



# MARATHON CAPITAL

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**Investment Bankers** *for* Clean Energy, Sustainable  
Technologies & Infrastructure Markets

## Considerations on BESS Financing

*22<sup>nd</sup> November 2023*

Section I.

# Marathon Capital Overview

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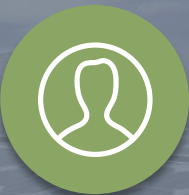
Marathon Capital is a world-class investment bank committed to facilitating a more sustainable energy future. Our mission is to achieve our clients' strategic and financial objectives by delivering inspired, knowledge-based solutions to the clean power, sustainable technologies & infrastructure markets

## ESTABLISHED



1999

## 130+ PROFESSIONALS



Over \$600Bn in Combined Transaction Experience

## TRANSACTIONS



250+ Successful Transactions

## PEER RECOGNITION



Nine-Time Recipient of Power Finance & Risk's Annual Deals and Firms of the Year Awards

## Significant Local Presence, Supported by Deep Sector and Product Expertise



**Chris Shaw**  
Senior Managing Director & Head of Europe



**Adam Ludwiczak**  
Managing Director



**Javier Lamo**  
Country Manager Spain



**Jorge Rodriguez**  
Managing Director  
Head of Debt Capital Markets



**Joan Hutchinson**  
Managing Director  
Offtake Advisory



**Matt Shanahan**  
Managing Director  
Tax Equity Advisory

## Expansive Geographic Coverage



## 2020-2022 Top Clean Energy Advisors (By Number of Deals)

Marathon Capital	26
Nomura	17
CohnReznick	17
Macquarie	13
Morgan Stanley	12
Lazard	11
Citigroup	10
Goldman Sachs	9
Bank of America	8
Barclays	7

Source: Bloomberg New Energy Finance League Table Rankings – North America, Asset Finance (excl. Refinancing), M&A & VCPE, 2020-2022

# Marathon is a Sustainable Energy Infrastructure and Technology Expert

## Extensive Coverage of Core Sectors



Solar



Wind



Storage



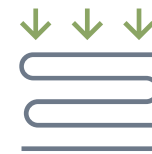
Cleantech



Electric Vehicle  
Infrastructure



Sustainable Fuels &  
Hydrogen



CCUS

## Deep Expertise in Investment Banking and Specialist Energy Products



M&A



Equity Capital  
Markets



Debt Capital Markets



Tax Equity



Offtake Advisory



Strategic Consulting



GP Fund Raising

## Global Coverage across Americas, EMEA and Asia supported by strategic alliance with SMBC

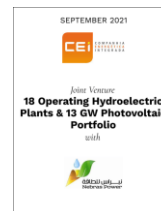
### Expanding EMEA coverage



### Extensive NA Coverage



### Dedicated LATAM Presence



### Extensive Distribution in Asia



**Marathon offers clients best-in-class expertise across major sustainable energy infrastructure and technology sectors, a wide variety of value-add products and extensive geographic reach**

