

# Gresham House Energy Storage Fund plc

30 September 2024



**Fund manager**

**Ben Guest**  
Managing Director, New Energy



**Assistant fund manager**

**James Bustin**  
Associate Director, New Energy

## Overview

Gresham House Energy Storage Fund plc (GRID or the Fund) seeks to capitalise on the growing intraday supply and demand imbalances caused by the ever-increasing reliance on renewable energy.

The Fund aims to provide investors with an attractive and sustainable dividend by investing in a portfolio of utility-scale Battery Energy Storage Systems (BESS) located in Great Britain and internationally, which primarily use batteries to import and export power, accessing the multiple revenue sources available in the power market.

The Fund targets an unlevered Net Asset Value (NAV) total return of 8.0%+ per annum<sup>1</sup> and levered NAV total return of 15% per annum net of Fund expenses. Returns are not correlated to the absolute level of wholesale power prices and are not dependent on any government subsidies.

## Fund information

**Ticker** GRID

**Listing** LSE Specialist Fund Segment

**ISIN** GB00BFX3K770

**Year end** 31 December

## Key facts as at 30 September 2024

**Share price (closing price)** 52.9p

**NAV per share** 109.09p

**Market capitalisation** £301.0mn

**Net assets** £620.8mn

**Mgt. fee** 1.0% net assets <£250mn  
0.9% net assets from £250mn-£500mn  
0.8% net assets >£500mn

**Ongoing charges**<sup>2</sup> 1.19%

**Ordinary Shares in issue** 569,064,139

## Total return

	YTD	1 yr to date	3 yr to date	Since inception (Nov 2018)
Share price total return	-51.47%	-48.95%	-52.34%	-32.01%
NAV total return	-15.48%	-24.37%	9.46%	44.92%

## Financial highlights

- NAV per share was 109.09p, down 0.1% in the quarter (30 June 2024: 109.16p)
- Operational capacity was 790MW / 1,031MWh on 30 September vs 790MW / 931MWh of 30 June 2024 and has subsequently increased to 845MW / 1,207MWh
- 260MW of capacity is being operated under tolling agreements
- During the quarter, the most significant changes to NAV per share included:
  - 2.21p from updated Q3 third-party revenue curves
  - +1.91 impact from the valuation model rolling forward by three months
  - +0.53p from lower insurance costs across the portfolio reflecting lower replacement costs and reduced premiums
  - 0.40p from later commissioning of remaining projects under construction
  - +0.32p from changes in working capital, fund costs, and debt costs
  - 0.23p from movements in the fair value of the interest rate swap

- No changes to inflation assumptions or underlying discount rates were made during the period
- Weighted average discount rate (WADR) is 10.8% for the full portfolio including projects under construction and 10.6% for the operational portfolio
- Operational assets are valued at an average of £661k/MW. Discounted cashflows represented £651k/MW of the total while working capital represented the remainder
- The underlying portfolio generated revenues of £11.7mn and EBITDA of £7.2mn in Q3 2024
- Total debt drawn at the end of the period was £140mn; the total facility size was reduced to £195mn from £225mn
- Cash on hand between the Company and its investments was £33.2mn as of 30 September 2024

**1. This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Fund will make any distributions at all**

2. As at 31 December 2023 updated annually

Capital at risk. Past performance is not a reliable indicator of future performance.



## Portfolio earnings

The underlying portfolio generated revenues of £11.7mn resulting in underlying portfolio EBITDA of £7.2mn in Q3 2024, a like-for-like improvement in underlying portfolio EBITDA quarterly run rate of 38% compared with H1 2024.

