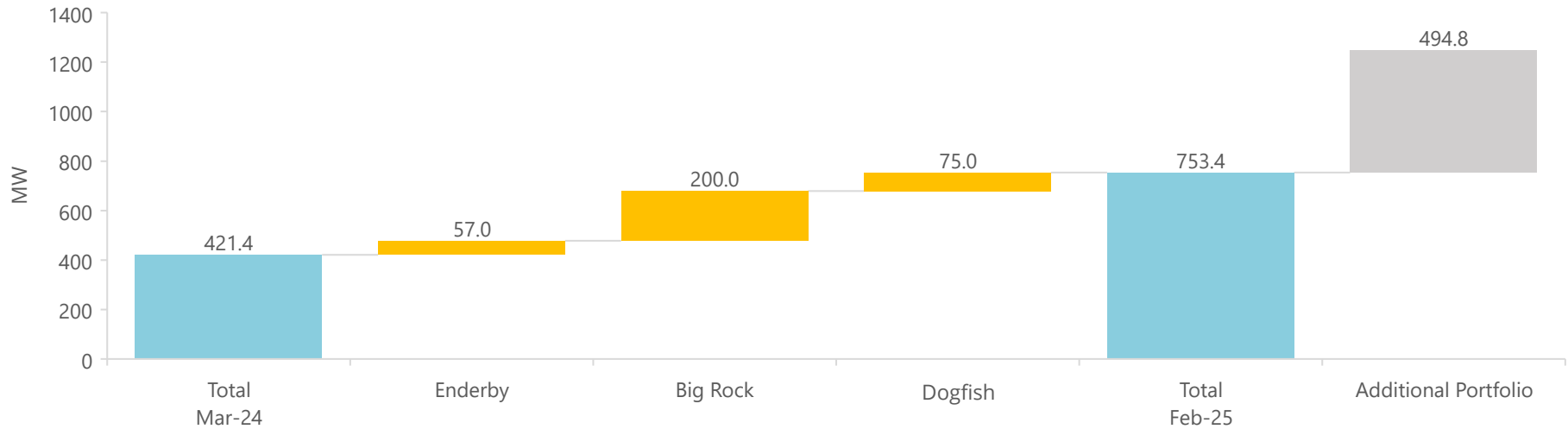


1. Based on Jun-end NAV and energisation of assets only

Impact on GSF: Capital constraints - focus on 750MW (2/3)

- GSF has sufficient funding to reach an operational capacity of over 750 MW
- As no equity raise is anticipated, a capacity of 753.4 MW will represent a steady state

Portfolio Capacity Buildout



Impact on GSF: Capital constraints - focus on 750MW (3/3)

- GSF has sufficient funding to reach an operational capacity of over 750 MW
- As no equity raise is anticipated, a capacity of 753.4 MW will represent a steady state
- Therefore, GSF's construction focus is on developing Big Rock and Dogfish to achieve a total capacity of 753.4 MW and maximise cashflow from the operations

Big Rock



Capacity: 200.0 MW/400.0 MWh
Grid: CAISO
Target Energisation: Dec-24

Dogfish



Capacity: 75.0 MW/75.0 MWh
Grid: ERCOT
Target Energisation: Feb-25

GSF business model discussion

Current strategy vs alternative strategy

1. **Active management** vs passive management
2. **Merchant** vs tolling
3. **Global** vs Great Britain only
4. **Storage only** vs multi-asset renewables
5. Level of leverage **low to mid** vs high

Expanding business scope definitions

6. **Buy & hold** vs flipping projects
7. Early-stage or **late-stage development** or at shovel ready or **operational** (COD)

Reasoning

1. Full asset lifecycle management capability – actively managing with complete in-house resources
2. At the current market price tolling remains unattractive (c.£55-60k per MW on an annualised basis¹)
3. A global portfolio ensures revenue stability and is supported by a strong technical team
4. Focusing on storage is GSF's competitive edge - investors can invest wind/solar through alternative investment trusts
5. High leverage is not compatible with a merchant business model
6. Sale strategy of each asset dependent on IRR and if accretive to NAV or other valuation metrics
7. IRR is dependent on project stage; an experienced manager can unlock higher returns. Early-stage acquisition ensures project entries in certain grids

Next Steps



Beyond 750MW: Pre-construction assets

- GSF has c. 500MW projects at preconstruction stage, in addition to the 753.4 MW of operational/ construction assets
- GSF to review strategy of pre-construction assets based on:
 - resale value versus GSF market views,
 - overall portfolio rebalancing

To proceed with construction, there are multiple possible avenues of financing:

Debt financing

- Able to draw down from existing facilities
- Optionality at both the project and company level

Strategic use of third-party capital

- Example: Nidec & Low Carbon financing
- Open to other vendor financing options
- Co-investor to asset level for upgrade capacity

Capital recycling and portfolio rebalancing

- Sale of overweighted portfolio and reinvest the proceeds

| Pre-construction assets | Capacity |
|-------------------------|------------------|
| Mineral Wells | 9.95 MW/19.9 MWh |
| Cedar Hill | 9.95 MW/19.9 MWh |
| Wichita Falls | 9.95 MW/19.9 MWh |
| Mesquite | 9.95 MW/19.9 MWh |
| PBSL 2 | 60 MW/60 MWh |
| KBSL | 30 MW/30 MWh |
| KBSL 2 | 90 MW/90 MWh |
| Middleton | 200 MW/400 MWh |
| Mucklagh | 75 MW/75 MWh |

Valuation and dividend strategy

- As an investment trust, GSF reports Net Asset Value (NAV). However, the significant QoQ movements in third-party forecasts leads us to consider whether NAV is the only appropriate valuation metric
- In addition to NAV, GSF therefore provides alternative valuation metrics, such as EV/MW, P/S, and P/E, to enable investors to assess GSF from multiple perspectives
- GSF's current valuation level (EV per MW and EV per adjusted EBITDA) is low due to a mismatch between investor expectations (fixed dividends) and the product's merchant nature
- GSF continues to explore the optimal dividend strategy to meet the merchant-nature of the asset class

Conclusion

Target:



- Construct and operate a well-balanced, high-performing portfolio of storage assets with a wider strategy scope

Through continuously adapting to market dynamics, including:



- Monetisation strategies
- Portfolio rebalancing
- Capital structure optimisation
- Comprehensive business model reviews

Value Creation:



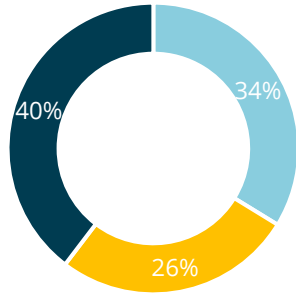
- Deliver strong cash flow and aim to consistently outperform the market
- Aim to provide attractive dividends to investors

Financial Performance & Investment Overview



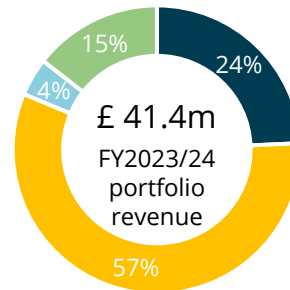
GSF's diversified portfolio

Project Phase - by MW¹



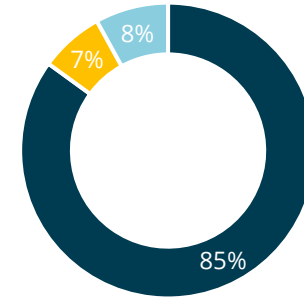
- Operational
- Construction
- Pre-construction