# Latest Marathon Capital Transactions

<p>NOVEMBER 2023</p> <p><b>WattEV</b></p> <p>Series A Equity &amp; Debt Financing</p> <p>Provided by</p> <p><b>APOLLO</b> <b>Vitol</b></p>	<p>OCTOBER 2023</p> <p><b>pro-tech energy solutions</b></p> <p>Sale of Company</p> <p>to</p> <p><b>MADISON ENERGY INVESTMENTS</b> A subsidiary of <b>IEQT</b></p>	<p>OCTOBER 2023</p> <p><b>perch ENERGY</b></p> <p>\$30,000,000</p> <p>Series B Equity Financing</p> <p>Provided by</p> <p><b>nuveen</b> A TIAA Company</p>	<p>AUGUST &amp; SEPTEMBER 2023</p> <p><b>opdenenergy</b></p> <p>Tax Equity and Debt Raise</p> <p>205 MW Solar Portfolio in PJM and MISO</p> <p>Provided by</p> <p><b>RBC</b> <b>MUFG</b> INTESE <b>SANICOR</b> <b>BBVA</b></p>	<p>OCTOBER 2023</p> <p><b>advanced power</b></p> <p>Sale of</p> <p>232 MWdc Solar &amp; 120 MWh Storage Project</p> <p>to</p> <p><b>SABANCI</b></p>	<p>SEPTEMBER 2023</p> <p><b>ASHTROM Renewable Energy</b></p> <p>PTC Tax Credit Sale &amp; Debt Raise</p> <p>306 MW Solar Project in ERCOT</p> <p><b>STONEISLAND CAPITAL</b> <b>ING</b> <b>BHI</b> <b>RESEDALE</b> <b>Bayern</b></p>	<p>JULY 2023</p> <p><b>HIVE ENERGY</b></p> <p>Sale of</p> <p>Up to 200 MW Solar Portfolio in Italy</p> <p>to</p> <p><b>GREENIT</b> RENEWABLES FOR ITALY JV between ENI and CDP Equity</p>
<p>JULY 2023</p> <p><b>bright</b></p> <p>\$30,000,000</p> <p>Series C Capital Raise</p> <p><b>INVESTMENT FUND FOR DEVELOPING COUNTRIES</b></p>	<p>MAY 2023</p> <p><b>EE NORTH AMERICA</b></p> <p>Sale of</p> <p>350 MWdc Development Stage Solar Project</p> <p>to</p> <p><b>OSAKA GAS</b></p>	<p>APRIL 2023</p> <p><b>edlian</b></p> <p>Sale of</p> <p>200 MW/800 MWh WECC BESS Project</p> <p>to</p> <p>Undisclosed Buyer</p>	<p>MARCH 2023</p> <p><b>edlian</b></p> <p>Sale of</p> <p>250 MW/1,000 MWh WECC BESS Project</p> <p>to</p> <p>Undisclosed Buyer</p>	<p>MARCH 2023</p> <p><b>h Cycle</b></p> <p>Series A Capital Raise</p> <p>H Cycle</p> <p><b>AZIMUTH</b> <b>ENEOS</b></p>	<p>JANUARY 2023</p> <p><b>GreenGas</b></p> <p>Sale of</p> <p>Majority Stake</p> <p>to</p> <p><b>ifm</b> investments</p>	<p>DECEMBER 2022</p> <p><b>Omega</b></p> <p>\$225,000,000</p> <p>Tax Equity Raise</p> <p>165.5 MWdc ERCOT Wind Project</p> <p>Provided by</p> <p><b>Goldman Sachs</b></p>
<p>DECEMBER 2022</p> <p><b>Omega</b></p> <p>\$253,000,000</p> <p>Debt Financing</p> <p>165.5 MWdc ERCOT Wind Project</p> <p>Provided by</p> <p><b>MUFG</b> <b>Koborank</b> <b>SMBC</b></p>	<p>NOVEMBER 2022</p> <p><b>Nestlé</b></p> <p>\$111,200,000</p> <p>REC Purchase &amp; Tax Equity Investment</p> <p>150 MW Solar &amp; 107MWh BESS Ganado Project</p> <p><b>enel</b></p>	<p>NOVEMBER 2022</p> <p><b>ppl</b></p> <p>Sale of</p> <p><b>Safari Energy</b></p> <p>to</p> <p><b>aspen</b> A portfolio company of <b>CARLYLE</b></p>	<p>OCTOBER 2022</p> <p><b>UPSTREAM</b></p> <p>Sale of</p> <p>600+ MW CAISO BESS Portfolio</p> <p>to</p> <p><b>GRIDSTOR</b></p>	<p>SEPTEMBER 2022</p> <p><b>UPSTREAM</b></p> <p>Sale of</p> <p>500 MW CAISO BESS Portfolio</p> <p>to</p> <p>UNDISCLOSED STRATEGIC</p>	<p>SEPTEMBER 2022</p> <p><b>STANDARD SOLAR</b> A subsidiary company of <b>energir</b></p> <p>~\$1,000,000,000</p> <p>Sale of Company</p> <p>to</p> <p><b>Brookfield</b></p>	<p>SEPTEMBER 2022</p> <p><b>SOLSTICE</b></p> <p>Sale of Company</p> <p>to</p> <p><b>MyPower Corp.</b> A subsidiary company of <b>mitsui &amp; co.</b></p>
<p>JULY 2022</p> <p><b>BLACK BEAR ENERGY</b></p> <p>Sale of Company</p> <p>to</p> <p><b>LEGENCE</b> A portfolio company of <b>Blackstone</b></p>	<p>JULY 2022</p> <p><b>Omega</b></p> <p>Acquisition of</p> <p>531 MW of Wind Assets</p> <p>from</p> <p><b>FGE</b> Energie Transition</p>	<p>JULY 2022</p> <p><b>EAST POINT ENERGY</b></p> <p>Sale of Company</p> <p>to</p> <p><b>equinor</b></p>	<p>JUNE 2022</p> <p><b>TIAA CREF</b> <b>CIRI</b> <b>amp</b></p> <p>Sale of</p> <p>413 MW Operating Wind Portfolio</p> <p>to</p> <p><b>Clearway</b></p>	<p>JUNE 2022</p> <p><b>CleanCapital</b></p> <p>Acquisition of Company</p> <p><b>BQ ENERGY, llc.</b> Dedicated to the Development of Clean Energy Facilities</p>	<p>JUNE 2022</p> <p><b>NautilusSolar</b></p> <p>Tax Equity Raise</p> <p>45 MW Maine Community Solar Portfolio</p> <p>Provided by</p> <p><b>usbank</b></p>	<p>JUNE 2022</p> <p><b>DORAL</b></p> <p>Tax Equity &amp; Project Financing</p> <p>400 MWac Mammoth Solar Project</p> <p>Provided by</p> <p><b>BANK OF AMERICA</b> <b>Deutsche Bank</b></p>