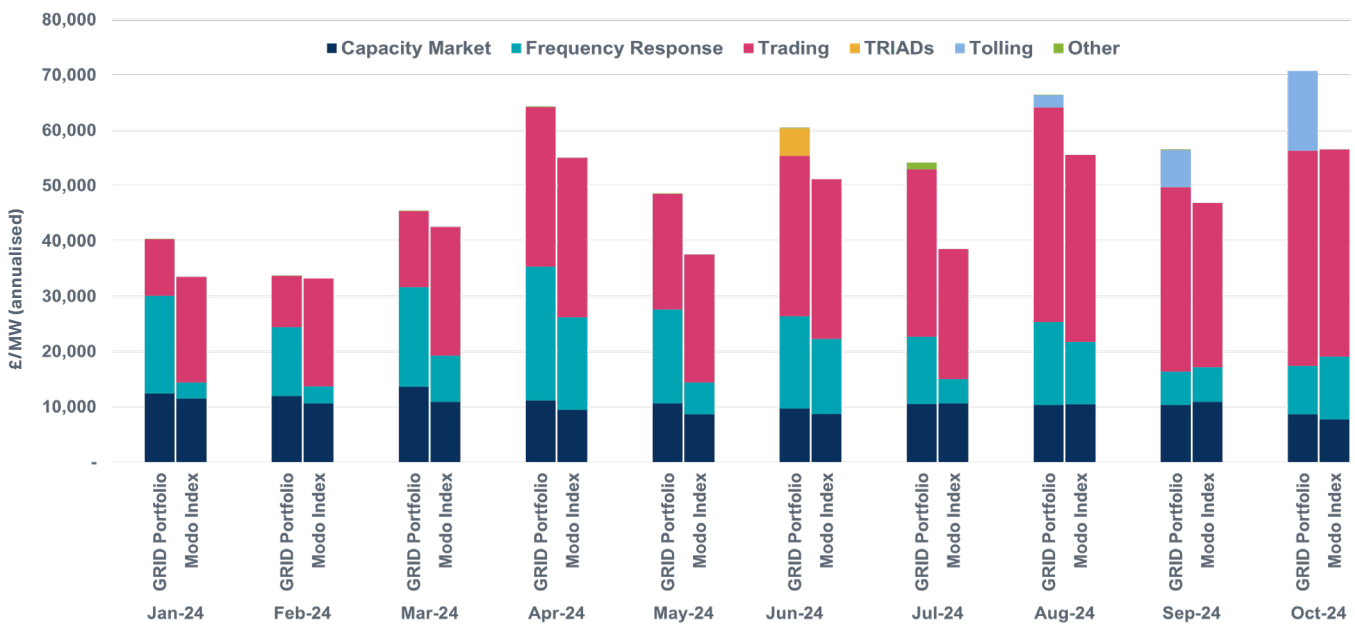
Portfolio revenue rates improved to £59k/MW/yr compared with £49k/MW/yr in the first half of the year. Revenues through the year have been further bolstered by the increasing capacity as operational capacity increased from 690MW at 31 December 2023 to 790MW at the end of September 2024. On an annualised portfolio revenues basis this has increased from £35.8mn in H1 2024 to £46.6mn in Q3 2024.

The portfolio continues to outperform the Modo BESS index, achieving on average 26% higher revenue figures across the quarter.

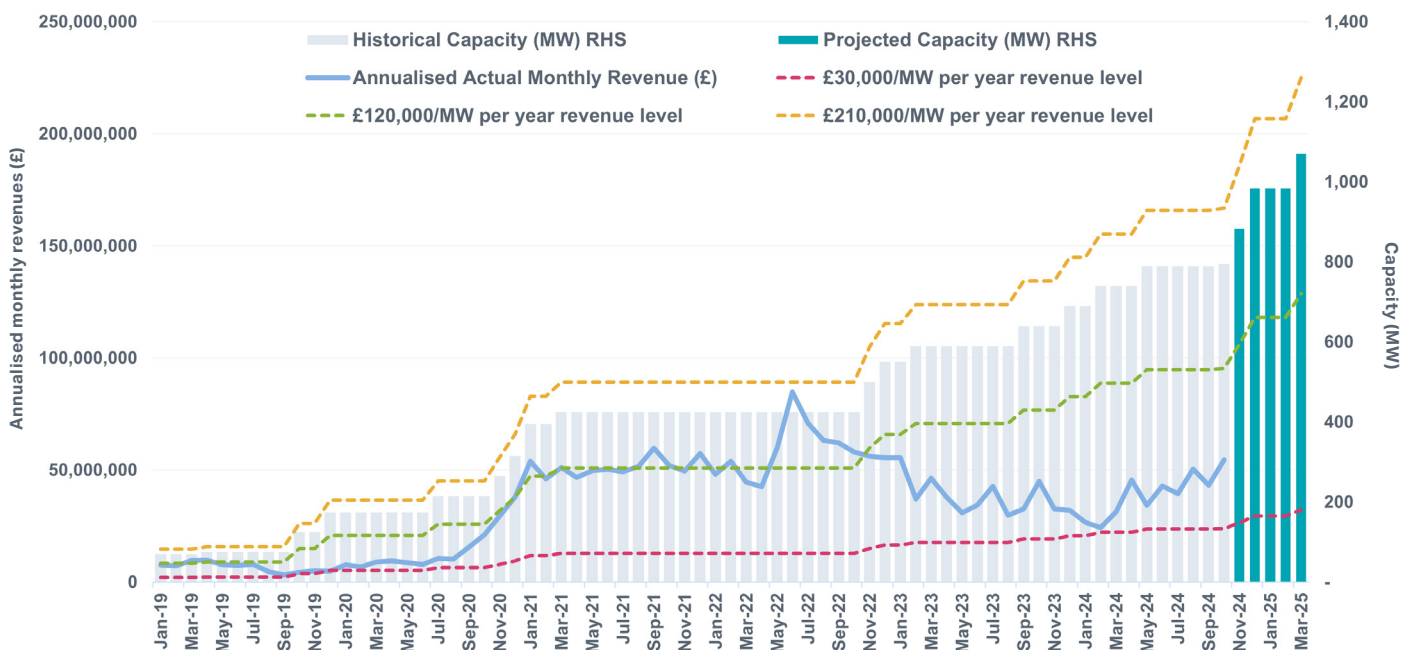
This trajectory has continued in October with the portfolio achieving £71k/MW compared to the Index value of £57k/MW/yr, representing the best individual month of the year so far for the Company's portfolio.