Region - by revenue¹



- GB
- Ireland
- Germany
- Texas

Revenue - by service¹



- Grid Balancing
- Peak Shifting
- Trading

£527 m

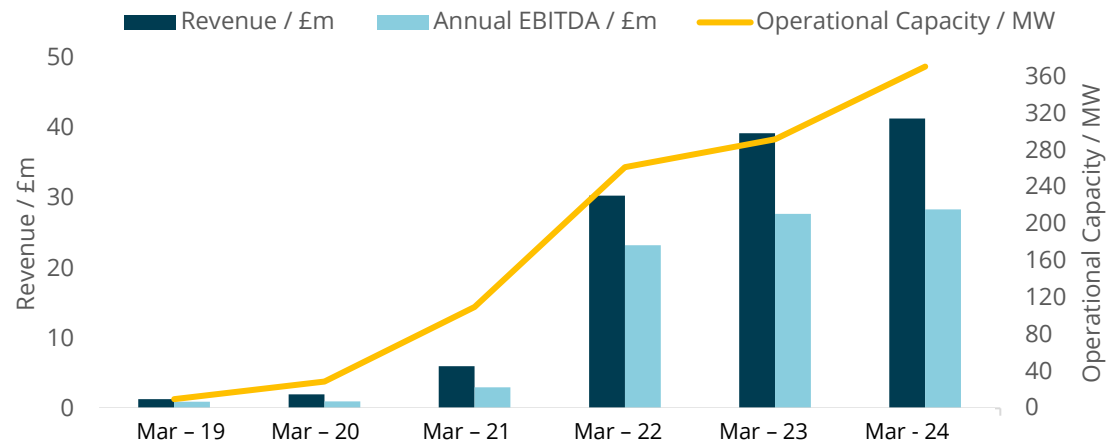
Net Asset Value – Jun 2024

28

Battery Energy Storage Projects

5

Grids Present In



Highlights

STRONG REVENUE GENERATION

£41.4m

FY22/23: £39.3m

Total Revenue
(FY23/24)

£28.4m

FY22/23: £27.8m

Operational
EBITDA
(FY23/24)

ROBUST BALANCE SHEET (Jun-end 2024)

£66.1m

Cash or cash
equivalents

£39.8m

Debt Headroom

£9.7m

Cash net of debt

9.6%

Gearing (of GAV)

DIVIDEND TARGET ACHIEVED

7%

of NAV dividend
target achieved for
the FY23/24

GROWING OPERATIONAL FLEET

371.5 MW

FY22/23: 291.6 MW

Portfolio
Operational
capacity (FY23/24)

753.4 MW

FY23/24: 421.4 MW

Projected
energised capacity
by Mar-25

DIVERSIFIED PORTFOLIO

£15.1

Average revenue
per MW/hr for the
total portfolio
FY23/24

£19.6

Average revenue
per MW/hr for the
international
portfolio
FY23/24

DIVIDEND POLICY CHANGE

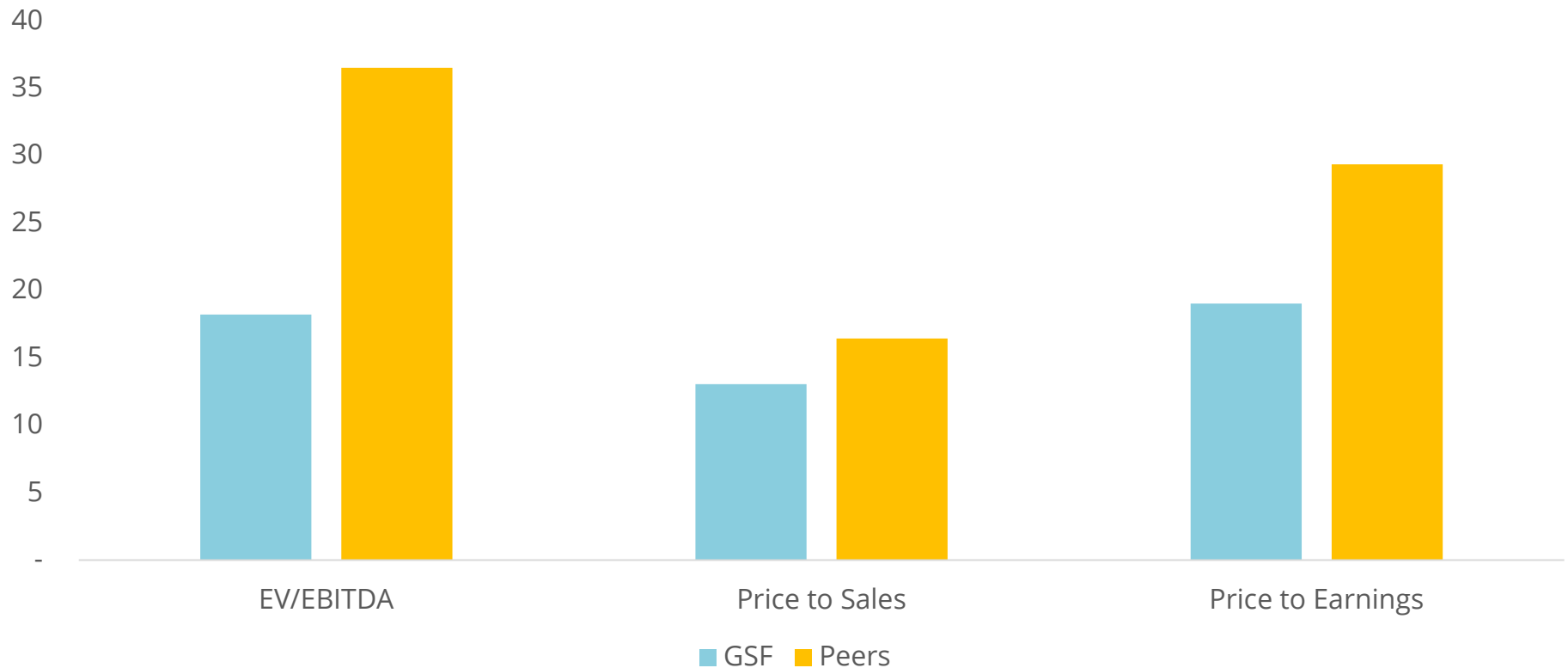
7.0p

Per ordinary share
per annum for the
2025 financial year



Alternative valuation metrics and outlook

Given the volatility in revenue forecasts, NAV per share can be evaluated in conjunction with alternative metrics. Based on a weighted average of peers in the sector on a MW basis, a series of multiples were lower for GSF.^{1,2}



1. Based on NAV as at 31 March 2024
2. Based on NAV of peer's latest interim or annual reports & weighted average based on a MW basis of operational portfolio

Contracted revenue streams (1/3)



BESS is a primarily merchant asset class through wholesale trading and ancillary services. However, as the industry has evolved there has been an increased focus on contracted revenue streams. Examples of these include; capacity market contracts, tolling agreements, and the Resource Adequacy contract in California.

Tolling Agreements

- ✓ Increased contracted revenue for 2-3 years
- x Unable to capture upside especially at a low point in the GB market
- x High cycling rates which can degrade the battery
- x Lack of control on optimising the asset

Resource Adequacy Contract

GSF has secured an RA contract for its 200 MW / 400 MWh Big Rock Project



Big Rock: 200 MW asset with 100 MW of RA deliverability

- ✓ Increased contracted revenue for 12 years
- ✓ Fully stackable contract – the asset can participate in other revenue streams.
- ✓ Control of the asset to optimise the revenue strategy

The RA program requires load-serving entities to demonstrate they have **secured enough capacity to cover their forecasted peak demand** plus a reserve margin.

