

# UK BESS Market Overview

22 November 2023



# octopus energy

We are part of Octopus Energy - A quadruple unicorn energy business, delivering the energy transition to 6.5 million customers.

- Octopus Energy is a global leader in the world's transition to green energy
- Operating in 15 countries including the UK, Germany, Japan, US, Australia and New Zealand
- Quadruple unicorn valuation following investment from Generation Investment Management and CPPIB in September 2021

Originally backed by Octopus Group, a mission-led sustainable investment manager. Now backed by two of the world's largest energy companies, and a \$500bn institutional investor

octopus



CPP Investments  
generation





We are an integrated energy company with a mission to accelerate the global energy transition



## Retail Energy



- 6.5m+ customers
- 8 countries
- Multi-award winning for customer service in the UK
- World-leading consumer demand side response



## Tech Licensing



- Kraken SaaS: 25m contracted accounts
- KrakenFlex SaaS: 2.4 GW contracted



## Generation



- £5.8bn generation assets managed by an FCA regulated investment manager
- 15 countries<sup>1</sup>



## Services



- OE Electric Vehicles
- Proprietary Heat Pump tech
- OE Services smart asset installation
- Electric Universe

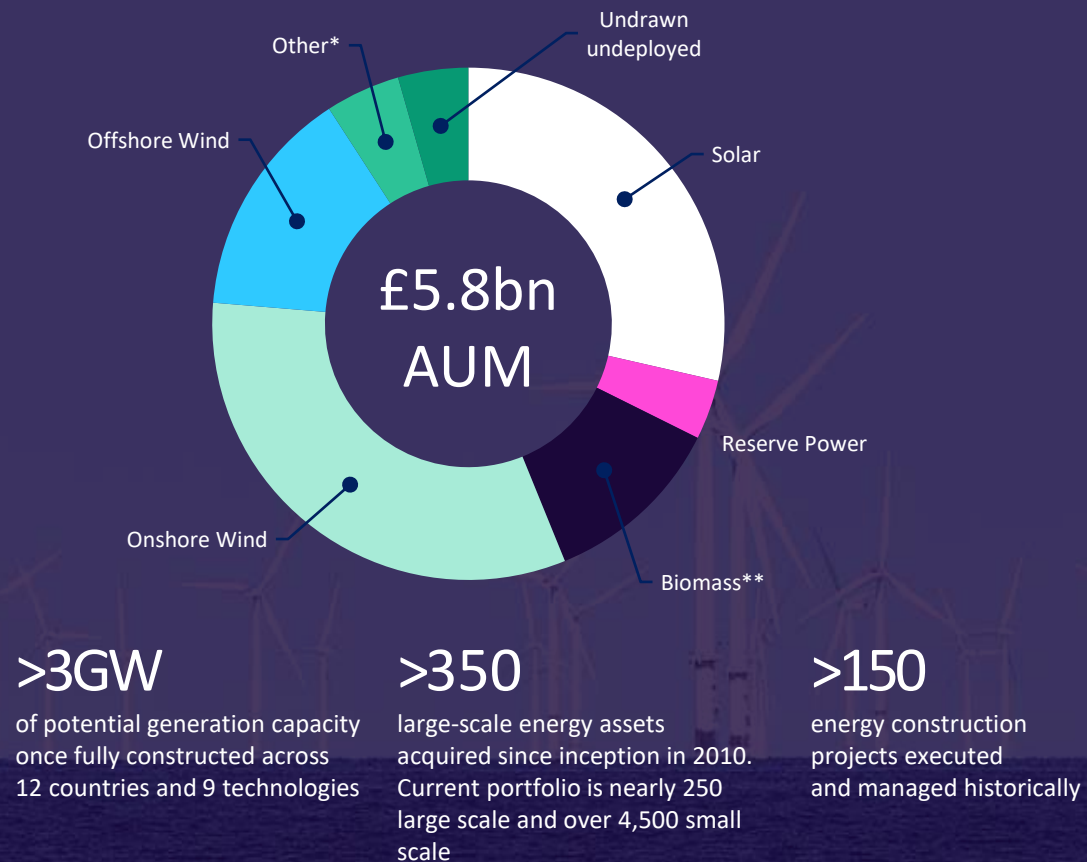
As of September 2023

1. Assets + origination team offices

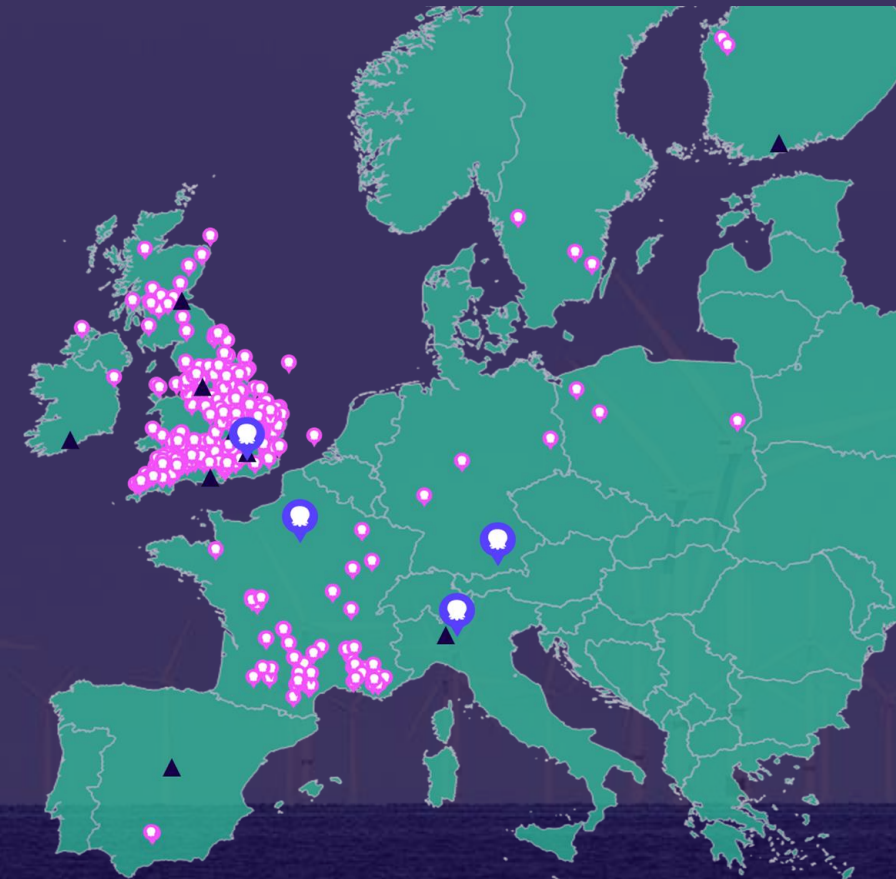
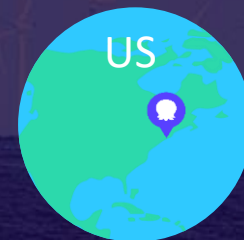




# Octopus Energy Generation is accelerating the energy transition

We are a fund manager, committed to best-in-class responsible investment activity, offering solutions to like-minded investors to invest their capital sustainably.



\*Includes Developers, GSHP, IDNO, EfW. \*\*Includes a portfolio that also contains some landfill gas. AUM includes debt & equity (Gross Asset Value) and committed funds as at 31 December 2022. Map generated on 24/01/2022- excludes some rooftop solar assets.



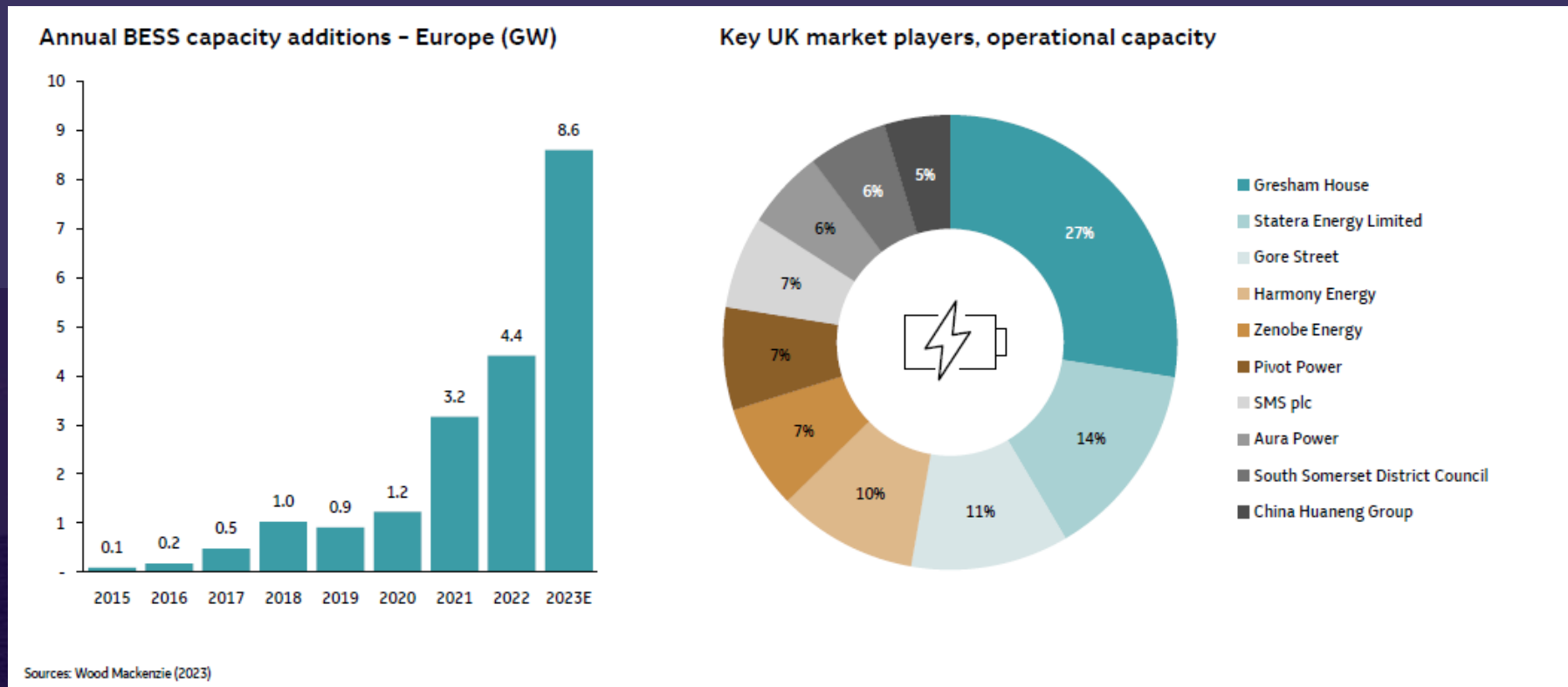
 Origination team in place  
 Octopus Australia

