

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:

- Operational Texas assets achieved their highest daily revenue of the month on 8 May after low thermal generation and variations in wind and solar on the ERCOT grid led to real-time pricing averaging c. \$3,000/MWh across the Company's assets, compared with a c. \$135/MWh average across the rest of May.
- The California Independent System Operator (CAISO) is evaluating allowing energy storage bids in the real-time market to exceed a soft cap of \$1,000/MWh to reflect intraday opportunity costs and availability.
- The Company's 22 MW Cremzow asset is now able to access all possible revenue streams in Germany after beginning its participation in the automatic Frequency Restoration Reserve (aFRR) capacity service.
- The first battery enclosures, as well as two transformers, have arrived at the 200 MW Big Rock construction asset in California.
- European Member States have been advised by the European Commission to consider the availability of energy storage when meeting their renewable energy targets.

### 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. 6.8m**

Av. weekly share trading volume in May 2024

### MARKET CAPITALISATION

**£328m**

As at 31 May 2024

### SHARE PRICE

**65p**

31 May 2024 closing price

## Portfolio activity

**US:** The Company's operational Texas portfolio achieved its highest daily revenue for the month on 8 May as real-time pricing averaged c. \$3,000/MWh across the assets' locations. Around 24 GW of thermal assets were undergoing maintenance while up to 7 GW of wind was being generated on the ERCOT grid across the afternoon, causing net load to peak over 55 GW<sup>1</sup> as solar ramped offline. The resulting volatility allowed the Company to capture the bulk of its daily revenue from real-time energy markets, with the majority achieved during just two evening hours when prices reached over \$5,000/MWh. In contrast, average real-time prices over the month were c. \$135/MWh excluding 8 May.

With ancillary services tracking slightly behind real-time energy prices, the Investment Manager retained available headroom to discharge in the real-time market to capture the additional upside. An alternative strategy was used on 26 May when the assets were targeted at ECRS as real-time energy prices were significantly less lucrative throughout the day.

**GER:** The Cremzow asset in Germany has begun participation in the automatic Frequency Restoration Reserve (aFRR) capacity service, in addition to providing balancing energy reserves. The aFRR capacity service pays providers to reserve flexible capacity that can be called on in case of system imbalances. Following successful testing of the service utilising 1 MW, up to 17 MW is now available from Cremzow, meaning the asset is accessing all possible revenue streams in the German market.

## Market development

**US:** CAISO has **proposed** allowing energy storage assets to bid above the current soft cap of \$1,000/MWh in the real-time market to provide additional headroom to bids that can reflect intraday opportunity costs. This change, which is being evaluated for introduction in summer 2024, is intended to enable energy-limited resources like energy storage to indicate availability for discharge during more stressed grid conditions, such as during the evening ramp-down of solar generation when prices might exceed the current soft offer cap.

This issue will become more acute as additional renewable generation is added to the CAISO grid, with 38 GW of solar recently approved under the latest **2023-2024 Transmission Plan**. This will also enable development of critical standalone and co-located energy storage systems to support the addition of 85 GW of capacity across a range of technologies by 2035.

**GB:** National Grid plc has **announced** a planned capital raise of c. £6.8bn to support a five-year, £60bn energy network investment plan intended to fund infrastructure upgrades in the UK and US. The international utility expected to issue over a billion new shares on the London Stock Exchange on 12 June 2024. The news followed the **publication** of a £58bn networks investment plan by GB electricity system operator National Grid ESO to ensure the country meets its target of a fully decarbonised electricity system by 2035. This could be brought forward to 2030 pending the outcome of the UK General Election taking place on 4 July.

## Policy overview

1

The European Commission has **advised** Member States to consider energy storage availability when planning how to meet their obligations under the Renewable Energy Directive, which sets a binding target of 42.5% of the EU's gross final energy consumption to come from renewables by 2030. The Commission has also updated **guidance** on how to speed up permitting for renewable energy solutions like energy storage, while the European Council has **adopted** the Net-Zero Industry Act to bolster cleantech manufacturing.

