

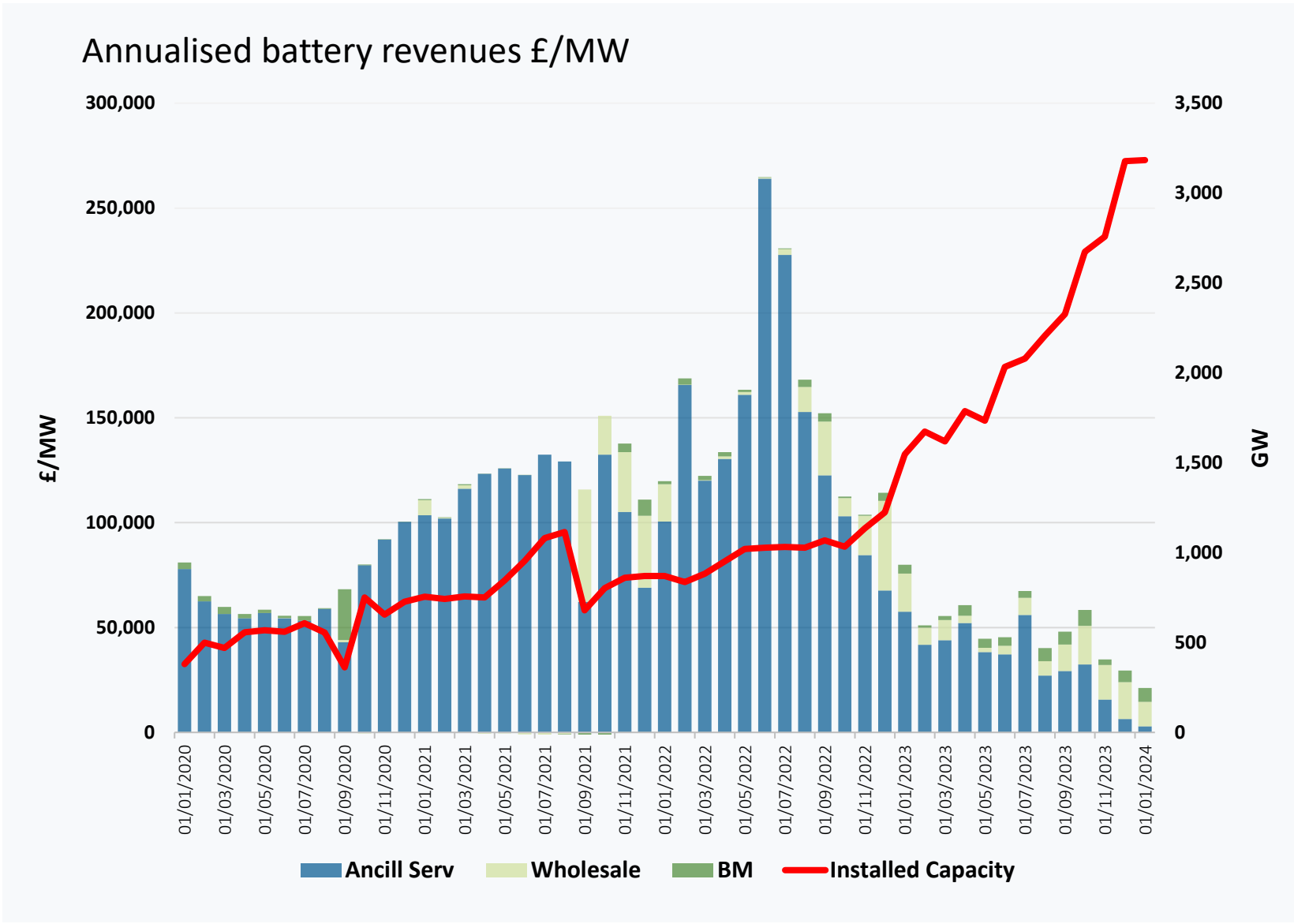
Battery Revenue Diversification

Bringing forward markets into play

Today's topics

- ✓ **UK Battery Revenues under pressure**
- ✓ **Focus on spot market revenues**
- ✓ **How do forward markets work and can we use them?**
- ✓ **Example forward hedging strategy**
- ✓ **Example forward market premium**

Strong UK Battery build, pressure on revenues



- Rapid UK BESS growth
 - +2GW in 2023
 - +3GW in next 2 years
 - 10-15GW market by 2030
- Ancillary services oversubscribed
- Return to low price / volatility environment
- Slowdown renewables build out
- Battery gross margins expected to be volatile as the power generation stack will constantly change in the next 10 years

