

11 November 2024

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

**Trading and Regulatory update.**  
**Full year portfolio revenues are expected to rise in 2024.**

Gresham House Energy Storage Fund plc (LSE: GRID), the UK's largest fund investing in utility-scale battery energy storage systems (BESS), is pleased to announce the following trading update.

**Portfolio revenues and market update**

The Manager is confident that operational portfolio revenues will rise in 2024 compared with 2023, having seen an improving trend since the low in Q1 2024, as portfolio capacity grows and as revenue per MW rates recover. Revenue per MW is rising due to improving market conditions as well as the ongoing onboarding of projects contracted under the previously announced tolling arrangements with Octopus Energy.

As previously reported, as of 30 June 2024, portfolio revenues in H1 2024 were £17.9mn, down 12.8% compared with H1 2023. So far in H2 2024, portfolio revenues for the four months through to the end of October were £15.9mn. Therefore, portfolio revenues for the first 10 months of 2024 were £33.8mn. Given the 2024 performance to date and the demonstrable improving revenue trends in recent months, GRID expects full year portfolio revenues for 2024 to outperform full year 2023 portfolio revenues (which were £38.7mn).

The ongoing drivers of revenue growth include:

- Further growth in capacity, which recently reached 845MW / 1,207MWh and is set to rise to 1,072MW / 1,701MWh with the completion of the current pipeline in construction.
- Improving market fundamentals:
  - o rising GB renewable generation capacity, creating greater supply volatility.
  - o increasing power demand as the demand for electric vehicles and stabilising retail electricity prices drive modest growth; and
  - o reduced excess supply as coal plants have now been retired.
- An improving regulatory backdrop (see below)

**Regulatory update**

There are several important recent developments that the Manager believes improve the outlook for GB BESS:

- The National Energy System Operator's (NESO) commitment to accelerate the improvement in dispatch rates in the Balancing Mechanism. This was mentioned in NESO's announcement<sup>[1]</sup> of 16 October, available [here](#), and in its plan for delivering Clean Power by 2030 (CP30) published<sup>[2]</sup> on 5 November (available [here](#)). The latter highlights the need for significant growth in renewable generation and low carbon flexibility. It also emphasises NESO's commitment to a level playing field between technologies, which the Manager has been campaigning for since the summer of 2023. Lithium-ion BESS are the best commercial and environmental solution for delivering this flexibility, with NESO forecasting a requirement for 22GW of BESS by 2030.
- More specifically and independent of the above, the Balancing Programme, which is aimed at creating the level playing field for BESS, is approaching two significant milestones. These comprise the launch of the Quick Reserve service, offering GB BESS an additional revenue opportunity, by year end and the implementation of technology, to allow energy data to be automatically and continuously communicated by BESS to the control room, in the new year. Both are expected to make BESS more dependable and visible to the control room.
- The focus by Government, since Labour came to power, on 'Clean Power 2030', i.e. a decarbonised grid by 2030, has focused the efforts of the Department for Energy Security and Net Zero (DESNZ) and NESO on what is deliverable by that date, being primarily renewables plus battery storage.
- On 1 November, the UK Government published its response to the Long Duration Energy Storage (LDES) consultation, to which the Manager responded, recommending that a Cap and Floor structure be implemented. The Government has now confirmed that Lithium-ion batteries will be included and eligible to compete in the Cap and Floor arrangement. The Manager is pleased to see that the Government's previous inexplicable recommendation to exclude BESS has now been reversed. The Manager believes this change could see projects of 8 hours duration or more become commercially attractive in due course. Further details about the scheme are expected to be published by Ofgem and Government in 2025.

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

"We are pleased to see revenues in GB improving as the natural volatility of renewable generation rises, creating more opportunities for our assets in wholesale markets. On top of this, we are seeing the benefit of our ongoing capacity rollout and duration increases come through as we begin to capitalise on the market's recovery."

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"We also welcome the positive regulatory steps being taken as part of the Government's focus on decarbonising the electricity system by 2030. This is moving the focus to immediately deployable technologies and hence onto the benefits BESS can offer the whole system today.

"As Great Britain's reliance on renewable generation increases the requirements for storage increase significantly, both for short duration and longer duration. Lithium-ion is now the most competitive technology, in terms of cost and round-trip efficiency, at any duration up to at least 10 hours and will become increasingly competitive at longer durations as battery prices fall further."

### **Capital Markets Day Update**

Fund Manager, Ben Guest will set out the framework for the Company's three-year plan through 2027, including indicative targets for MW and MWh capacity, revenues, and EBITDA at the Capital Markets Day on Wednesday 27 November, 2.00-4.00pm (GMT). [Please register to attend here.](#)

### **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](mailto:gh@kl-communications.com)

+44 (0)20 3882 6644

**JTC (UK) Limited as Company Secretary**

Christopher Gibbons

[GHEnergyStorageCoSec@jtcgroup.com](mailto: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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[1] <https://www.neso.energy/news/our-commitment-improve-battery-dispatch-rates-balancing-mechanism>

[2] <https://www.neso.energy/news/our-clean-power-2030-advice-government>

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