Resource adequacy contract (2/3)

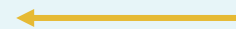
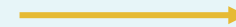
GSF has secured a 12-year RA contract for its 200 MW / 400 MWh Big Rock project

Key Features

- Resource adequacy refers to the state's electricity **grid's ability to reliably meet the power demands** of all consumers, **preventing blackouts** and **ensuring grid stability**.
- The RA program requires load-serving entities to demonstrate they have **secured enough capacity to cover their forecasted peak demand** plus a reserve margin.
- RA contracts require a **minimum duration of 4 hours**
- **Stackable long-term contract**, similar to GB market Capacity Market contracts, and long-term fixed-price nature **supports securing project-level debt**.

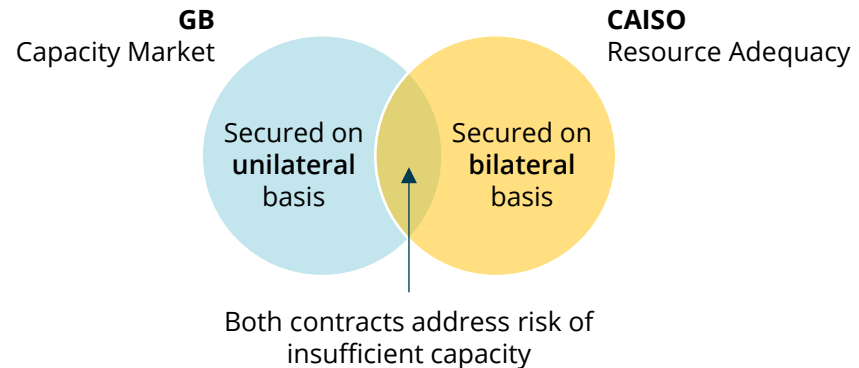


Contracted Capacity + Reserve Margin



Long-term contract at a fixed price

CAISO's Load-serving entities



Key terms of the agreement (3/3)

- **Resource Adequacy (RA)** contract secured for the 200 MW Big Rock asset in California with **J Aron**, a subsidiary of Goldman Sachs, expected to commence in Summer 2025.
- This is a **stackable, fixed price contract worth over \$14 million annually for 12 years**, marking a substantial achievement for the **largest asset** in the Company's portfolio.
- The RA contract requires a minimum duration of 4 hours. Therefore, the Company's Big Rock asset will utilise **100 MW of RA deliverability** which has secured a fixed price of **over \$16.0 per MW/hr**.
- It is expected to account for **up to c.40% of the total revenue** over the contract life.
- The 200 MW Big Rock asset was acquired in Q4 of fiscal year 2023 and is **on track to be energised by December 2024**.

>\$14 m

annually for a long-term fixed price stackable contract

12-year

contract commencing in the summer of 2025

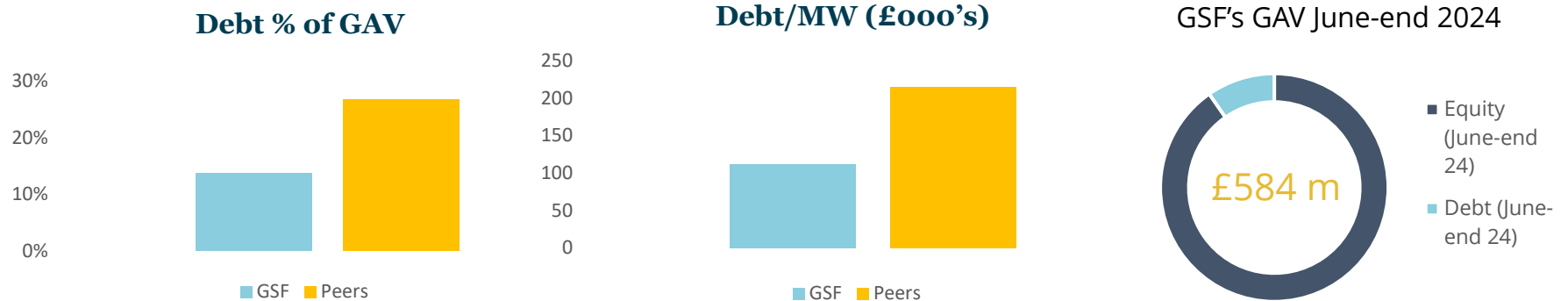
4x

expected increase in contracted revenue for the overall portfolio



Optimal capital structure

GSF is an outlier within the subsector with debt % of GAV amounting to c. 15% compared to its peer average of c.25%



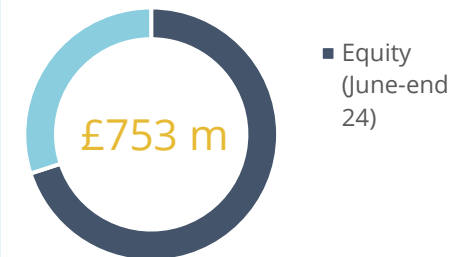
Lower Debt cost:

- GSF requires the c.15% debt to build out its portfolio to >750 MW. This would result in a Debt/MW ratio of c.£110k/MW compared to a peer average of >£200k/MW
- Lower Debt/MW ratio requires lower debt service cost and more cash available for equity shareholders

Ability to borrow in USD and GBP:

- With the existing facilities to borrow and potentially benefit from lower interest rates in the US, giving it a competitive advantage against peers
- In addition, this prevents single lender concentration risk
- Both the Santander and CIT facility can be upsized if necessary
- **Unique structure to manage risk** across the portfolio with ability to draw from recourse and non-recourse

Hypothetical GAV on Maximum Borrowing Based on June-end NAV



Investment tax credit



Stand alone, BESS has been eligible for ITC benefits since Q4 2022.



Asset owners can deduct part of renewable energy project costs from federal taxes or sell the credits for cash to third parties, who can use them to offset their own tax liabilities.



Therefore, GSF's projects can monetise a material portion of the Capex for its US construction projects.



Base value of 30% of qualifying capex; with bonus adders available.



Projects generate tax credits when they are *Placed In Service*, which is either the tax year when the property is ready for its assigned function (when the asset begins to export to the grid) or when depreciation begins.