How to capture Battery Value

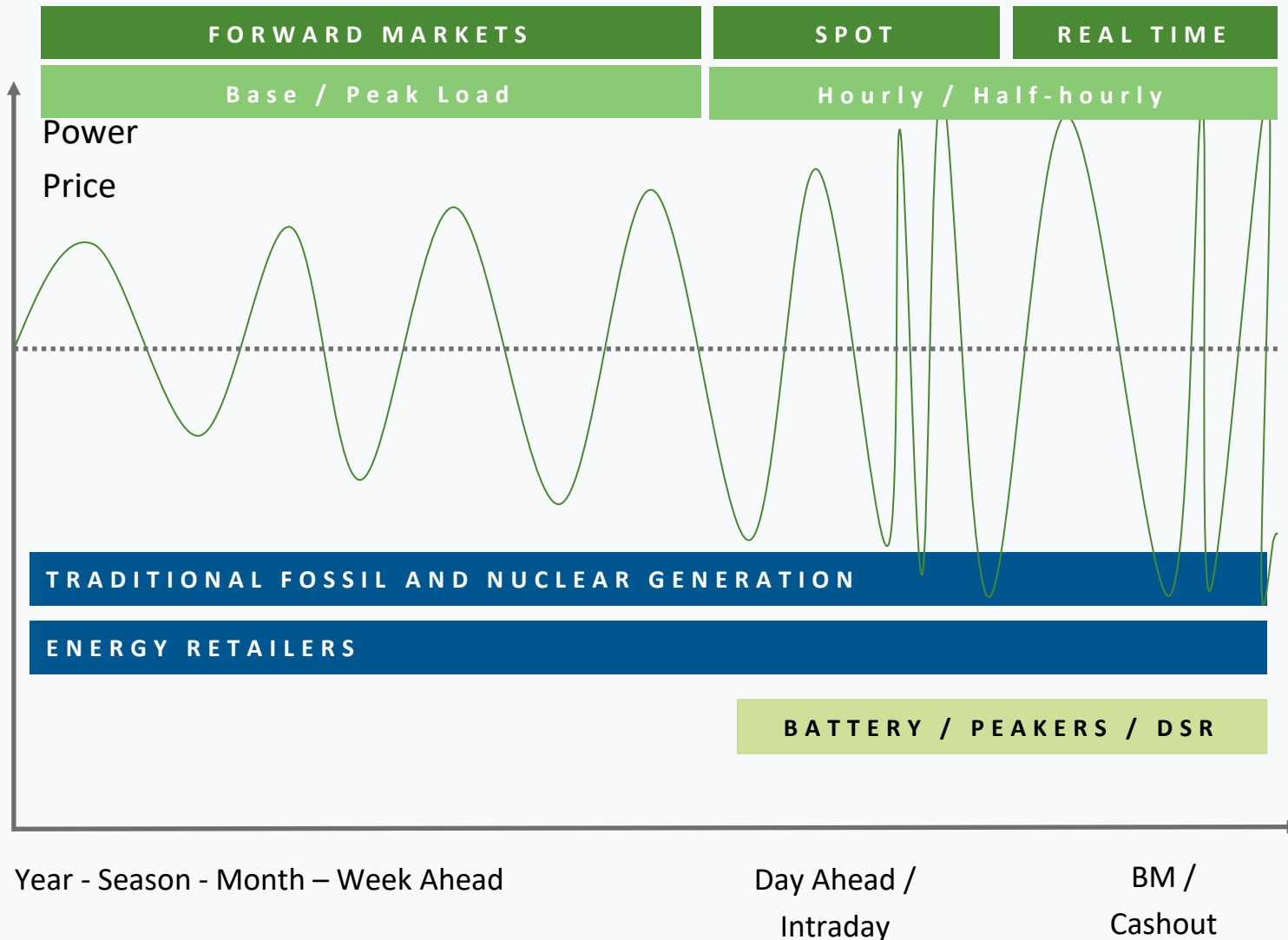
Forward Market

Traded ahead of time
Risk management
Capture major price moves
Traded OTC

Spot Market

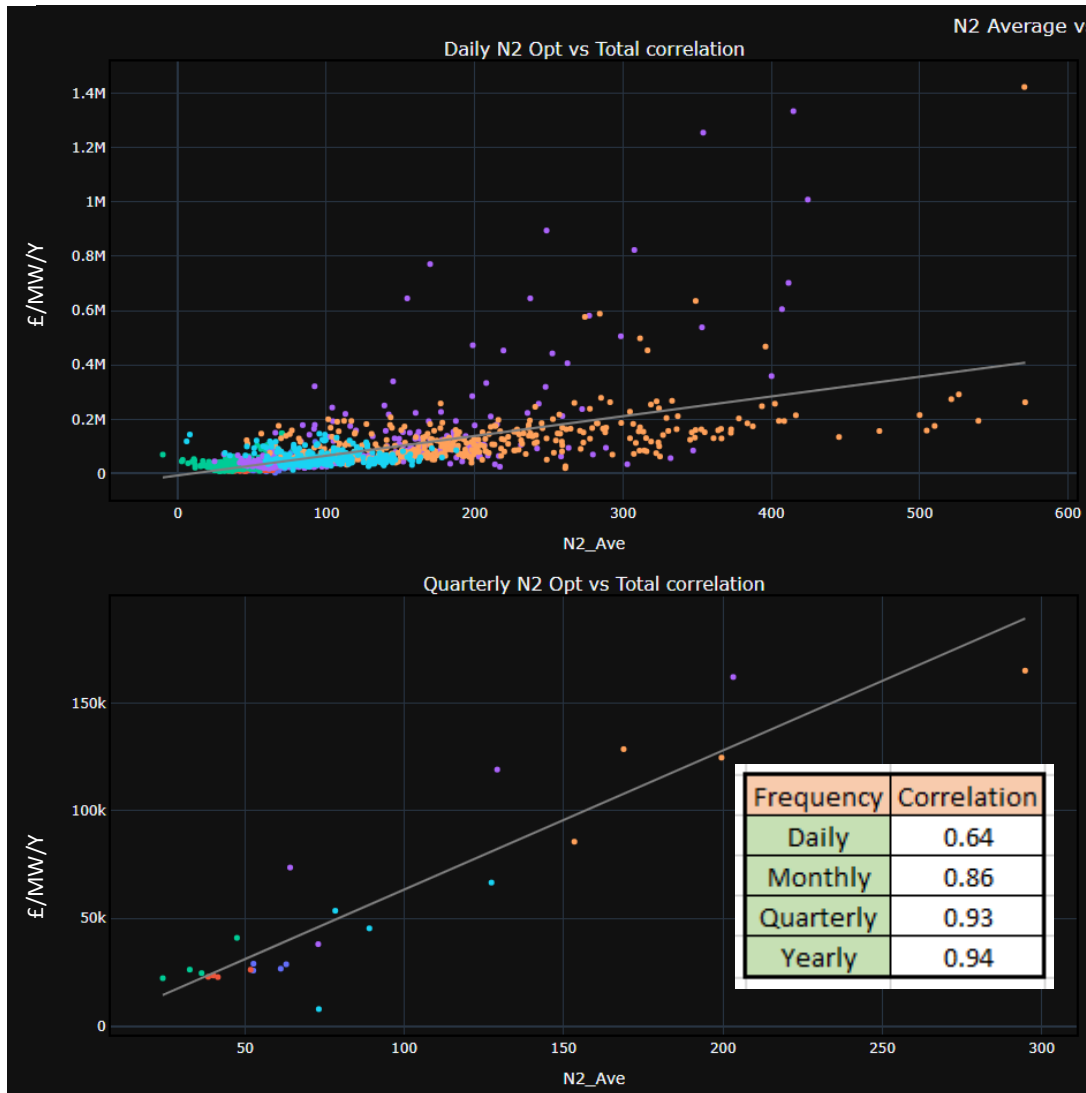
Ancillary Services
Spot auctions
Intraday Markets
Balancing Mechanism
NIV Chasing

How do forward markets work



- Well-developed UK power forward market 3 years out
