

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

## Highlights of the month:

- Commissioning works are underway on the 50 MW Ferrymuir asset in Great Britain following successful energisation of the project on 13 February.
- Nine of the Company's GB assets, with a combined capacity of 251.5 MW, have been awarded one-year contracts in the T-1 and T-4 Capacity Market (CM) auctions for delivery in 2024/25 and 2027/28, respectively, with a combined value of c. £1.7m.
- National Grid ESO has announced it will double the period in which battery energy storage systems can deliver power in the Balancing Mechanism in March. It will also launch a new Balancing Reserve service.
- The Cremzow asset in Germany has begun delivering automatic Frequency Restoration Reserve (aFRR) following integration of the service into the capabilities of the Company's Route-to-Market (RtM) provider.
- European policymakers have continued to progress legislation that will improve market conditions for energy storage assets.

### TOTAL CAPACITY

**1.17 GW**

29 February 2024

### OPERATIONAL CAPACITY

**421.4\***  
**MW**

29 February 2024

### NAV PER SHARE

**112.9p**

September-end 2023

### SHARE VOLUME

**c.9.6m**

Av. weekly share trading volume in February 2024

### MARKET CAPITALISATION

**£344m**

As at 29 February 2024

### SHARE PRICE

**65.9p**

29 February 2024 closing price

\*Includes 50 MW newly energised capacity at Ferrymuir.

## Portfolio activity

The 50 MW Ferrymuir project in Scotland, GB, has been energised after storm conditions delayed completion of work by the grid operator. Commissioning works are being carried out by long-term strategic partner Nidec to progress the asset towards commercial operations. This will take the Company's revenue-generating capacity to 421.4 MW.

Five of the Company's GB assets were awarded contracts in the latest T-4 CM auction at a clearing price of £65/kW/year. Together with the five contracts secured earlier in the month through the T-1 CM auction, which cleared at £35.79/kW/year, projects totalling 251.5 MW won across both auctions. The de-rated capacity covered in the newly awarded contracts will provide a combined c.£1.7m in two delivery years prior to the start of previously awarded long-term CM contracts, which extend to 2041 for some assets. All GB assets, therefore, continue to have ongoing CM contracts.

The Cremzow asset in Germany began delivering aFRR on 14 February through the Company's RtM provider. The secondary reserve service has two elements focused on energy and power, procured in 15-minute blocks, and is designed to support Frequency Control Reserve (FCR) should it fail to deliver the flexibility needed by the grid. It is designed to maintain a reserve in power and provides revenue for availability in case of activation and for actively balancing energy when called.

## Market development

**GB:** National Grid ESO announced [plans](#) to extend the maximum power a battery energy storage system can deliver in the Balancing Mechanism to 30 minutes in March 2024. The previous 15-minute limit on Maximum Import Limit (MIL) and Maximum Export Limit (MEL) values used to determine the amount of energy that can be safely dispatched limited the visibility of battery systems for the Control Room. The transmission operator expects the change to enhance the use of batteries for residual energy balance, depending on system conditions.

The new day-ahead Balancing Reserve is due to launch in March following [approval](#) by the regulator Ofgem. The service offers contracts for availability within 30-minute settlement periods to deliver negative or positive balancing reserve to maintain grid frequency. Battery energy storage systems will compete with a range of Balancing Mechanism-registered generators, including CCGTs and wind farms, with prices set by the opportunity cost of alternative revenues available in the wholesale market. Balancing Reserve can be stacked within existing strategies but will rely on dispatch improvements.

**EUR:** European Union (EU) Member States will include the sustainability contribution of bids to integration of energy from renewable sources in upcoming auctions under plans provisionally agreed by the European Council and Parliament on 16 February. The Net-Zero Industry Act will also introduce additional weighting to bids that increase the resilience of supply of net-zero renewable energy technologies to avoid excessive dependencies from countries with high concentrations of supply. The legislation, which must now be endorsed and formally adopted, aims to increase manufacturing of battery and energy storage to meet 90%, or at least 550 GWh, of the EU's needs in 2030.

## Policy overview

1

The European Council and Parliament has reached a provisional [agreement](#) on the Net-Zero Industry Act, which will prioritise support for manufacturing of battery and energy storage as one of several technology categories deemed essential to the decarbonisation of the EU.

2

Germany has announced [plans](#) to launch a technology-neutral capacity market mechanism by 2028, with final political agreement between coalition government parties expected by summer 2024. The government has legislated for plans to reach 80% renewable power consumption by 2030, with 360 GW of installed solar, onshore and offshore wind targeted.

## Project update: 200 MW / 400 MWh Big Rock



Construction of the Company's biggest project to date – the 200 MW/400 MWh Big Rock asset in California – is progressing well, with 123 of the site's 137 battery energy storage enclosures arrived at the storage location to await deployment once preparation of the site in Imperial County (pictured) is complete.



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