 Development platform HQs  
 Investments/assets

What we see in the UK BESS market?

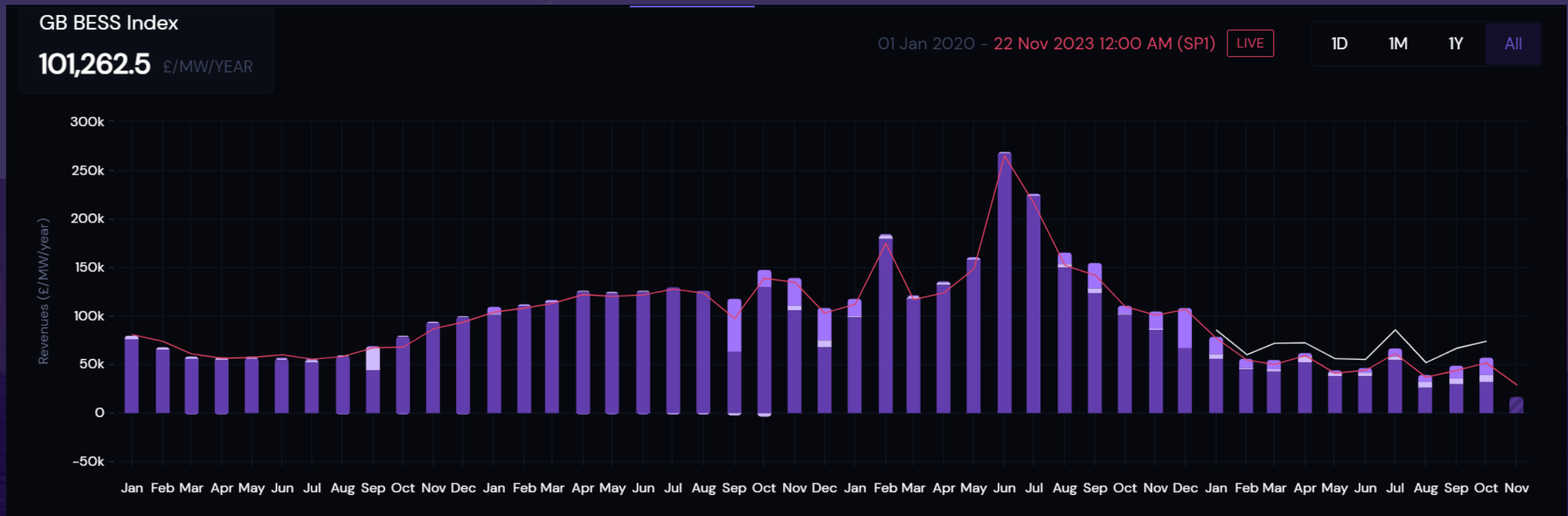
# UK BESS Market is 18-24 Months Ahead of Europe

- The UK tops Europe with a sizeable energy storage portfolio exceeding 1.5GW, which is set to more than double in the next few years
- The top UK battery investors have sizeable utility scale battery portfolios, which continue to grow and will likely be packaged for portfolio transactions over the next few years



# Grid Services and Capacity Market Payment Offset Volatility from Arbitrage Revenue

- Providing grid services like frequency response when power prices are high is generally more attractive than arbitrage, as the cycling requirements and degradation impacts are much lower
- In 2022, Gresham House, the UK's largest energy storage investor, earned 83% of its portfolio revenues from grid services and just 11% from power price arbitrage
- As Europe's energy crisis eases, developers are hesitant to bring merchant projects online where power price arbitrage is the only opportunity





# BESS Project Financing in the UK

- Bank / private lenders becoming more comfortable / familiar with project financing BESS in the UK
- Floor pricing used to be required, no longer the case, even for selected banks

## Future Opportunities / Challenges

- Currently 75GW of standalone BESS projects in the queue to be connected to the transmission grid, some with grid connection date as far away as a decade later
- Aurora estimates 25% of pipeline projects will eventually materialise
- Oversaturationn will erode grid service revenue?
- Relative competitiveness / “merit order” is key to ensure asset relevance



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