October revenues improved on the back of increased tightness (reduced excess supply) on the system. With the last coal-fired generation finally decommissioned earlier this year, which had created significant excess supply over the previous winter suppressing revenues further, we are now starting to see a return of scarcity pricing on days of low renewable generation. This was highlighted by the first Capacity Market notice to be released in almost two years on 14 October 2024. As with previous notices, this was later cancelled once additional more expensive generation was brought online but did lead to significantly higher peak electricity prices. Merchant revenues are likely to remain volatile while NESO undertakes improvements in the Balancing Mechanism, and it is encouraging to see volatility of supply begin to translate to volatility in system prices and hence improved trading spreads.

## GRID's portfolio consistently outperforms the market index



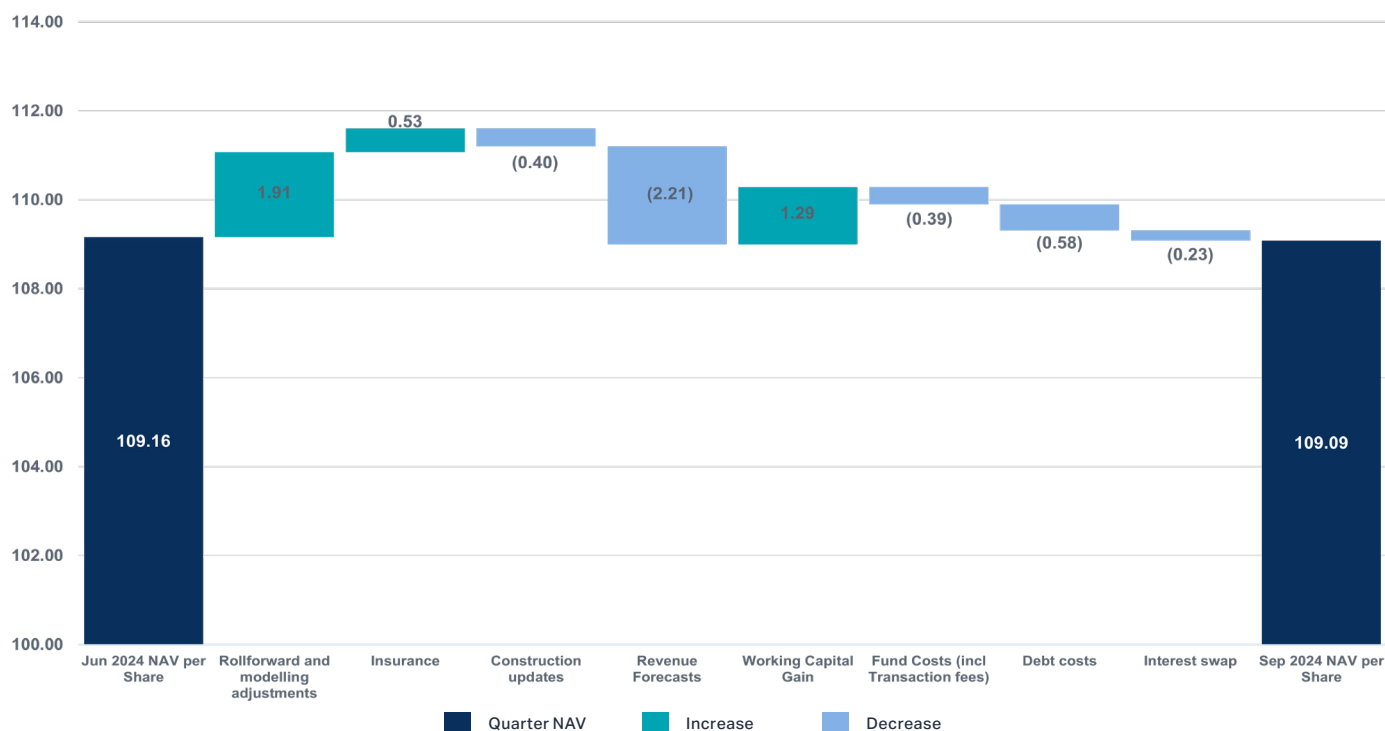
## Annualised monthly revenues continue to improve steadily