2

The Irish government has **approved** the Climate Action Plan 2024 following public consultation. It confirms targets to increase grid flexibility to allow up to 85% of renewable generation on the grid at any time by 2025, rising to up to 100% by 2030. This will accommodate targeted deployment of 9 GW of onshore wind, 8 GW of solar power, and at least 5 GW from offshore wind projects by 2030. The plan also includes a commitment to investigate market options able to incentivise long duration energy storage.

## Big Rock buildout continues to progress in California



Construction of the 200 MW/400 MWh Big Rock asset has reached a new milestone with the delivery of two transformers and the first battery enclosures to the site in California. The project—the Company's first in the CAISO grid market—is scheduled for energisation by the end of 2024.

<sup>1</sup> Source: Modo Energy



## Disclaimer

This presentation has been prepared by Gore Street Capital Limited ("Gore Street Capital") for information and discussion purposes only and should not be considered to be an offer or solicitation of an offer to buy or sell shares in the capital of Gore Street Energy Storage Fund plc (the "Company"). This document, any presentation made in connection herewith and any accompanying materials do not purport to contain all information that may be required to evaluate the Company and/or its financial position and do not, and are not intended to, constitute either advice or a recommendation regarding shares of the Company. This document is not intended to be relied upon as the basis for an investment decision and does not provide, and should not be relied upon for, accounting, legal or tax advice and each prospective investor should consult its own legal, business, tax and other advisers in evaluating any potential investment opportunity.

The information in this presentation has not been fully verified and is subject to material revision and further amendment without notice.

The distribution of this presentation in, or to persons subject to the laws of, other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction.

None of the Company, Gore Street Capital, Shore Capital, J.P. Morgan Securities plc or any other person makes any guarantee, representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information and opinions contained in this document, and none of the Company, Gore Street Capital, Shore Capital, J.P. Morgan Securities plc or any other person accepts any responsibility or liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

In preparing this presentation, Gore Street Capital has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was otherwise reviewed by Gore Street Capital. The information presented in this document may be based upon the subjective views of Gore Street Capital or upon third party sources subjectively selected by Gore Street Capital. Gore Street Capital believes that such third-party sources are reliable, however no assurances can be made in this regard.

Neither this presentation nor its contents may be distributed, published or reproduced, in whole or in part, by you or any other person for any purpose. In particular, neither this presentation nor any copy of it may be: (i) taken or transmitted into the United States of America; (ii) distributed, directly or indirectly, in the United States of America or to any US person (within the meaning of regulations made under the US Securities Act 1933, as amended); (iii) subject to certain exceptions, taken or transmitted into Canada, Australia, New Zealand or the Republic of South Africa or to any resident thereof; or (iv) taken or transmitted into or distributed in Japan or to any resident thereof. Any failure to comply with these restrictions may constitute a violation of the securities laws or the laws of any such jurisdiction. The distribution of this document in other jurisdictions may be restricted by law and the persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The value of investments and the income from them can fall as well as rise. An investor may not get back the amount of money he/she invests.

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 31 May 2024, the fund was trading at a discount of c.41% to the NAV of the same date.

This document may include statements that are, or may be deemed to be, forward-looking statements. The words "target", "expect", "anticipate", "believe", "intend", "plan", "estimate", "aim", "forecast", "project", "indicate", "should", "may", "will" and similar expressions may identify forward-looking statements. Any statements in this document regarding the Company's current intentions, beliefs or expectations concerning, among other things, the Company's operating performance, financial condition, prospects, growth, strategies, general economic conditions and the industry in which the Company operates, are forward-looking statements and are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and that may cause the actual results, performance or achievements of the Company to differ significantly, positively or negatively, from those expressed or implied by such forward-looking statements. No representation or warranty, express or implied, is made regarding future performance or the achievement or reasonableness of any forward-looking statements. As a result, recipients of this document should not rely on forward-looking statements due to the inherent uncertainty. Save as required by applicable law or regulation, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document. No statement in this document is intended to be, nor should be construed as, a profit forecast.

This document includes track record information regarding the Company and Gore Street Capital. Such information is not necessarily comprehensive and potential investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this document relates. The past performance of the Company or Gore Street Capital is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company.

### 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 Buchanan

Charles Ryland / Henry Wilson  
T +44 (0) 207 466 5000  
E [gorestreet@buchanan.uk.com](mailto:gorestreet@buchanan.uk.com)