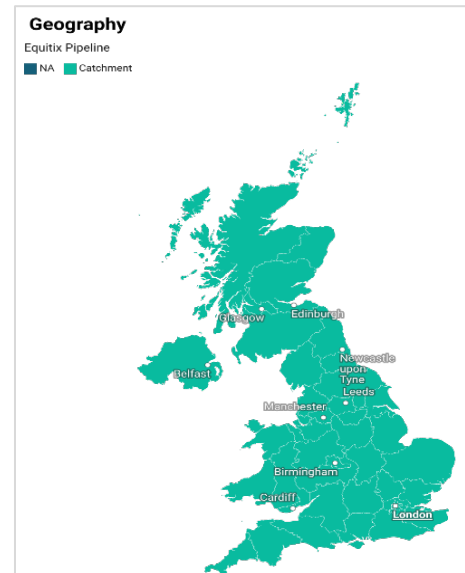


Equitix deal: factsheet

Deal Information	
Deal signed	August 2023
Sector	Energy Storage
Location	UK ⁱ
Counterparty	Equitix ⁱⁱ
Total equity	Up to £750m
UKIB Finance	£125m
Product	Equity - Fund



Summary

UK infrastructure Bank has committed £125 million on a match-funding basis into Equitix UK Electricity Storage Fund (UK ESF). The Equitix fund proposal has been approved by the Bank following its nationwide call for innovative ways to fund electricity storage, launched in July 2022. Alongside its investment in the Gresham House Secure Income Renewable Energy & Storage (SIReS) Fund, it represents the Bank's first equity investment in the battery storage sector. This investment will support the fund to develop some longer duration technologies. It will also support the route to market for new business models in the sector that are yet to be deployed at commercial scale. It will help the grid develop the flexibility to fill in gaps in supply across a range of durations, and types of storage which can specialise in different mechanisms that the grid needs to function efficiently.

Sector context

Securing enough storage capacity for the UK electricity network is vital in ensuring the transition away from fossil fuels is affordable, secure and delivers the emissions reductions required to achieve net zero across the UK by 2050. National Grid forecasts that up to 29 GW of storage could be needed by 2030 and up to 51 GW by 2050 - a huge increase from the 5 GW of storage currently on the system.

The mix of short duration and long duration storage will help meet residual demand for electricity and absorb surplus supply of renewables.

Impact and Additionality

Equitix's Fund aims to develop areas of the battery storage market that are still nascent, utilise new business models, as well as scale up proven lithium ion and long duration storage technologies. It presents a diversified strategy including plans for deployment of Pumped Hydro Storage (PHS) sites and a range of innovative strategies (residential storage/energy efficiency solutions, underutilized grid capacity with electricity and high density PHS).

The fund is expected to create and support around 900 jobs over the course of construction and life of the storage facilities, with some of the anticipated pipeline of investments targeted towards areas of the UK that align with the levelling up white paper, supporting the Bank's mandate to boost Regional and Local economic growth.

The Bank's investment will help add liquidity to areas of the storage financing market where there is more limited demand than is the case for small standalone lithium-ion batteries, such as pumped hydro or innovative short duration business models.

ESRG considerations

Equitix has appropriate governance in place to manage relevant ESG issues for the underlying companies in the fund. The manager has presented a strong ESG plan to mitigate risks in the supply chain, including for mineral sourcing. Transparency throughout the life of the fund will be expected and monitored. As the methodologies for calculating carbon emissions in the energy storage sector evolve towards a unified and agreed version, the manager will update their estimates.

Impact Metrics

1	# Deals in the Storage sector
£188m	Total Investment in Sector
900	Direct Jobs (Created and Safeguarded) ⁱⁱⁱ
-3,500,000 (tCO2e)	Emissions ^{iv}
£625m	Private Finance Mobilised

ⁱ Investments will be UK wide. Exact locations cannot be identified due to the nature of the pipeline of fund investments

ⁱⁱ Equitix, 200 Aldersgate Street, London EC1A 4HD

ⁱⁱⁱ 150 attributed to UKIB finance

^{iv} Circa -580,000 tCO2e attributed to UKIB finance.

Note: The calculated negative GHG emissions are self-reported ex-ante estimates provided by the underlying company/project sponsor. The scope boundaries vary in each case and UKIB cannot guarantee alignment with the GHG protocol.