Source: Gresham House New Energy, 30 September 2024

Targets may or may not materialise. Capital at risk. Past performance is not a reliable indicator of future performance.

## NAV (p/share) bridge from 30 June 2023 to 30 September 2024



Source: Gresham House New Energy, 30 September 2024

## Construction and pipeline update

Enderby and West Didsbury duration augmentations were completed in July 2024 adding a total of 100MWh of operational capacity and taking both to 50MW / 100MWh. Each project was completed within three months and demonstrated the significant value in prioritising investing into the existing portfolio ahead of new projects.

These augmentations were the only additional capacity added in the quarter but since the period end the Company extended its operational capacity by 55MW / 176MWh through the addition of:

- Elland (50MW / 100MWh), a new project near Leeds, energised on 1 November 2024 and expected to be fully revenue generating by the end of the month.
- Penwortham B (50MWh added), an augmentation to the original Penwortham site, energised on 30 October taking its capacity to 50MW / 100MWh and earning at full capacity.
- Nevendon B (5MW/26MWh added), an augmentation to the original Nevendon site, energised on 23 October taking its capacity to 15MW / 33MWh, and is at full revenue generating capacity.

The remaining pipeline is now expected to complete by the end of Q1 2025 with a delay in the connection on West Bradford and to the start of the Coupar Angus augmentation pushing its completion back by a quarter. Updates on the remaining pipeline are given below:

- Melksham (100MW / 200MWh) is under 'rules', i.e. has been taken over by the DNO to complete the energisation which is expected on 22 November 2024. The site will initially be commissioned at 100MW / 100MWh, with the augmentation to 200MWh expected to follow shortly after by the end of January 2025.
- West Bradford (87MW / 174MWh) has experienced some delays. Commissioning is now expected in Q1 2025. The Manager will update the market with a more precise date in due course.
- Coupar Angus's augmentation to 2-hours (+40MWh) is underway but due to delays in the planning permission and the need to observe a judicial review period, commissioning is now expected in Q1 2025 having delayed the start of construction. The site remains operational in the meantime and is under a tolling agreement.



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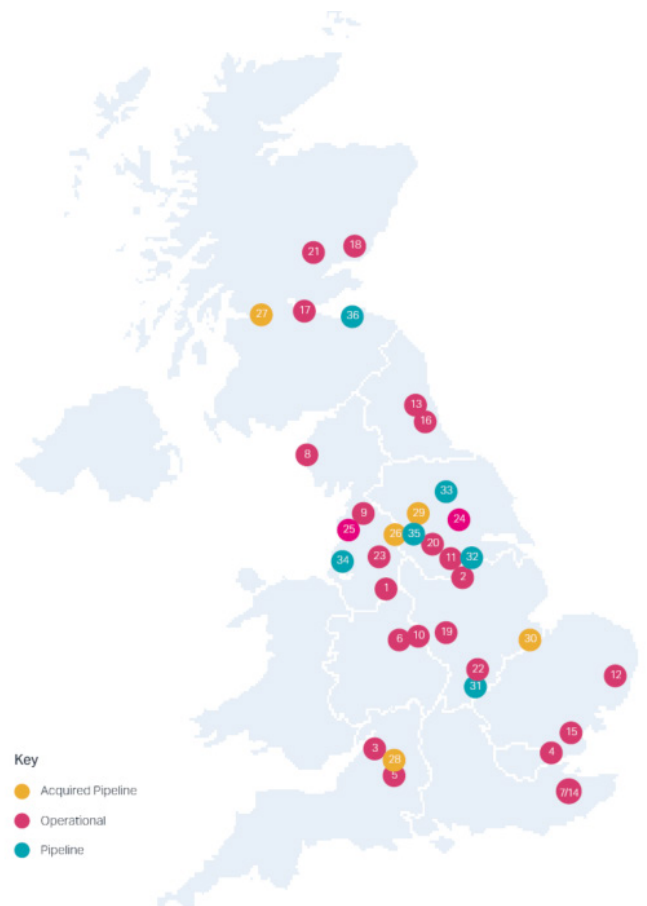


