April 2025 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, Island of Ireland, Germany, Texas & California.

TOTAL CAPACITY	ENERGISED CAPACITY
1.25 GW	753.4 MW

NAV PER SHARE	SHARE VOLUME
100.7p	8.2m
December-end NAV	Av. weekly share trading volume in April 2025

MARKET CAPITALISATION	SHARE PRICE
£303m	59.9p
As at 30 April 2025	30 April 2025 closing price

Key Takeaways:

- During the period, the Company announced the sale of the Investment Tax Credits for the 75 MW/75 MWh Texan site, “Dogfish”. The price aligned with the range previously guided to the market. The RNS can be found here.
- Ofgem, Great Britain’s energy regulator, published its decision paper approving reform to the electricity grid connection process, as proposed by the National Energy System Operator (NESO).
- The proposed tariffs on imports from China would rise to 82.4% by 2026 for LFP cells[1,2] and therefore increase CAPEX for new battery storage systems in the US if the 90-day suspension between China and the US does not result in a deal.
- In April, the Texas Senate passed Bill S.B. 388, which mandates that 50% of new ERCOT generation capacity from 2026 must be dispatchable (excluding battery energy storage). Before implementation, the Bill must be approved by the Texas House of Representatives.
- Earlier this year, California Independent System Operator (CAISO) implemented changes to the Resource Adequacy (RA) contract to a “Slice-of-Day” system, which could affect the pricing of future battery energy storage RA contracts. However, this does not affect existing contracts, including the Company’s Big Rock RA contract.

Policy Update

1 Ofgem Grid Connections Reform

On 15 April, Ofgem, Great Britain’s energy regulator, published its decision paper approving reform to the electricity grid connection process, as proposed by the National Energy System Operator (NESO).

The current grid connection system is inefficient, resulting in long-lead times, and the connection queue not appropriately reflecting system needs. The uncertainty surrounding the grid connection process has also created uncertainty for investors.

NESO proposed the implementation of the TMO4+ reform, which reprioritises projects in the existing queue into a two-Gate system.

Projects that are:

i) ready (i.e. land rights/sufficiently progressed their planning status), and

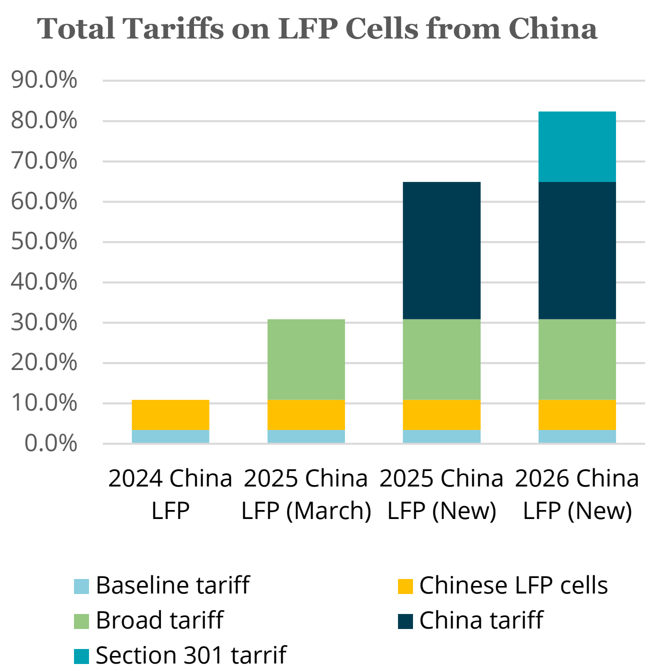
ii) needed under the Clean Power 2030 Action plan,

are assigned to Gate 2, and projects that do not meet that criteria are deprioritised to Gate 1. However, certain projects in the queue are protected, such as those scheduled for commissioning in 2026.

While the reformed process focusses on projects connecting at a transmission-level, generation and storage projects connecting at the distribution-level that qualify for Transmission Impact Assessment are also within scope (i.e. greater than 1 MW in England, and Wales and greater than 200 kW in Scotland). Ofgem proposes similar reforms for distribution assets, with proposals split into two gates.

Impact of Proposed US Regulation on Energy Storage

Tariffs: President Trump’s announcement regarding “Liberation Day” led to the proposed imposition of universal and reciprocal tariffs on almost all imports. Most notably for energy storage is the proposed 34% tariff on China, in addition to the previously announced 20% tariffs, and 10.9% tariffs for LFP cells[1]/baseline tariffs, resulting in a total tariff of 64.9% on LFP cells from China, if the 90-day pause on tariffs does not result in a deal. This could further rise[2] to 82.4% in 2026, due to the Section 301 tariff increase announced under the Biden Administration, which aimed to target unfair trade practices, particularly related to technology transfer and intellectual property.[3] In 2024, over 90% of lithium-ion energy storage cells deployed in the US storage market originated from China[2]. This could dramatically increase CAPEX for new battery storage systems in the US, and reduce future capacity buildout, which whilst detrimental to broader transition targets, could reduce the rate of saturation in the market due to the continued need for battery assets and ancillary services.



Texas – Bill S.B. 388 In April, the Senate passed Bill S.B. 388, which requires 50% of new ERCOT generation capacity from 2026 to be dispatchable generation capacity (gas, coal, etc.), excluding battery energy storage. Before implementation, the**:** Bill must be approved by the Texas House of Representatives. This is anticipated to have a similar impact to the recently proposed tariffs, i.e. reducing battery energy storage buildout in the near term.

Resource Adequacy[4] (RA): The RA programme in California aims to ensure sufficient generation resources are available to meet the energy system's supply requirements. The RA programme requires load-serving entities (LSEs) to demonstrate they have secured enough generation capacity through RA contracts to cover their forecasted peak demand plus a reserve margin. These bilateral agreements require the resource, e.g. a battery energy storage asset, to bid into the wholesale market for the contracted capacity and receive payment for being available. In 2025, the California Independent System Operator, CAISO, transitioned to a “Slice of Day” structure for RA contracts to better reflect grid requirements, given the intermittency of renewable energy sources on the grid and decreased thermal generation capacity. Historically, load-serving entities in California had to secure enough capacity based on a monthly peak requirement, however it has since changed to an hourly-target. In addition, CAISO has changed the methodology for derating Solar and Wind capacity, increasing their rewarded capacity for RA, leading to increased supply on the market. LSEs must now also account for charging capacity in addition to the RA hourly targets during other hours of the day. The surplus in solar capacity during periods of daylight reduces the dispatchable generation needed during these hours, making batteries more valuable for the evenings where solar ramps down, but net load increases. Batteries, therefore, provide greater flexibility for LSEs. The longer-term impact on the contract values of future RA for batteries depends on a variety of factors, including interconnection queues, the capabilities of existing batteries, and thermal generation retirement, among others. However, the increase in potential supply for RA with these changes, may lead to supressed pricing for contracts secured in future years.

1. LFP: Lithium Iron Phosphate cells
2. Source: Rho Motion
3. Source: White & Case
4. Source: Modo Energy

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The Company 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 16 May 2025 the Company is trading at a discount of 38% to the NAV as at 31 December 2024.

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