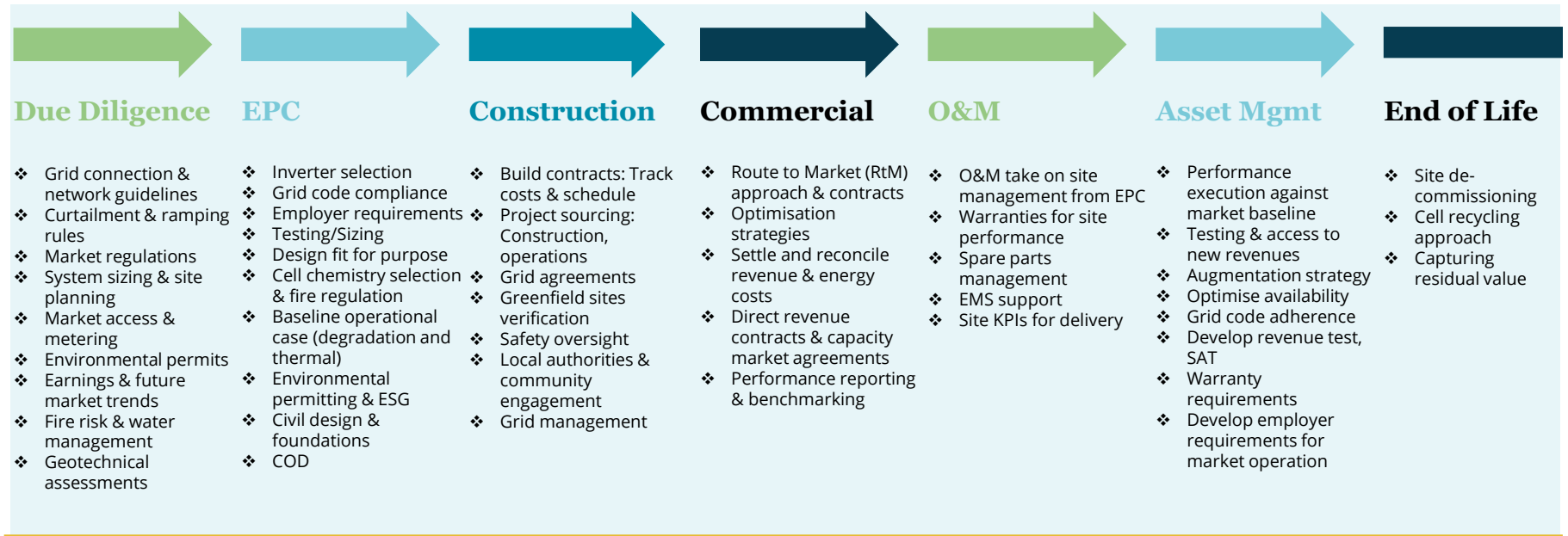
\$60-80 million cash inflow expected in 2025 based on Big Rock and Dogfish assets

1. Source: [Transferable Tax Credits - 2024 Ultimate Guide | Crux \(cruxclimate.com\)](#)

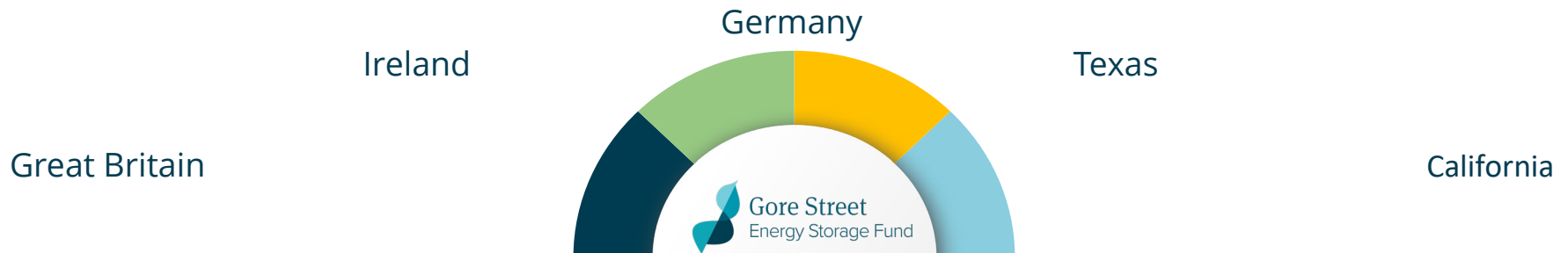
BESS Portfolio Management



Commercial Manager: Full technical capabilities



Across GSFs key markets



Portfolio overview

GSF's operational portfolio is

421.4 MW¹

GB & Northern Ireland (GBP)

| | | | |
|---------------|--------------------|---------------|--------------------|
| 1. Boulby | 6.0 MW 6.0 MWh | 9. Larport | 19.5 MW 19.5 MWh |
| 2. Cenin | 4.0 MW 4.8 MWh | 10. Ancala | 11.2 MW 11.2 MWh |
| 3. POTL | 9.0 MW 4.5 MWh | 11. Breach | 10.0 MW 10.0 MWh |
| 4. Lower Road | 10.0 MW 5.0 MWh | 12. Stony | 79.9 MW 79.9 MWh |
| 5. Mullavilly | 50.0 MW 21.3 MWh | 13. Ferrymuir | 49.9 MW 49.9 MWh |
| 6. Drumkee | 50.0 MW 21.3 MWh | 14. Enderby | 57.0 MW 57.0 MWh |
| 7. Hulley | 20.0 MW 20.0 MWh | 15. Middleton | 200.0 MW |
| 8. Lascar | 20.0 MW 20.0 MWh | | |

Republic of Ireland & Germany (EUR)

| | | | |
|---------------------|--------------------|---------------------|---------|
| 16. Cremzow | 22.0 MW 29.0 MWh | 18. KBSL | 30.0 MW |
| 17. PBSL | 30.0 MW 30.0 MWh | 18.1 KBSL Expansion | 90.0 MW |
| 17.1 PBSL Expansion | 60.0 MW 60.0 MWh | 19. Mucklagh | 75.0 MW |

North America (USD)

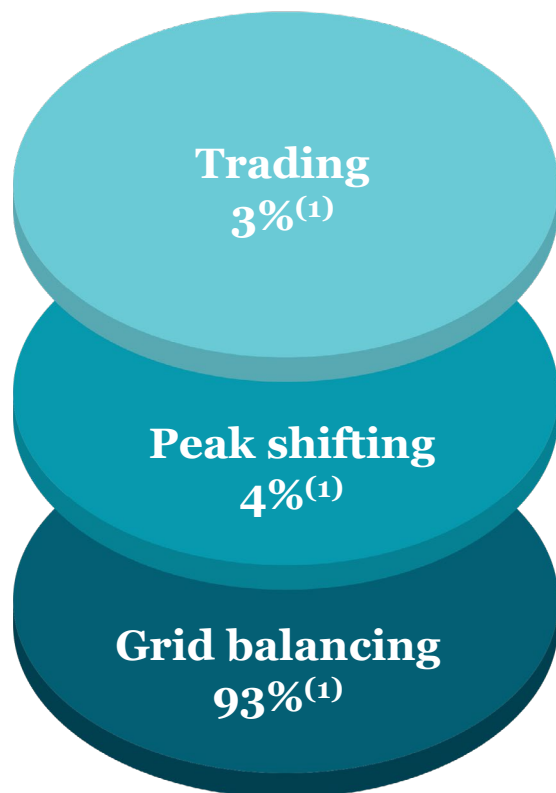
| | | | |
|----------------|----------------------|-------------------|---------|
| 20. Snyder | 9.95 MW 19.9 MWh | 25. Wichita Falls | 9.95 MW |
| 21. Westover | 9.95 MW 19.9 MWh | 26. Mesquite | 9.95 MW |
| 22. Sweetwater | 9.95 MW 19.9 MWh | 27. Mineral Wells | 9.95 MW |
| 23. Big Rock | 200.0 MW 400.0 MWh | 28. Cedar Hill | 9.95 MW |
| 24. Dog Fish | 75.0 MW 75.0 MWh | | |



