

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:

- Negative electricity pricing was experienced across Great Britain (GB) and mainland European markets in April as high renewable generation caused increased system volatility, providing opportunities for energy storage systems to charge and capture higher wholesale prices later while capitalising on increased grid services procurement.
- An eclipse on 8 April caused a sudden and extreme swing in solar generation across the US, with steep ramping experienced on the ERCOT grid in Texas in the middle of the day. Increased procurement of flexible capacity was required from a range of assets, including battery energy storage.
- Crews have mobilised at the 75 MW Dogfish site in Texas and significant works are underway on access roads and inverter foundations ahead of scheduled energisation.
- The Company published its [Responsible Investment Policy](#) outlining how investment decisions are guided by responsible corporate governance practices and consideration of environmental and social factors.

### TOTAL CAPACITY

**1.248  
GW**

### OPERATIONAL CAPACITY

**421.4\*  
MW**

\*Includes 50 MW energised, pre-commercial capacity at Ferrymuir.

### NAV PER SHARE

**111.0p**

December-end 2023

### SHARE VOLUME

**c.7.6m**

Av. weekly share trading volume in April 2024

### MARKET CAPITALISATION

**£302m**

As at 30 April 2024

### SHARE PRICE

**59.8p**

30 April 2024 closing price

## Portfolio activity

The 'Great North American Eclipse' on 8 April caused an expected but sudden drop in solar irradiance across the ERCOT grid in the middle of the day. While the weather was overcast, reducing the potential impact of the fall in solar generation, the ramping experienced on the grid was steeper than seen in the evening when solar naturally comes off the grid (see graph). Due to the predictable nature of the eclipse, the grid operator had prepared by procuring flexible capacity from a range of technologies. The incident still resulted in a sharp real-time price spike on which the Company's assets could capitalise, illustrating that value can be secured by delivering reserve services even during periods of predicted volatility.

Significant physical works were completed in April at the Company's 75 MW Dogfish site in Texas to ensure the site remains eligible for a 10% energy community investment tax credit (ITC) bonus. This uplift, on top of the 30% ITC available to standalone energy storage under the Inflation Reduction Act, is offered to sites being built in areas previously reliant for a percentage of employment on fossil fuels.



## Market development

The first weekend of April in GB experienced 15 consecutive hours of negative wholesale energy prices<sup>1</sup> as the carbon intensity of the electricity mix fell to 21gCO<sub>2</sub>/kWh<sup>2</sup> due to increased renewables generation resulting from extreme weather. Prolonged periods of zero or negative pricing continued throughout the month, providing frequent opportunities for batteries to charge and capture higher wholesale prices at other times of the day. Additional upside for GB battery energy storage systems came from increased procurement of Dynamic Response Services, which reached a weighted average for Low and High services of £5.20/MWh, and modest improvements to the Balancing Mechanism, including the Balancing Reserve product and longer dispatch under the 30-minute rule.

High renewables generation also lowered mainland European day-ahead prices to zero or negative levels, pushing conventional assets out of merit order within the common FCR and aFRR market accessed by the Company's German asset. The added volatility caused aFRR energy price spikes in both upward and downward directions as high as €9,830/MWh, seen on 22 April as transmission system operators activated a broad range of resources. Negative pricing conditions are expected to become more prevalent, providing further opportunities for high revenues, although the time frame and materiality of these changes are yet to be seen. The Company is optimally positioned to benefit from any upside across multiple markets while continuing to focus on stable revenue streams.

## Policy overview

1

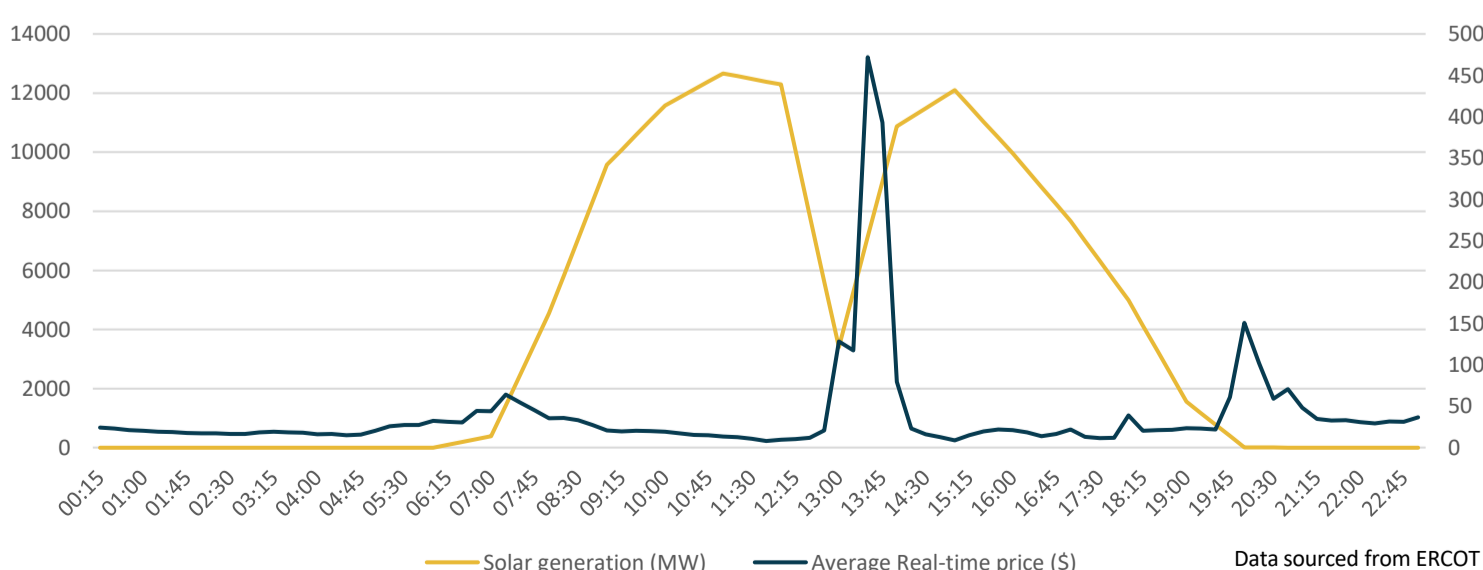
The European Parliament voted on 11 April to adopt **measures** designed to encourage greater deployment of energy storage systems. These include periodic assessment of national and Union-wide non-fossil flexibility needs; setting of indicative national objectives for the technology; and establishment of support schemes specific to energy storage where needed to address market barriers. The European Council now must formally adopt the legislation for it to become law.

2

The EU battery passport to be introduced under EU regulation could reduce costs associated with recycling by up to 20% while improving the credibility and reliability of supply chain data, according to the Battery Pass consortium tasked with implementation. An **assessment** released by the group, backed by the German government, said the performance data to be available under initiative would also reduce procurement, including technical testing costs, by up to 10%.

## Solar ramping during the Great North American Eclipse and impact on real-time prices in ERCOT

Solar generation dropped from over 12 GW at midday on 8 April to c. 3.4 GW within an hour, before rising to almost 11 GW by 14:00. This ramping was far steeper than the gradual fall seen over the course of the remaining daylight hours, causing extreme system volatility. Average real-time prices available to the Company's Texas portfolio rose from \$12/MWh at 12:30pm to an average of \$471.87/MWh an hour later as the grid operator procured system flexibility across a range of grid services to respond to the sudden and extreme changes in supply.



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