Section II.

## Some Considerations on BESS Financing

# BESS Market Overview Summary and Rankings



USA



UK



Italy



Spain



Portugal

- Second largest energy storage market in the world with about 4.7 GW/12.7 GWh of capacity installed in 2022
- Demand is expected to continue to grow as a result of rapid renewables growth, declining system cost, federal and state policy support
- Established revenue models (with varying profitability) in CAISO, PJM, NYISO, ERCOT, and MISO

- Largest utility scale BESS market in Europe
- Projects have shown the ability to generate high returns, but lack of revenue certainty is still a challenge for developers & investors
- Most revenue opportunities in the U.K do not provide long-term contracts, so projects must carefully stack their revenue streams across opportunities to meet target returns

- Relatively nascent market that is mostly dominated by residential battery storage
- Rapidly growing capacity market that contracted 1.9 GW/7.6 GWh of utility scale capacity for delivery from 2025
- Italy has an energy storage target of 7 GW by 2030 (two-thirds utility-scale storage), which is likely to be increased in the next revision of its National Energy and Climate Plan by the end of 2023 (envisaged needs are of up to 11 GW of utility-scale storage by 2030)

- Stringent rules to qualify for subsidy program
- Very few BESS revenue streams are in process or being discussed to participate in the power markets
- It has an energy storage target of 2.5 GW by 2030.
- Storage a big necessity for dealing with curtailment and can potentially complement green H<sub>2</sub> development plans
- Other alternatives for storage (hydro pump & CSP) facing difficulties for development

- Very few additions of batteries to its power system
- Very few BESS revenue streams such as tenders and secondary response are allowed to participate nor are they being discussed in the market
- Storage is needed to deal with network constraints in the south of the country (majority of PV projects) resulting in big expected curtailment

More Developed Markets

Less Developed Markets

Source: (1) BNEF 1H 2023 Energy Storage Market Outlook; (2) BNEF 2022 European Energy Storage Overview; (3) BNEF 2022 U.K. Battery Business Models Evolve; (4) BNEF 2023 Spain Needs Energy Storage Policy Not Quick-Fix Subsidy

# What Is Required To Make a BESS Project Bankable?

## Key Drivers

## Current Status

1

▪ Visibility of Cash Flows

- No Capacity Payments
- Not Historical Track Record of Performance
- Existing Revenue Stream Volatile and Not Stable Due to Market Evolution

2

▪ Technical Feasibility

- Technology Already Proven
- Ion Li vs. Flow
- Size (Capacity and Hours)

3

▪ Sponsors

- Top quality players
- Experience in other markets

4

▪ Regulatory Stability

- Hybridization More Straightforward
- Stand-Alone Development Process Limited By Capacity
- Track Record Of Previous Changes

**Cash-Flow Visibility is the Main Constraint For the Financing of BESS Projects**



# Which Projects Can Be the First To Be Financed?

## Challenges

### Visibility Of Cash Flows

### Technical Feasibility

### Sponsor Quality and Experience

### Regulatory Stability

## Ideal Project

- Projects Receiving Capacity Payments (Floor Revenue)
- Hybridized with Existing Installations (Potential Ticket Uplift to Whole Project)

- Tier 1 Suppliers (battery, EPC,...)
- Detailed Technical DD Report and Study
- Adequacy of Size (revenue, technical, constrains...)
- Long-term Guarantees

- Tier 1 Sponsors (utilities, O&G, big developers)
- Experienced Sponsor with Batteries in Other Jurisdiction

- Projects with subsidies being received provide more comfort
- Clarity on business model and operation
- Project RTB which has involved in the development the financing institutions

**The Demand Needs for Financing of Plain Vanilla Renewables Limit Also the Attention and Interest**

# Disclaimer

## MARATHON CAPITAL

[www.marathoncapital.com](http://www.marathoncapital.com)

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