

How to get your energy storage project financed in Spain

Tomás García

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Disclaimer

Any figures appearing in this document, especially those relevant for financial modelling purposes, are to be regarded as indicative only and subject to change. You should not rely in these figures to make any investment decision. Please note the BESS technology and market are evolving rapidly. Therefore, we strongly recommend you seek advice from experienced power market and technical advisors.

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Agenda

01. JLL's Energy & Infrastructure Advisory

02. Financing BESS Storage Projects in Spain





01. JLL's Energy & Infrastructure Advisory

Photo source: Recurrent Energy

JLL Energy & Infrastructure Advisory

Transactional and financial advisors specialized in renewable energy assets

Our Services



Transactional advisory

Sell-side / buy-side M&A advisory for renewable energy assets



Capital raising

Development and construction equity under tailored capital structures



Debt financing

Bridge finance, project finance facilities and re-financing



Asset & portfolio valuations

Financial modelling, due diligence and valuations



Strategic consulting

Advisory services on key strategic questions for renewable markets



Power contracting

PPAs for generators and advice to off-takers and consumers

European Offices



Track Record

20+ GWp
of energy assets

40 professionals
in 6 offices in Europe

150 years
of combined experience

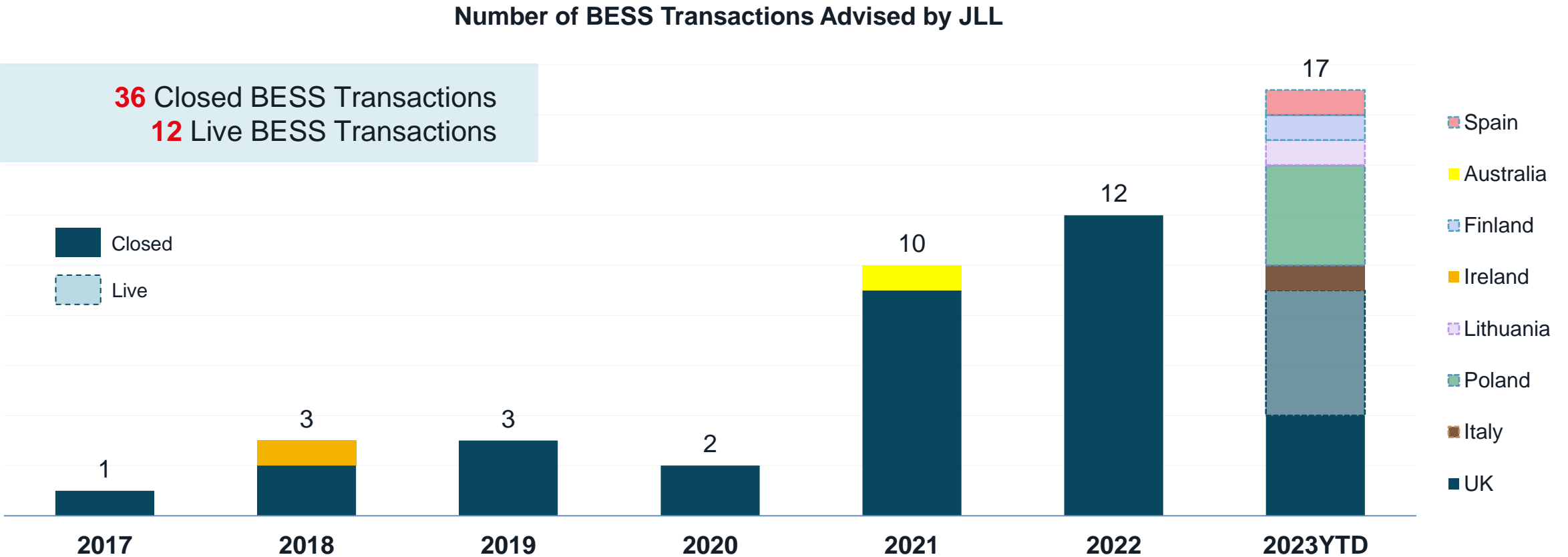
15+ Bn€
of assets transacted

110+
completed transactions

* Opening in 2024

JLL's BESS Track-Record

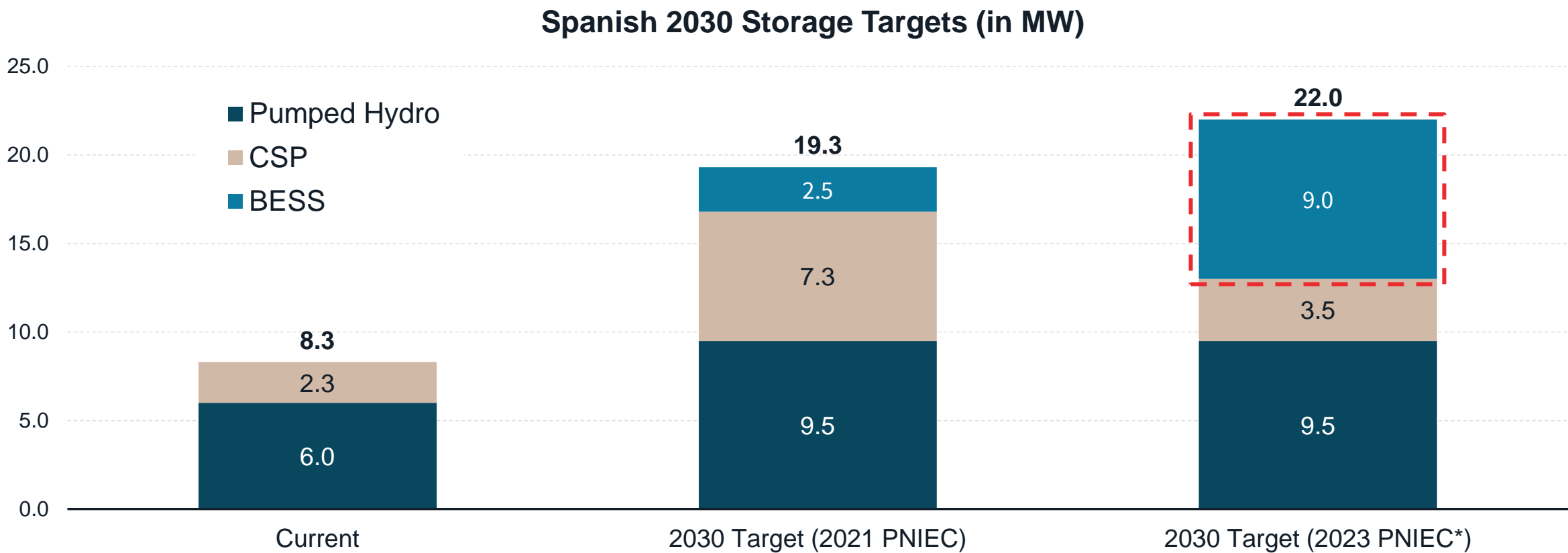
JLL is the No. 1 financial advisor for battery storage transactions across Europe



02. Financing BESS Storage Projects in Spain – Considerations

2030 BESS Targets in Spain

Spanish PNIEC (current draft) defines a target of some 9 MW of batteries by 2030



* The 2023 PNIEC does not provide a breakdown between pumped-hydro and BESS to reach the total 22 GW. We assume that the figure provided in the 2021 PNIEC for pumped-hydro remains unchanged and the rest is covered with BESS. CSP capacity is an approximation extracted from a footnote of the draft 2023 PNIEC.

Sources: Spanish PNIEC (current draft), JLL analysis

Spanish BESS Regulatory Framework

Despite some regulatory uncertainties and clarifications affecting BESS installations that need to be addressed,
the regulation exists to enable a BESS market in Spain.



Spain BESS Market Trends

We are observing increasing activity and strong interest

Development

- Intense development activity (6.5 GW of grid access granted for storage)
- Some permitting challenges (due to lack of experience from local authorities)

Transactions

- First BESS transactions ongoing
- Strong appetite from both local and international investors

