May 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.

Key Takeaways:

- Post-period, the Company announced the unaudited NAV and dividend declaration for the Mar-end period (1.0 pence per share). An additional 3 pence special dividend expected when proceeds from the sale of the Big Rock ITC are available for distribution. This follows the sale of the Investment Tax Credits for the Dogfish asset. An independent advisor has been appointed to assess mid-term strategy options and inform a comprehensive capital allocation plan for the Company.
- The Board and the Investment Manager agreed to change management fees to be equally weighted between market capitalisation and adjusted NAV, with a cap of 1% of adjusted NAV. Based on the average share price during the 2024 financial year, a c.22% or £1.14 million saving would have been achieved based on the revised management fee.
- On May 22, 2025, the US House of Representatives passed the "One, Big, Beautiful Bill" with a 215-214 vote, which, if enacted, would have no impact on the Company's receipt of the Big Rock tax credits.
- The German regulator, Bundesnetzagentur, has ruled that German TSOs will pay batteries which qualify and bid a fixed price for inertia capabilities, with contract durations ranging from 2 to 10 years, and has released a paper on broad reform of the grid fee methodology, which will be consulted on until the end of June.
- The NI and ROI electricity markets operate as a single system (EirGrid/Soni). The two market reforms signposted over recent years, the phase out of DS3 and the introduction of the replacement service, FASS, have both been delayed. In the interim period, the assets will continue to participate in DS3, a lucrative ancillary service for the portfolio. As previously reported, these changes have been reflected in the Company's net asset value and in the revenue curves of December-end 2024 and March-end 2025.

TOTAL CAPACITY
1.25 GW

ENERGISED CAPACITY
753.4 MW

NAV PER SHARE
102.8p
Unaudited Mar-end NAV

SHARE VOLUME
6.2m
Av. weekly share trading volume in May 2025

MARKET CAPITALISATION
£326m
As at 30 May 2025

SHARE PRICE
64.6p
30 May 2025 closing price

GB Policy Update

1 Review of Electricity Market Arrangements (REMA)

The Review of Electricity Market Arrangements (REMA) is a UK government consultation looking at a range of changes to the electricity market to support a net-zero power sector while ensuring reliability and affordability for consumers. The policy development phase is expected to conclude by Q2 2025, with confirmation of a decision on zonal pricing. Currently, the electricity price is set by the marginal cost of generation in the GB market.

Zonal pricing involves dividing the electricity market into regions with different wholesale prices depending on local supply, demand and grid constraints. The rationale for a potential change is to improve price signaling and have more efficient grid management on the pathway to greater renewable generation.

However, in the interim period, the specific impact on an asset is dependent on numerous factors, including but not limited to the location of the zones, the granularity of the price-signaling, and alignment with efforts for Strategic Spatial Energy Planning.

Despite the uncertainty regarding the specific zonal methodology, the Company's GB portfolio is well geographically diversified with assets across England, Wales and Scotland, and therefore well positioned to managed volatility during the implementation phase once enacted.

The Company's well diversified portfolio across five markets also reduces the inherent risk associated with a policy change in any one market.

Investment Tax Credits (ITCs) for Clean Energy

On May 22, 2025, the US House of Representatives passed a new tax bill (available here)—referred to as the "One, Big, Beautiful Bill", after a 215-214 vote. The Bill passed with several last-minute modifications.

Based on the House-approved update in tax legislation, there would be no impact on the Company or its ability to monetise the tax credits associated with the Big Rock asset. Proceeds from the sale of the Investment Tax Credits associated with the Dogfish asset have been received.

If enacted, the proposed bill would clarify that the transferability of tax credits would not be retroactively altered and would be phased out only two years after the enactment of this legislation (dependent on the specific energy credit). In a bid to back shovel-ready projects, the changes would require projects to "commence construction" within 60 days of the bill's enactment to qualify for tech neutral tax credits (45 Y Production Tax Credit and 48 E Investment Tax Credit) and be placed-in-service by the end of 2028.[2]

Another key change is the broadening of the existing definition of Foreign Entity of Concern (FEOC) to include "prohibited foreign entity", a "specified foreign entity" restrictions. From 2026, specified foreign entities would not be able to receive credits, and from 2028, foreign-influenced entity can not receive credits.[3]

Now that the Bill has passed the House of Representatives, the Senate will review it, where they may approve or modify the Bill. If the Senate approves a different form of the Bill than the one the House approved, it is then sent to an additional conference committee.[1] Following this, it will be sent to the President, at which point it would become law. Whilst the draft proposal made significant changes to transferability, the version approved by the House treated transferability more favourably, with it being fully restored for nuclear projects.

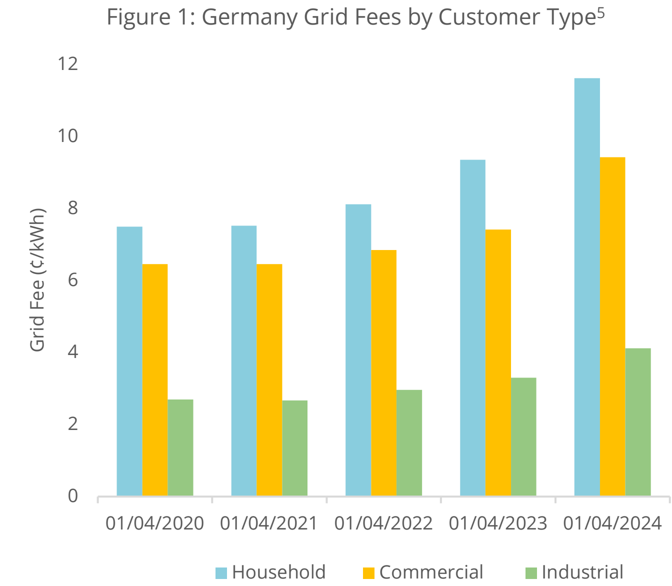
German Grid (Inertia & Grid Fees)

The German regulator, Bundesnetzagentur, published a ruling on the procurement of grid inertia. German TSOs, of which there are four, will pay batteries (alongside other resources) a fixed price for batteries that bid and prequalify for inertia capabilities. The fixed price is yet to be published. The duration of these inertia contracts will be defined by the supplier (expected to range from 2 to 10 years). Access to this service increases the potential contracted element of revenue for battery energy storage assets, further diversifying revenue streams.

The regulator also released a paper on broad reform of the grid fee methodology.[4] This paper will be consulted on until the end of June. Grid fees have risen by c. 50% over the last five years, when averaged across customer types (Figure 1), and hence have prompted an industry-wide call to reform these fees. This is not the only factor; the changing needs of the grid have been emphasised, with a greater demand for flexible assets, from when the initial grid fee structure was drafted c. 20 years ago. Currently, battery energy storage systems are exempt from grid fees.

Whilst the paper does not propose a specific reform, it introduces a range of possible options: i) grid fees for the feed-in of electricity, ii) changes to price elements such as replacing the demand fee with a capacity price, iii) dynamic grid fees and nationwide grid fees. These changes could come in 2029, following the expiration of the existing fee ordinance.

Figure 1: Germany Grid Fees by Customer Type[5]



Sources:
1. Norton House
2. Politico
3. Crux Climate
4. Baker McKenzie
5. Statista

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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 03 July 2025 the Company is trading at a discount of 36% to the unaudited NAV as at 31 March 2025.

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