

5 June 2024

Gresham House Energy Storage Fund PLC
("GRID" or the "Company")

Tolling agreement with Octopus Energy

Delivering significant contractual income for GRID and benefitting UK electricity bill payers

Gresham House Energy Storage Fund plc (LSE: GRID), the UK's largest fund investing in utility-scale battery energy storage systems, is delighted to announce that fourteen of its projects, representing 568MW/920MWh, have secured fixed price contracts with a subsidiary of Octopus Energy ("**Octopus**"), the UK's largest electricity provider, which provides attractively priced, two-year fixed-price contracts for approximately half of the Company's 1,072MW target portfolio starting in a phased manner from 1 July 2024.

For the term of these arrangements, Octopus will pay a fixed fee per MW on these projects in return for the use of each project's batteries. The fixed fee rate is determined by the duration of the asset (expressed in hours) and excludes Capacity Market payments which the projects will continue to receive separately.

Including the Company's Capacity Market revenues across its full portfolio, the majority of which are for 15 years index-linked to CPI, the Company expects to have annual contracted revenues of c.£43mn during the tolling arrangement.

This contract underpins GRID's revenues and provides a greater degree of certainty over the Company's cash flows. For the portion of the portfolio contracted with Octopus, the Company has secured a higher price than recent weak performance at the start of the year, and at a competitive price for underlying battery economics.

Following this agreement, which allows time for assets to be onboarded by Octopus and allows GRID to complete the construction and/or augmentation of certain projects, the end-of-2024 portfolio is expected to be c.50% hedged: 568MW/920MWh of the target portfolio will be contracted under the agreement while 504MW/776MWh will continue to operate under existing optimisation agreements.

These fixed price contracts will provide greater confidence in restarting a dividend at the appropriate stage in 2025.

Kieron Stopforth, Head of Flexibility at Octopus Energy, said:

"Every year we're letting hundreds of gigawatt-hours of clean energy go to waste because our system isn't flexible enough - not only that, we also have to pay for this senseless waste.

"Batteries play a key role in unlocking the clean and cheap energy system, storing green energy when it's plentiful and providing it to the grid when energy is expensive.

"Through this landmark deal with GRID we're not only increasing the size of our virtual power plant to over 1.5GW, we're also unlocking the power of flexibility to drive down costs for consumers across the country."

John Leggate CBE, Chair of Gresham House Energy Storage Fund plc, said:

"The Board and Manager firmly believe that the rebalanced mix of contractual and merchant revenues offers shareholders a superior risk adjusted target return and material risk mitigation, particularly in a revenue environment that remains uncertain in the near term, by reducing direct exposure to the Electricity System Operator (ESO) as the principal counterparty in Great Britain."

Ben Guest, Fund Manager of Gresham House Energy Storage Fund plc & Managing Director of Gresham House New Energy, said:

"The fixed-price contracts with Octopus secure revenues for GRID at levels which, for the time being, are above those currently being achieved from the merchant revenue stack available in the national wholesale and balancing markets. They demonstrate the value batteries offer in balancing the supply (power generation) and customer demand that are managed by retail and wholesale market players, in addition to balancing supply and demand at a national level.

"The remainder of GRID's portfolio will continue to maintain exposure to merchant market pricing and the potential upside from an improving revenue environment.

"Diversifying revenues via alternative and innovative opportunities has been on the Board's agenda for some time so this transaction is a very important milestone for GRID. By fully contracting circa 50% of GRID's portfolio with Octopus, the Company secures a reliable level of revenues while ESO concludes the rollout of its Balancing Programme which is expected to improve BESS utilisation in Great Britain, in due course.

"End consumers are increasingly demanding electricity that is both renewable and affordable, as well as reliable. Therefore, electricity suppliers increasingly need to balance intermittent, renewable supply with customer demand, for

which batteries are well-suited.

"GRID's scale has made this transaction possible with a counterparty as large as Octopus and demonstrates the benefits of having a leading position in this market.

"We share Octopus' passion for innovation, which has helped it become Britain's largest electricity supplier. As renewable generation continues to ramp up, we expect batteries to earn revenues in new ways that deliver cheaper, renewable and reliable power to homes and businesses across the country. We believe working with the largest energy suppliers in this way could become as important as the national market."

Webinar

A webinar and Q&A session, to discuss the new tolling arrangement, will be held at 11.30am on 5 June 2024. You can register for the webinar [here](#) and a recording will be available following the presentation.

For further information, please contact:

Gresham House New Energy

Ben Guest
James Bustin

+44 (0)20 3837 6270

Jefferies International Limited

Stuart Klein
Gaudi Le Roux
Harry Randall

+44 (0)20 7029 8000

KL Communications

Charles Gorman
Charlotte Francis
Effie Aye-Maung-Hider

gh@kl-communications.com

+44 (0)20 3882 6644

JTC (UK) Limited as Company Secretary

Christopher Gibbons

GHEnergyStorageCoSec@jtcgroup.com

+44 (0)20 7409 0181

About the Company and the Manager:

Gresham House Energy Storage Fund plc seeks to provide investors with an attractive and sustainable dividend over the long term by investing in a diversified portfolio of utility-scale battery energy storage systems (known as BESS) located in Great Britain and internationally. In addition, the Company seeks to provide investors with the prospect of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.

The Company targets an unlevered Net Asset Value total return of 8% per annum and a levered Net Asset Value total return of 15% per annum, in each case calculated net of the Company's costs and expenses.

Gresham House Asset Management is the FCA authorised operating business of Gresham House Ltd, a specialist alternative asset manager. Gresham House is committed to operating responsibly and sustainably, taking the long view in delivering sustainable investment solutions.

<http://www.greshamhouse.com/>

Definition of utility-scale battery energy storage systems (BESS)

Utility-scale battery energy storage systems (BESS) are the enabling infrastructure that will support the continued growth of renewable energy sources such as wind and solar, essential to the UK's stated target to reduce carbon emissions. They store excess energy generated by renewable energy sources and then release that stored energy back into the grid during peak hours when there is increased demand.

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