1. As of 24TH October 2024

Market overview – available revenue

3 Types of Service



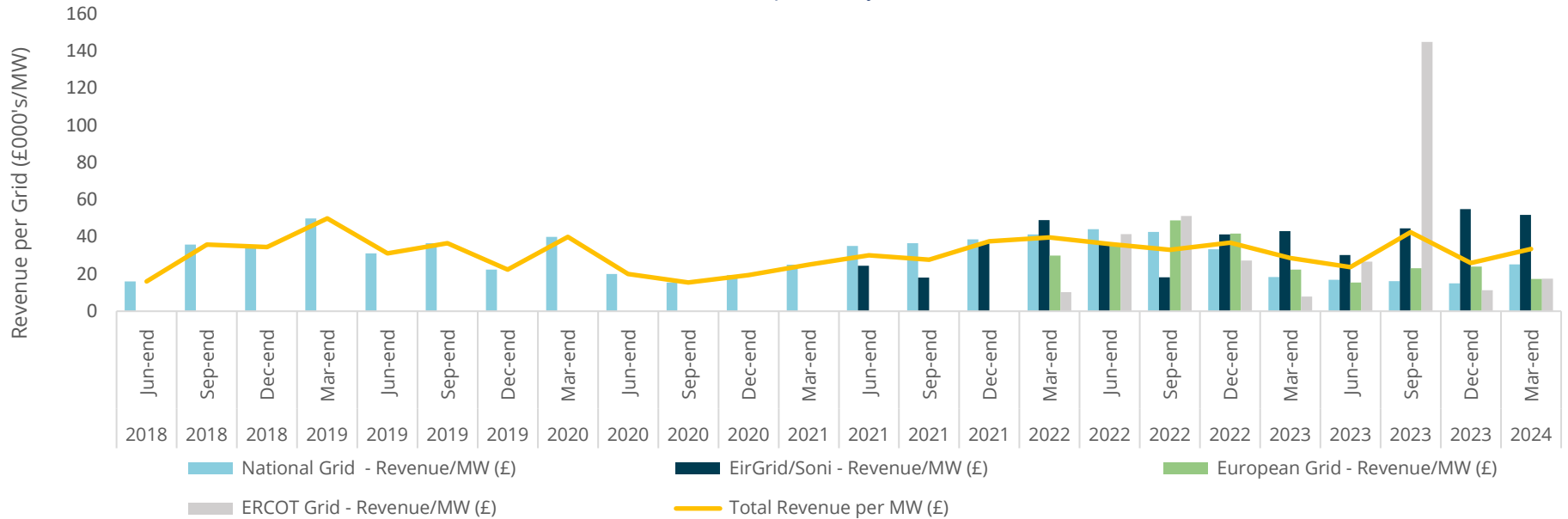
Revenue Streams available

| | Grid Balancing | Peak Shifting | Trading |
|----------------------|--|---|---|
| Great Britain | <ul style="list-style-type: none"> Dynamic Containment Dynamic Moderation Dynamic Reserve | <ul style="list-style-type: none"> Capacity Market Triads | <ul style="list-style-type: none"> Market Arbitrage Balancing Mechanism |
| Ireland | <ul style="list-style-type: none"> DS3 uncapped DS3 capped | <ul style="list-style-type: none"> Capacity Market | <ul style="list-style-type: none"> Market Arbitrage |
| Germany | <ul style="list-style-type: none"> Frequency Containment Reserve Automatic Frequency Restoration Reserve | | <ul style="list-style-type: none"> Market Arbitrage |
| ERCOT | <ul style="list-style-type: none"> Responsive Reserve Service ERCOT Contingency Reserve Service Reg-up/down Non-Spinning Reserve | | <ul style="list-style-type: none"> Day ahead trading Real-time trading |
| CAISO | <ul style="list-style-type: none"> Reg-up/down Spin | <ul style="list-style-type: none"> Resource Adequacy | <ul style="list-style-type: none"> Market Arbitrage |

1. Expressed as a percentage of total revenue earned by the Company during FY23/24

Seasonality of revenue per grid

Total Revenue (in £000s/MW) by Grid since IPO



| | GB | GER | IRE | ERCOT | |
|--------|----|-----|-----|-------|---|
| Spring | ● | ● | ● | ● | <ul style="list-style-type: none"> ● Revenues high ● Revenues average ● Revenues low |
| Summer | ● | ● | ● | ● | |
| Autumn | ● | ● | ● | ● | |
| Winter | ● | ● | ● | ● | |

ERCOT revenues: Past and future

ERCOT summer revenue was lower than previous years

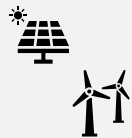
Summer 2024: Revenue Drivers



ERCOT was **better prepared**; lessons learned from Winter Storm Uri and Storm Heather, and the high temperatures the previous summer.



Temperatures didn't spike over 100°F with the same frequency as the previous year. Consequently, there were **no thermal generator outages**, which previously drove price spikes.



Wind and solar generation accounted for decreases in generation of the other (i.e. in the evening, wind generation spiked as solar decreased). **Little/no reduced generation.**



All generators provide primary frequency response; market saturation led to **generators being price-takers**. Increased opportunities for **day-ahead and real-time trading.**

ERCOT market evolution

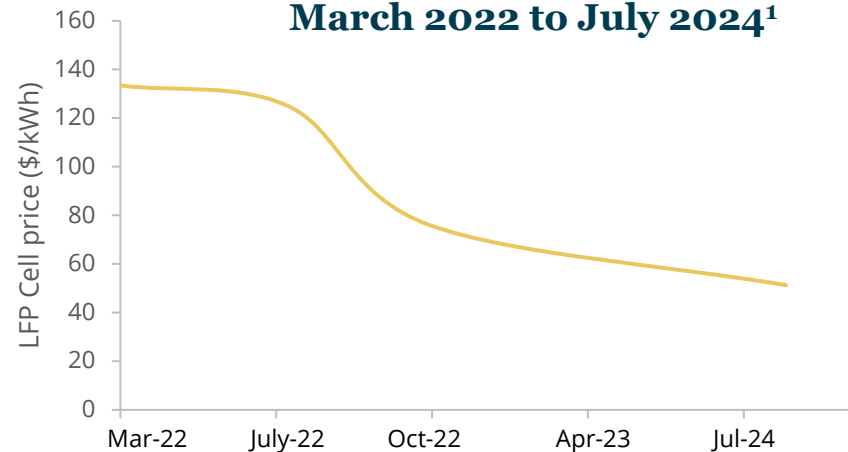
- Revenue this summer was driven by a series of atypical factors
- Whilst there have been concerns surrounding market saturation, there are anticipated increases in load in the West and South Hub due to increases in local industry.
 - GSF's operational assets are located in the West Hub
- Increasing loads result in more opportunities for BESS to capture revenue in markets including and beyond ancillary services

Impact of falling CAPEX on the portfolio

BESS capex has fallen considerably the last two years

- Driven by²:
 1. Drop in critical mineral prices
 2. Increased manufacturing capacity and economies of scale
- Cost reductions are expected to continue into 2025 and beyond

2.6x decrease in LFP cell prices from March 2022 to July 2024¹



Increased economic attractiveness of retrofitting assets to increase duration.



Decreased re-powering costs for both operational and construction assets.

1. Data from third-party sources
2. IEA World Energy Outlook

Construction & Procurement



Overview of construction progress

Enderby



Capacity: 57 MW/57 MWh

Grid: GB

Target Energisation: Dec-24

Updates:

- BESS ready to energise
- NGET have completed NC works
- Energisation underway

Big Rock



Capacity: 200.0 MW/400.0 MWh

Grid: CAISO

Target Energisation: Dec-24

Updates:

- Substation & BESS yard built
- Energisation underway
- Batteries being installed

Dogfish



Capacity: 75.0 MW/75.0 MWh

Grid: ERCOT

Target Energisation: Feb-25

Updates:

- Batteries delivered
- Substation being built
- Utility connection complete

Stony



Completed

Ferrymuir



Completed

Enderby



Ready to Energise

Big Rock



On schedule

Dogfish



On schedule

1. Big Rock can be configured as a 4-hour asset to deliver under a resource adequacy contract

Asset Management



Role of asset management

Asset Management's purpose is to improve *profitability* of the fleet.

