

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, Ireland, Germany, Texas, & California.

Key Takeaways:

- The 200 MW / 400 MWh Californian asset², Big Rock, has secured a Resource Adequacy (RA) contract. This is a stackable fixed-price contract worth over \$14m annually, marking a substantial achievement for the largest asset in the Company's portfolio. Similar to the GB Capacity Market contracts, this contract allows Big Rock to participate in multiple revenue-generating services at once. In October, 18 enclosures were filled with batteries, and the asset remains on track for energisation in December 2024.
- At Dogfish, the 75 MW / 75 MWh construction asset in Texas, the remaining batteries have been delivered to the site, and delivery of the power conversion systems (PCSs) is expected to arrive on site in November. The asset is on track for energisation in February 2025.
- In Ireland, following a consultation by EirGrid and SONI (IRE TSOs³), the Single Electricity Market Commission enacted changes to the 'Delivering a Secure, Sustainable Electricity System' (DS3) scalars.
- The UK government has proposed a Long-Duration Energy Storage (LDES) support scheme. This is in the form of a cap-and-floor mechanism which is designed to increase investment in LDES by providing increased certainty for investors. The scheme would apply to energy storage assets with a minimum capacity of 50 MW and a minimum duration of six hours.

TOTAL CAPACITY

1.25
GW

ENERGISED CAPACITY¹

421.4
MW

NAV PER SHARE

104.4p

Unaudited Jun-end 2024

SHARE VOLUME

c.7.4m

Av. weekly share trading volume in October 2024

MARKET CAPITALISATION

£300m

As at 31 October 2024

SHARE PRICE

59.4p

31 October 2024 closing price

Policy & Market Updates

1 Changes to DS3 scalars in Ireland

Following a consultation by EirGrid and SONI, changes to the pricing of DS3 have been introduced.

DS3 prices are contingent on the SNSP (System Non-Synchronous Penetration), a measure of renewable penetration on the grid. The SNSP bands impact the Temporal Scarcity Scalars (TSS), and thereby affect DS3 prices. These changes were implemented on October 1st.

The TSS has been reduced to 4.0 when SNSP > 70% and to 2.25 when SNSP > 60%.

2 Long Duration Energy Storage Support Scheme

The UK's Department for Energy Security and Net Zero (DESNZ) has proposed a plan to support investment in energy storage infrastructure, particularly Long-Duration Energy Storage (LDES).

This follows a consultation held earlier this year (closed in March) that proposed a cap-and-floor scheme. The government has decided that this is the optimal policy approach to increase investment in LDES due to improved revenue certainty for investors while also offering protection to consumers by limiting revenues to an agreed cap.

The investment support scheme is intended to be split into two routes based on the maturity of the technology. The first round of the cap-and-floor model is expected to be available to applicants in 2025.

The scheme would apply to any long-duration energy storage that meets the electricity storage definition (as defined by the Energy Act 2023) and has a minimum duration of 6 hours and a capacity of 50 MW.

Resource Adequacy Contract Secured for Big Rock

The Californian asset "Big Rock" has secured an RA contract with a subsidiary of Goldman Sachs. This stackable fixed-price contract, worth over \$14m annually, marks a substantial achievement for the largest asset in the Company's portfolio. Similar to the GB Capacity Market contracts, it allows the asset to participate in multiple products at once.

The RA programme in California aims to ensure sufficient generation and transmission resources are available to meet the energy system's requirements. The RA programme requires load-serving entities to demonstrate they have secured enough capacity to cover their forecasted peak demand plus a reserve margin. This includes physical resources like energy storage to ensure flexibility and reliability in the power supply. The RA contract requires a minimum duration of 4 hours.² This type of RA contract only exists in California Independent System Operator (CAISO).

Therefore, the Company's Big Rock asset will utilise 100 MW of RA deliverability, which has secured a fixed price of over \$16 per MW/hr, equivalent to over \$140,000 per MW/yr.



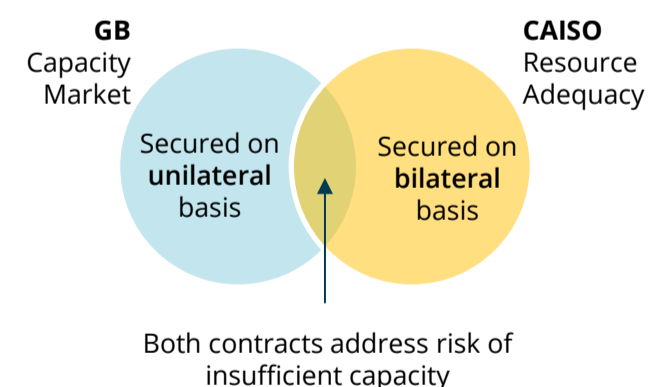
Contracted Capacity + Reserve Margin



CAISO's Load-serving entities



Long-term contract



Portfolio activity

GB: Port of Tilbury's optimisation was taken in-house, managed by Gore Street Energy Trading (GSET), further details can be found in the [Capital Markets Day presentation](#). Across GB, battery revenue reached its highest level in 12 months in October due to increased wholesale trading revenue. This increase in wholesale trading revenue is a function of a series of factors; wind generation, gas and carbon prices. More specifically, low wind generation and increased demand coincided, which resulted in excess demand being managed with gas-based electricity generators. This seasonal change in increased gas-based electricity generation, therefore, represents an increased portion of total generation and ties energy prices closer to gas prices. This trend is likely to continue into the colder months. This could decouple the link between revenues and wind generation for BESS.

IRE: Revenue from the Irish portfolio with a DS3 uncapped contract, 100 MW/ 47.3 MWh, was affected by the altered Temporal Scarcity Scalars, which affected DS3 prices over the period. Porterstown I was unaffected by the change as it holds a DS3 capped contract.

1. The Company will continue to report energised capacity in line with the latest Annual Report for year ended 31 March 2024.
2. The Big Rock asset can be configured as a 100 MW/400 MWh asset to meet RA requirements.
3. TSO: Transmission System Operator

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The fund 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 18 November 2024, the fund was trading at a discount of 51% to the unaudited 30 June 2024 NAV.

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Investment Manager Gore Street Capital

Alex O'Kinneide / 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