Capital

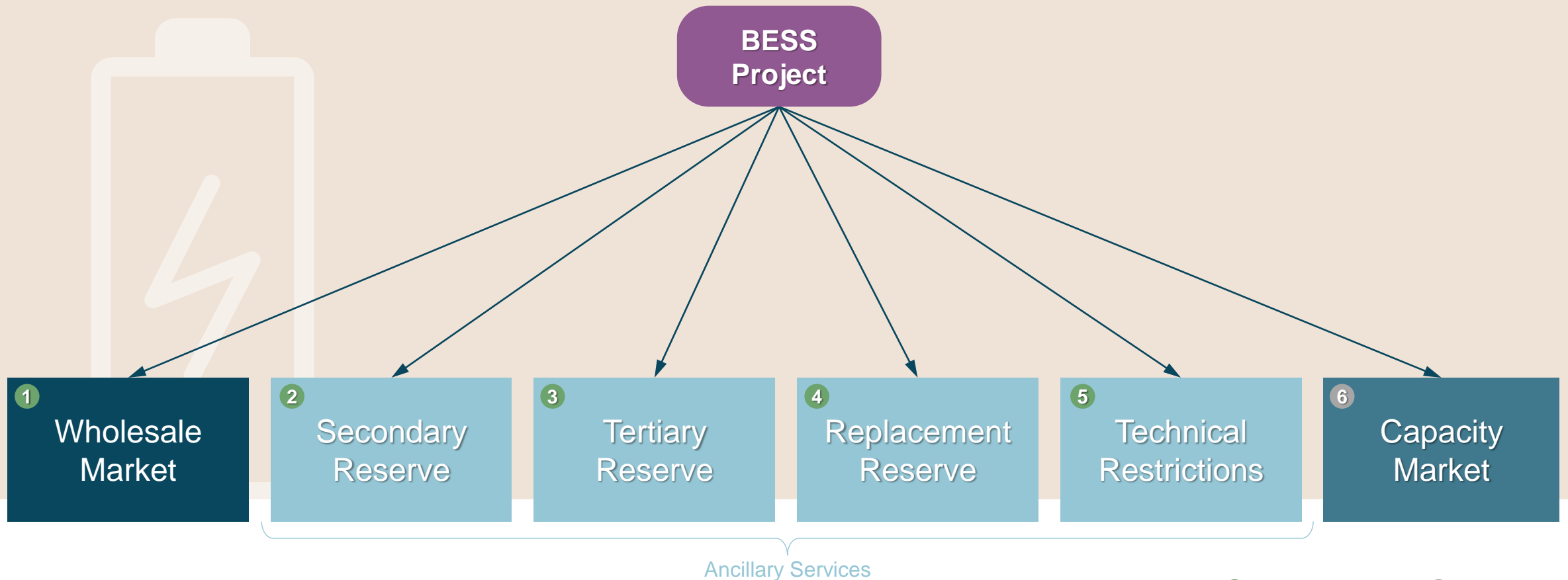
- Equity providers eager to invest in BESS pipeline and take development risk
- **Debt providers interested but still unready to deploy non-recourse financing**

Source: JLL analysis



BESS Revenue Stack – the Name of the Game

Today there are five revenue sources available for BESS projects in Spain and a CM is expected



Market available today Market expected

BESS Financing in Spain Will Depend on Contracted Revenues

Banks and financing institutions still waiting for visibility on secured and stable future cash-flows

BESS Non-Recourse Financing Requirements

- 1) Contracted revenues ✗
- 2) BESS technology track-record ✓
- 3) Fixed-price turnkey EPC contracts ✓
- 4) Strong O&M and AM contractors ✓
- 5) Sponsor's reputation/creditworthiness ✓
- 6) Risk control mechanisms ≈

Capacity
Market

- Draft issued in April 2021. MITECO making progress towards approval (2024, 2025?)
- Auction-based remuneration per storage installed capacity (in MW, not in MWh)
- 5-15 years supporting scheme (to be defined) factored in by 'derating factor'
- **UK Insight:** recent T-4 clearing price for BESS projects at 63 k€/MW p.a. for 15 years

Optimizer's
'Floor'

- Optimizer incentivized to maximise BESS revenues
- Profit-sharing mechanism with or without a 'floor'
- Bankability depends on Optimizer's guarantees
- **UK Insight:** 'floor' levels at 40-55 k€/MW + 10-12% revenues for 2-h BESS secured for 7-10 years

Indicative BESS Financing Terms in the UK

A mature financing market exists for UK-based BESS projects

Parameter	Value
Financing Structure	Mini-perm facility
Legal Term	3-7 years (amortization over 10-12 years warranty period)
Leverage Ratio	45-55% without 'floor' 55-65% with 'floor'
Debt Cost	SONIA + 300-372 bps operation + 25-50 bps construction
DSCR	1.7-2.0x without 'floor' 1.2-1.5x with 'floor'
DSRA	6-12 months
Fees	1.5% arrangement fee 1.5% commitment fee
Covenants	Dividends lock-up at 1.2x Default at 1.0x

Source: JLL analysis



Download JLL's Insight Report on
Spain Standalone BESS Market
in [this link](#) or at:



Thank you

Tomás García

Senior Director, Energy &
Infrastructure Advisory

tomas.garcia@jll.com