1. Facilitate revenue performance

- Target maximum availability of assets to generate revenue.
- Provide technical support to enter new markets (and regions) quickly and effectively.
- Use data to drive continuous improvement of the fleet.

2. Reduce revenue loss

- Utilise experience and lessons from other projects to avoid repeating mistakes.
- Provide recommendations and build employer's requirements to install the best equipment from Day 1.
- Track fault drivers and pre-empt faults across the fleet.

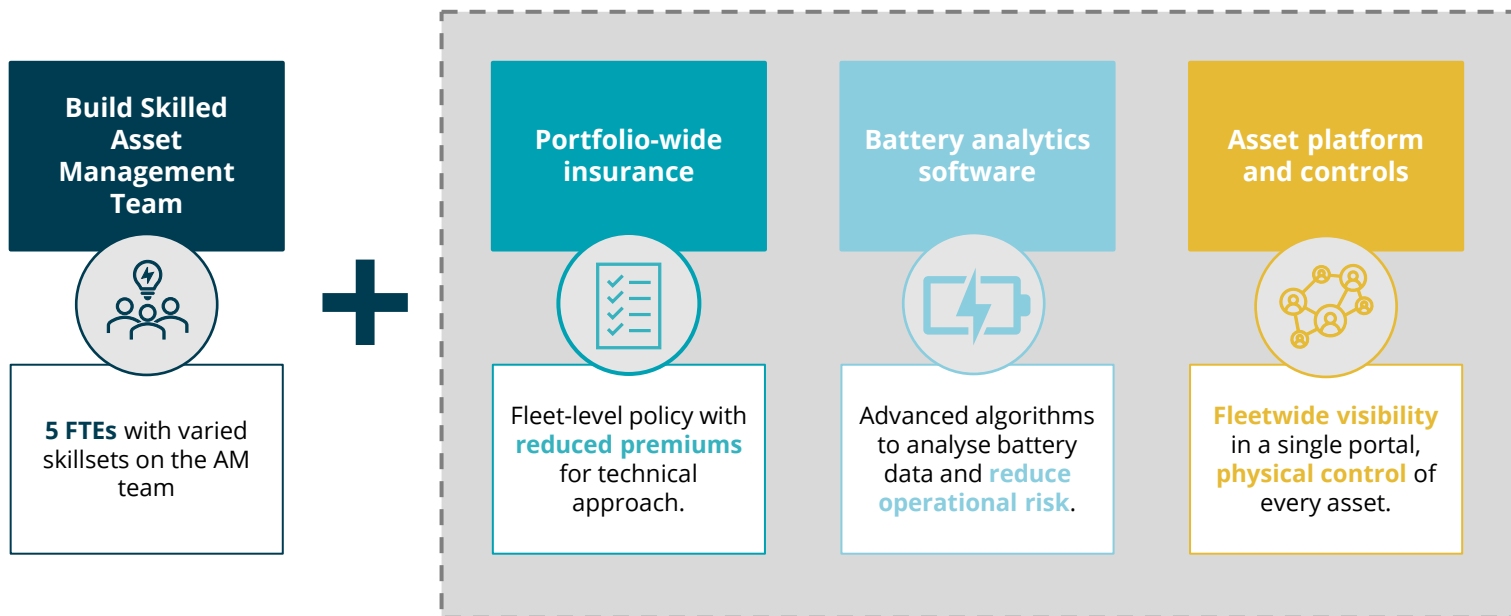
3. Reduce costs

- Deliver cost-efficient upgrades to reduce larger costs at later dates.
- Streamline contracts for improved commercial performance.
- Schedule downtime during periods of low value.

Value proposition:

- Incorporate all the above experience in delivering better projects in GSF's pipeline.
- Leverage data to improve decision-making and reduce risk.

Data-driven asset management



Why focus on data-driven asset management?

Build a highly-capable technical team and equip them with tools to outperform other operators:

1. Create Opex efficiencies to minimize costs of the approach
2. Integrate software to define dynamic opportunity cost of trading whilst improving fleet safety
3. Provide a platform with fleet-level visibility of asset activity and analytical tools to assess performance
4. Gain direct control of all sites and pull all data directly per our requirements

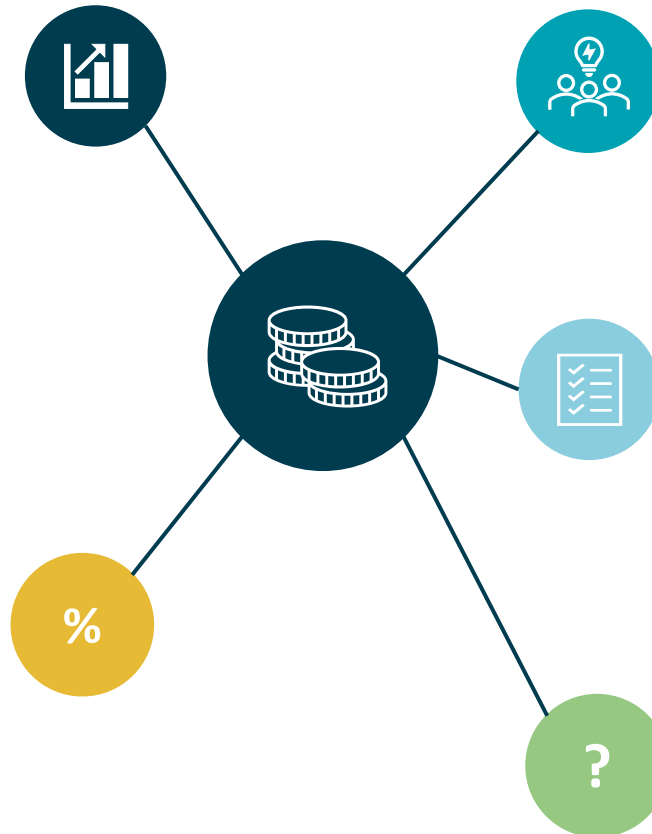
Opportunities greater than the sum of the parts

Commercial Performance

- **RTM services w/o hardware**
- Faster market entry
- Outages awareness
- **Increased availability**
- Benchmarking
- Revenue loss review
- Continuous improvement with data
- Live visibility of RTMs' decisions.

Efficiency

- **Reduced insurance premiums**
- Realtime warranty tracking
- Automated asset and fleet reporting
- Standardised audit data
- **Seamless ability to check asset status**
- Facilitate rapid onboarding of new assets, without new team members
- Trigger service instructions immediately
- Enhanced contract management.



Decision-Making

- **Dynamic opportunity costs** of commercial decisions
- Inform design choices of pipeline
- **Asset awareness: automated fault tracking/analysis**
- Control data extracted and stored
- Inform repowering approach.

Risk Management

- **Major reduction to fire risk**
- Avoid unknown lost downtime
- Boulby now insured
- **Data-driven warranty claims** more likely to succeed
- Avoid inadvertent warranty breaches
- Fault tracking and continuous improvement.