## Portfolio and pipeline

Project	Location	MW	Status
1. Staunch	Staffordshire	20	Operational
2. Rufford	Nottinghamshire	7	Operational
3. Lockleaze	Bristol	15	Operational
4. Littlebrook	Kent	8	Operational
5. Roundponds	Wiltshire	20	Operational
6. Wolverhampton	West Midlands	5	Operational
7. Glassenbury	Kent	40	Operational
8. Cleator	Cumbria	10	Operational
9. Red Scar	Lancashire	49	Operational
10. Bloxwich	West Midlands	41	Operational
11. Thurcroft	South Yorkshire	50	Operational
12. Wickham Market	Suffolk	50	Operational
13. Tynemouth	North Tyneside	25	Operational
14. Glassenbury B	Kent	10	Operational
15. Nevendon	Essex	10	Operational Augmentation: Completed
16. Port of Tyne	Tyneside	35	Operational
17. Byers Brae	West Lothian	30	Operational
18. Arbroath	Scotland	35	Operational Augmentation: completed
19. Enderby	Leicester	50	Operational Augmentation: Completed
20. Stairfoot	North Yorkshire	40	Operational
21. Coupar Angus	Scotland	40	Operational Augmentation: Mar 25
22. Grendon 1	Northampton	50	Operational
23. West Didsbury	Manchester	50	Operational Augmentation: Completed
24. York	York	50	Operational
25. Penwortham	Preston	50	Operational Augmentation: Completed
<b>Total operational</b>		<b>790</b>	
15. Nevendon Ext	Essex	5	Operational Oct 24
26. Elland 1	West Yorkshire	50	Energised: Nov 24
27. Shilton Lane	Scotland	40	Target: Dec 24
28. Melksham	Wiltshire	100	Target: Dec 24 Augmentation: Jan 25
29. Bradford West	West Yorkshire	87	Target: Mar 25
<b>Total operational or under construction</b>		<b>1,072</b>	
30. Walpole	Cambridgeshire	100	Target: 2026
<b>Total portfolio owned by the company</b>		<b>1,172</b>	

Pipeline project	Location	MW	Status
31. Grendon 2	Northampton	50	Target: TBC
32. Thurcroft 2	South Yorkshire	135	Target: TBC
33. Monet's Garden	North Yorkshire	50	Target: TBC
34 Lister Drive	Merseyside	50	Target: TBC
35. Elland 2	West Yorkshire	100	Target: TBC
36.Cockenzie	Scotland	342	Target: TBC
Total additional pipeline not owned by the Company*		<b>727</b>	
<b>Total portfolio and additional pipeline</b>		<b>1,899</b>	

\* Construction of additional pipeline not owned by the Company is not planned at this stage



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## Contact details



### Ben Guest

Fund Manager

+44 (0) 20 3903 0558  
b.guest@greshamhouse.com



### James Bustin

Assistant Fund Manager

+44 (0) 20 3875 9861  
j.bustin@greshamhouse.com



### Harry Hutchinson

Investment Analyst

+44 (0) 20 3837 6270  
h.hutchinson@greshamhouse.com

Jefferies International Limited  
Stuart Klein  
Gaudi le Roux  
T: 020 7029 8000

### Registrar enquiries

Computershare Investor Services plc  
T: 0370 703 0157  
investorcentre.co.uk

### Administrator & Company Secretary

JTC (UK) Limited, The Scalpel, 18th Floor, 52 Lime Street,  
London EC3M 7AF



## Investment Manager

### Gresham House Asset Management Ltd (GHAM)

As the operating business of Gresham House, GHAM manages and advises funds and co-investments across a range of differentiated alternative investment strategies for third-party clients. Gresham House is a specialist asset manager and adviser with c.£8.8bn AUM.

Source: Gresham House as at 30 June 2024.

## Important information

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Gresham House is committed to meeting the needs and expectations of all stakeholders and welcomes any suggestions to improve its service delivery.

 (0) 20 7382 0999

 info@greshamhouse.com

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