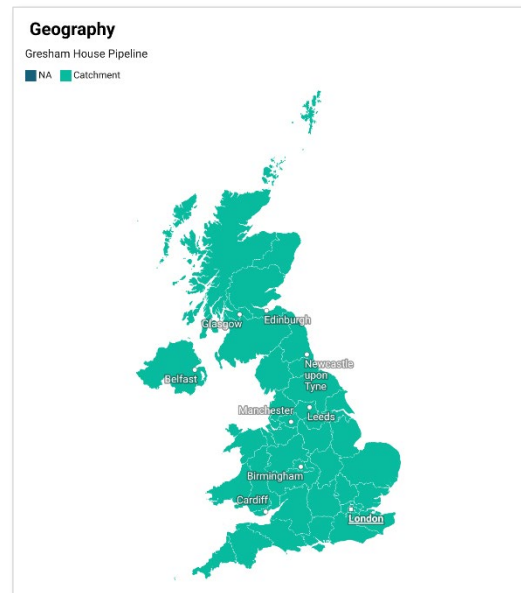


Gresham House deal: factsheet

Deal Information	
Deal signed	August 2023
Sector	Clean Energy - Storage
Location	UK
Counterparty	Gresham House ⁱ
Equity fund target size	£500m
UKIB Finance	£75m
Product	Equity - Fund



Summary

UK Infrastructure Bank is investing up to £75m as an early investor in the Gresham House Secure Income Renewable Energy & Storage Fund. The Gresham House fund proposal has been approved by the Bank following its nationwide call in July 2022 for innovative ways to fund electricity storage, alongside its investment in the Equitix UK Energy Storage Fund, represents the Bank's first equity commitments in the battery storage sector.

The fund will focus on developing the co-location of renewable generation and short duration electricity storage facilities to help maximise grid connection and allow for the efficient deployment of renewable generation into new locations. The fund includes a seed asset of a co-located solar and battery energy storage project in Northern England.

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

Grid constraints can be a major investment barrier in the deployment of energy storage and renewables. To help address this, Gresham's fund investments in battery storage will focus on co-location with solar and wind farms to maximise use of grid connections. The business model will crowd-in more institutional investors by pairing the mature revenues from renewables with the more complex battery revenues. Therefore, the transaction will help to provide confidence to investors in these newer business models, which could generate significant benefits for the solar and wind power sectors.

The fund is expected to create and support around 400 jobs over the course of construction and life of the storage facilities.

The Bank's investment in the Gresham House fund is supporting the acceleration of an under-utilised business model (co-location). The intention is that the fund will add to the growth in the market by scaling the capital available, speeding up deployment and promoting co-location as a successful business model.

ESRG considerations

Gresham House 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

3	# Deals in storage
£263m	Total Investment in storage
150 ⁱⁱ	Jobs created (direct and indirect)
-4,100,000 tCO ₂ e ⁱⁱⁱ	Emissions
£425m	Private Finance Mobilised

ⁱ 80 Cheapside, London EC2V 6EE

ⁱⁱ 23 Jobs attributable to UKIB based on proportion of finance

ⁱⁱⁱ -621,000 tCO₂e attributable to UKIB based on the proportion of 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.