Other

- Reputation for safety seriousness
- Thought leadership in asset management
- **GSC capability to provide in-house services.**

Asset Optimisation



The value of internalising trading

Battery experts



- 8 years of market exposure
- Active in 5 different regions and expanding
- In-house Construction & Asset Management capability

Synergy with asset management



- Perfectly placed to balance commercial vs technical decisions
- Maximise asset life value
- Full understanding of asset characteristics

Removal of conflicts of interest



- No longer beholden to third-party optimisers who have competing assets with different commercial structures

Ownership of strategy



- Trading strategies will not be copied to competitor assets
- Agile and able to create our own competitive edge

Scalable across geographies



- Can apply learnings across different markets to create a global platform for storage trading

Better access to data



- Instant, direct access to high-quality asset data
- Enables better analytics and feeds into better decision making

A battery focussed, data-driven solution



- Software has been fully developed in-house
- Focussed entirely on storage assets
- Monitors assets and markets, create forecasts, determines optimal strategies, and optimises in real-time



- Each asset has unique qualities and characteristics
- We optimise each one independently...
- ...making use of the strengths of the system



- The focus of the system is on wholesale trading
- We believe this to be the key distinguisher in the battery markets at present...
- ...and expect opportunities in this space to grow in the coming years

Summary



Overview

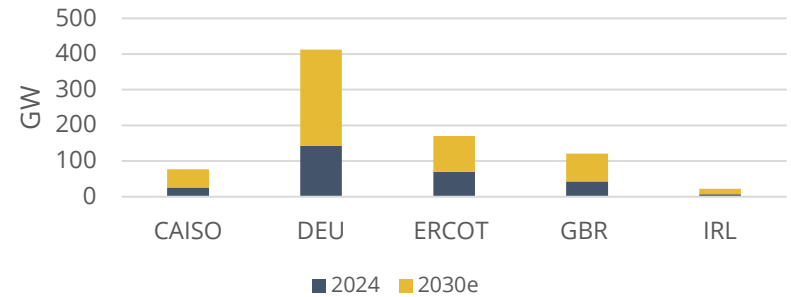
Multiple factors influence the development and build out of BESS. Falling CAPEX and rising renewable penetration can increase the build-out of BESS as a stabilisation asset.

Drivers of BESS

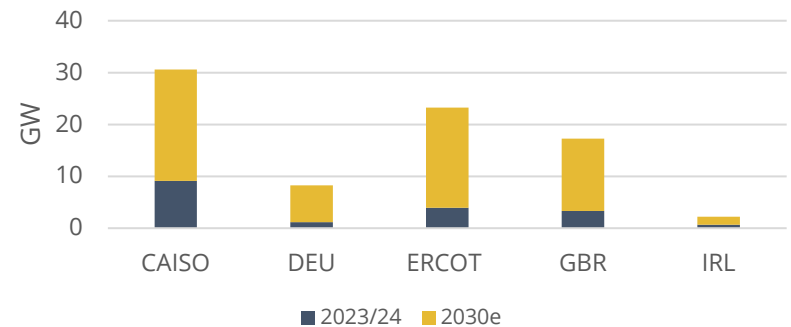
1. Rising **policy support** for a greener grid i.e. BESS and renewable support schemes
2. **Falling capex** for BESS (particularly driven by critical mineral pricing)
3. Rising **renewable penetration** and **falling thermal** generation creates demand for stabilisation assets, such as BESS.



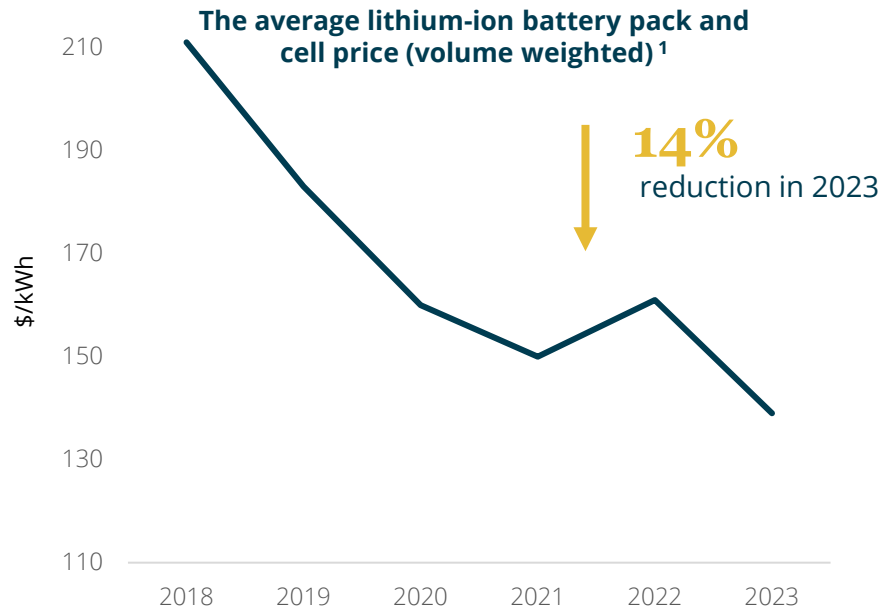
Renewables Installed Capacity



Battery Installed Capacity

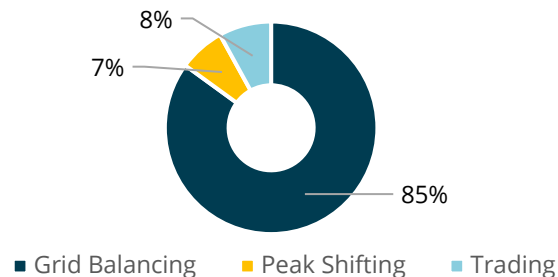


Macroeconomic impacts on the portfolio



- The case for retrofitting assets is driven by:
- 1 Falling capex** increasing the economic case for retrofitting assets with one hour of additional duration. GSC continues to evaluate the economic case for retrofitting assets in GB (increase duration from one-hour to two-hours).
 - 2** Expected shift in all markets, which is expected to favour **a more trading-centric strategy**. Increasing the duration of assets would allow the portfolio to **capture additional revenues** from the Balancing Market and energy arbitrage.
 - 3** The Company has been able to raise both debt and equity in an environment with limited availability from the equity capital market and high interest rates, allowing the Company to explore the optimal retrofitting strategy.

Revenue Stack



- FY23/24: Primarily grid balancing, followed by trading and then peak shifting
- The Resource Adequacy contract in CAISO will significantly increase the portion of contracted revenue across the portfolio.
- Additionally, as the BESS markets evolve, the proportion of revenue from each category is expected to change.

Supportive policy environment for BESS

The fundamentals of energy storage remain unchanged. Rising renewable penetration requires grid balancing services, such as those provided by BESS. As such, governments are increasing their support for energy storage.



Rising policy support for energy storage through a **whole-system approach**, such as revisions to the national planning framework, investment support schemes for long-duration energy storage and **consultations on the reform of the electricity market** and grid connection requests.

Examples: REMA, NPPF, Long-Duration Energy Storage Support Scheme, Commission to NESO: Strategic Spatial Energy plan.



The **Inflation Reduction Act pledged** \$369 bn of investment of energy security and climate change initiatives over ten years; this policy **introduced investment tax credits**. GSF is expecting a cash inflow of \$60-80m from the sale of ITCs associated with its the US portfolio.

Examples: The Inflation Reduction Act, the National Environmental Policy Act, and Bipartisan Infrastructure Law.

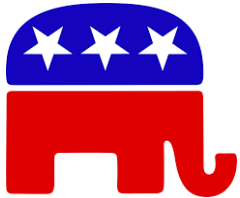


The EU has set a **binding renewable energy target of 32% for 2030**. The European Commission has set recommendations emphasising system integration support, new **government-backed contracts, capacity mechanism** enhancements, and **barrier elimination** for BESS.

