December 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, Island of Ireland, Germany, Texas, & California.

TOTAL CAPACITY	ENERGISED CAPACITY[1]
1.25 GW	621.4 MW

NAV PER SHARE	SHARE VOLUME
100.5p September-end NAV	8.2m Av. weekly share trading volume in December 2024

MARKET CAPITALISATION	SHARE PRICE
£243m As at 31 December 2024	48.1p 31 December 2024 closing price

Key Takeaways:

- On 12 December, the Company published its FY2024/25 half-year results for the six-month period ending 30 September 2024.
- Post period, the Company energised its largest asset to date, the Californian asset, Big Rock (200 MW / 400 MWh). This increases the Company's energised capacity to 621.4 MW / 792.1 MWh.
- The Company's German asset, Cremzow (22 MW / 29 MWh), captured high energy prices because of high renewable penetration and a period of sustained low wind generation. Further details can be found below.
- By the end of December 2024, five assets in the Company's GB portfolio had been successfully onboarded to Gore Street Energy Trading (GSET); Port of Tilbury (POTL), Breach, Larport, Lascar and Hulley, with a combined capacity of 78.5 MW (33% of GB MW capacity). Since November 2024, the GSET portfolio[2] has outperformed the Modo 1-hour BESS benchmark by 19.0%.
- In December, the secondary market for US Investment Tax Credits (ITCs) saw more activity as buyers shifted their focus to the new year. The Company anticipates receiving ITCs for Big Rock (200 MW / 400 MWh) and Dogfish (75 MW / 75 MWh). The pricing for these ITCs on the secondary market has remained consistent with expectations.
- Responses from the second consultation of the UK Review of Electricity Market Arrangements (REMA), open from 12 March to 7 May 2024, highlighted two preferred proposals: a zonal pricing framework and an updated national electricity pricing framework. More details are available below.

Market & Policy Update

1 NESO launched its new Quick Reserve

The National Energy System Operator in Great Britain (NESO) launched phase 1 of the new "Quick Reserve" service on 3 December 2024.

The Investment Manager continues to monitor the impact that this is having on the other mechanisms in the market. Notably, on 12 December, Dynamic Containment Low cleared at its highest price in two years.

2 UK Review of Electricity Market Arrangements (REMA)

The UK Government is undertaking REMA with collaboration between DESNZ, Ofgem, NESO and National Grid. REMA aims to ensure cost-effective operations in the wholesale market and balancing arrangements as renewables take centre stage in the transition to a clean power system. It also aims to manage the challenges associated with higher variable renewable electricity on the grid.

No decision has yet been taken between zonal pricing or a reformed national pricing. Although the government has stated that both options remain under equal consideration. Significant steps forward have been made, with an outline of what each pricing strategy would consist of having been designed. Next steps include additional stakeholder engagement and a detailed cost-benefit analysis of each proposed mechanism, which will be made publicly available.

The target remains to conclude the policy development phase of the REMA programme by around mid-2025.

The full report can be found here.

Portfolio Activity

Great Britain: Five of the Company's GB assets have prequalified for the T-4 28/29 capacity auction (Hulley, Larport, Lascar, Port of Tilbury, and Ancala 1 and 2). All material works needed for Enderby's (57 MW / 57 MWh) energisation have been completed however there has been a delay, attributable to last-minute transformer inspection requirements imposed by National Grid Electricity Transmission (NGET).

Island of Ireland: Provisional results for the T-4 28/29 Capacity Market auction show the Company's three operational assets (Porterstown, Mullavilly, and Drumkee) were awarded their nominated capacity at a price of €149,960/MW.

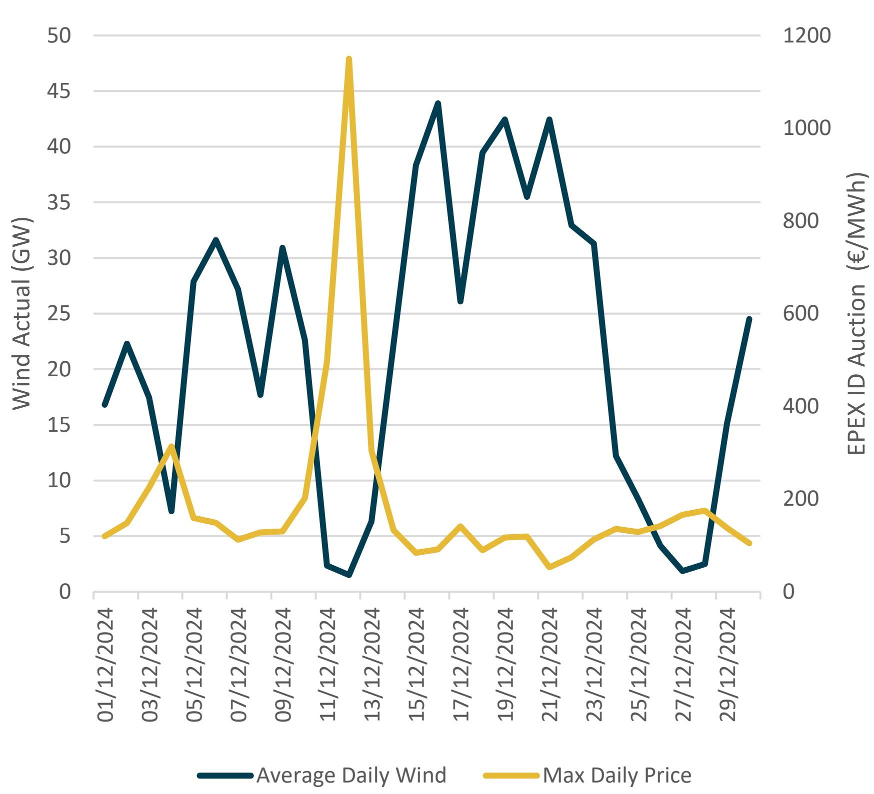
California: Big Rock (200 MW / 400 MWh), the Company's largest asset to date, was energised post-period. The asset will help contribute to the 7,000 MW of additional annual clean power required for California to reach its clean energy goals[3]. This asset provides long-term contracted revenue to the Company through the 12-year Resource Adequacy contract, valued at over $165 million over the contract life, which commences in June 2025.

How a Drop in Wind in Germany Created Volatility in Energy Prices and Benefited BESS Assets

In Germany, wind generation showed significant volatility over December, as highlighted by the blue line on the graph to the right. There was a significant, sustained drop in wind generation between 10 - 13 December, which resulted in thermal generators having to turn on during this period. In cases such as these, where there is a high residual load due to renewables being unable to meet the required energy demand, energy prices can increase significantly due to the higher marginal costs associated with thermal generation. As a result, energy prices reached over €1,100/MWh during December, which the Company's German asset, Cremzow (22 MW / 29 MWh), was able to capitalise upon successfully.

The German market is characterised by high solar penetration in summer and short periods of low wind generation in the winter, resulting in energy price volatility. BESS can take advantage of these fluctuations, provide flexibility to the grid, and reduce prices for consumers by increasing supply during periods of shortage.

German Wind and Electricity Prices (December 2024)



1. The Company will continue to report energised capacity in line with the latest Annual Report for year ended 31 March 2024.
2. Gore Street Energy Trading (GSET): The Port of Tilbury asset is excluded from this revenue comparison as revenue data access is delayed due to the asset's commercial structure.
3. 2024 CAISO Energy Matters Blog

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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