Examples: Strategy for Energy System Integration and Renewable Directive (RED III).

Future of the Inflation Reduction Act

The Inflation Reduction Act, passed in late 2022, promises \$369 bn of investment of energy security and climate change initiatives over ten years. This act created Investment Tax Credits for energy storage projects.



While Republicans have been vocal in their opposition to the Act's provisions, unwinding the far-reaching impact of Biden's flagship policy platform would be a **difficult task**, requiring **full control** of the **House, the Presidency and Senate**.



The option remains to take **direct action in the form of executive orders** affecting federal budgets and guidance, potentially reducing access to the investment tax credits currently available for standalone storage and other clean technologies for new investments.



However, retroactive withdrawal of support for existing investments, such as those in Texas and California, is not expected and could potentially improve their long-term profitability by reducing the scale of competing capacity in future years.

Near term focus: derisking the portfolio

RA Contract

- ❖ Secured stackable long term contracted expected to contribute up to 40% of the total revenue of the asset
- ❖ High prices current seen for pre 2026 COD projects due to demand surpassing supply
- ❖ Adds a large contracted element to the Company's revenue profile

Big Rock

- ❖ Foundation piles installed and enclosure onsite
- ❖ Largest asset to date (200 MW/ 400 MWh) in the Company's fifth market
- ❖ Works progressing well with strong confidence for energisation by December 2024

Dogfish

- ❖ All significant physical works completed to safe-harbour the 10% Investment Tax Credit enhancement, including the cells on site
- ❖ 2.5x increase in operational capacity in the highly profitable ERCOT market
- ❖ On track for February 2025 energisation

+ \$60-80m investment tax credit cash inflow

Well-diversified, low-leverage portfolio



Closing Remarks – From GSF Directors



Chair of GSF



Patrick Cox *Chair*

Mr Cox has significant board experience and, in addition to his role as Chair of the Board of the Company, he is currently Chair of Ecocem Ltd – a low carbon cement producer - and of Supernode Ltd – a tech company developing next generation superconducting cable systems and is a non-executive director of Gresham House Ireland.

He is the Chair of the Appointment Advisory Committee of the EIB. He also sits on the boards of various think tanks and not-for-profit organisations, including as a Senior Fellow and Board Member of the Institute for International and European Affairs, Ireland, and the Third Age Foundation Ireland.

GSF & GSC's unique approach



Key technical functions ensure high asset availability, optimal revenue strategies are pursued, and buildout costs remain competitive.

Geographical and technical diversification

5

uncorrelated markets
i.e. GB, IRE, GER, CAISO, ERCOT

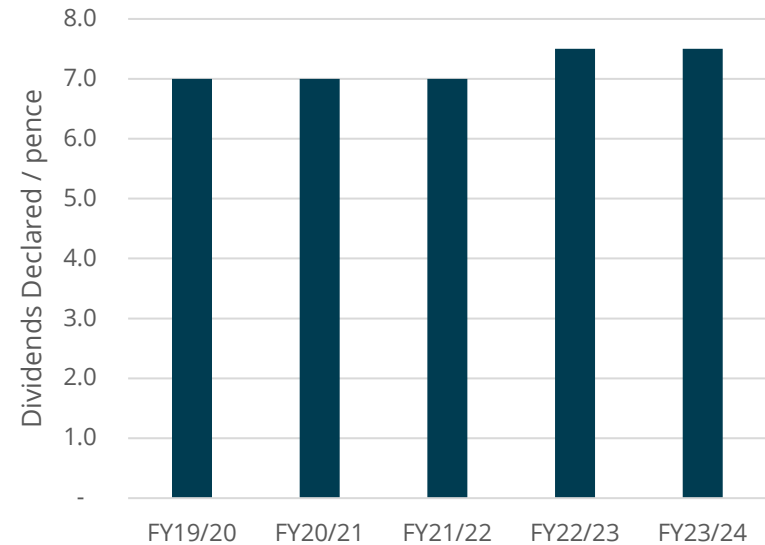
20+

Revenue streams resulting in high revenue generation per MW

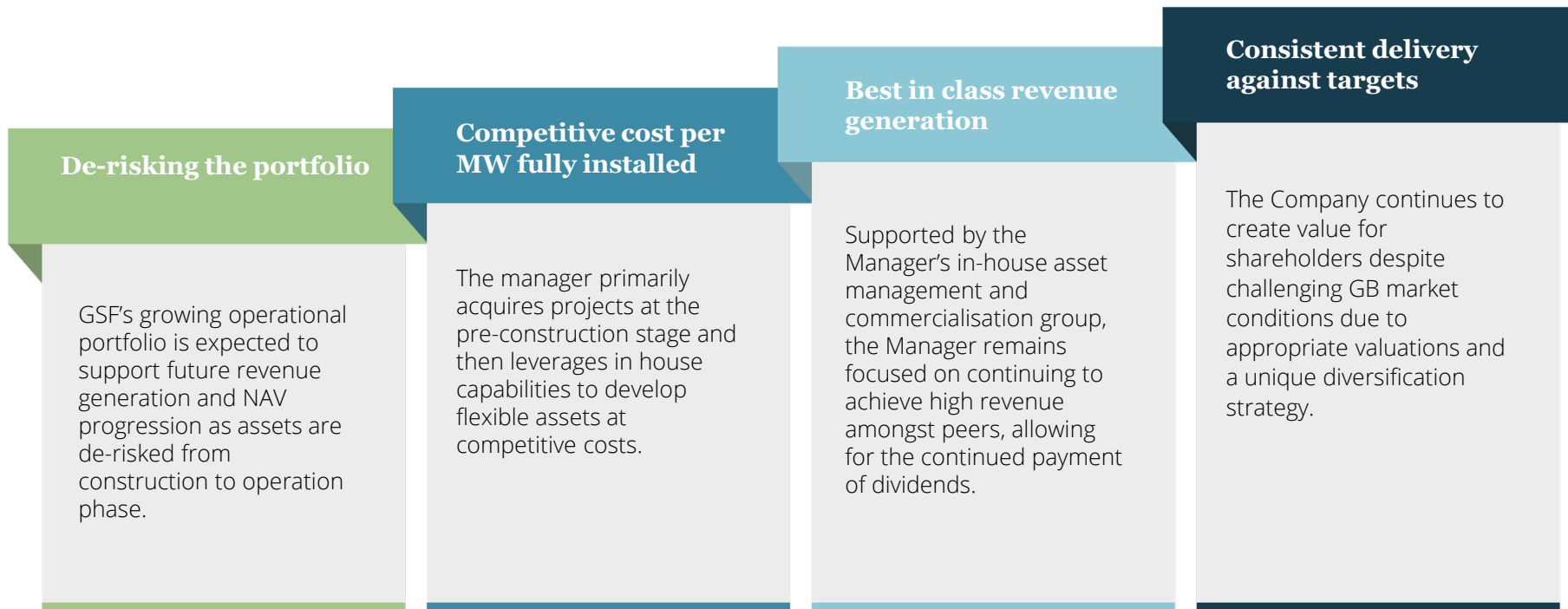
4

System durations¹, ranging from 26 minutes to 2 hours, each tailored to the market opportunity while minimising costs to maximise returns

Continued payment of dividends for the last 5 FY



Conclusion



Past performance is not necessarily a guide to future performance

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