- Traditional power plants take advantage to sell power ahead of time and suppliers buy
- Base / Peak Load Shape
- Battery revenue streams are much more diverse and complex across ancillary services and wholesale markets
- Forward markets have typically been ignored due to lack of suitable hedging products

Forward market to hedge and capture premium

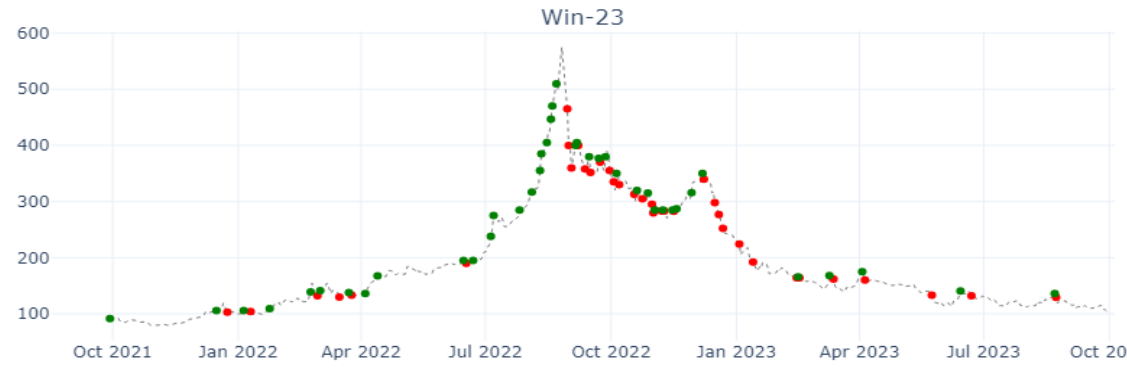
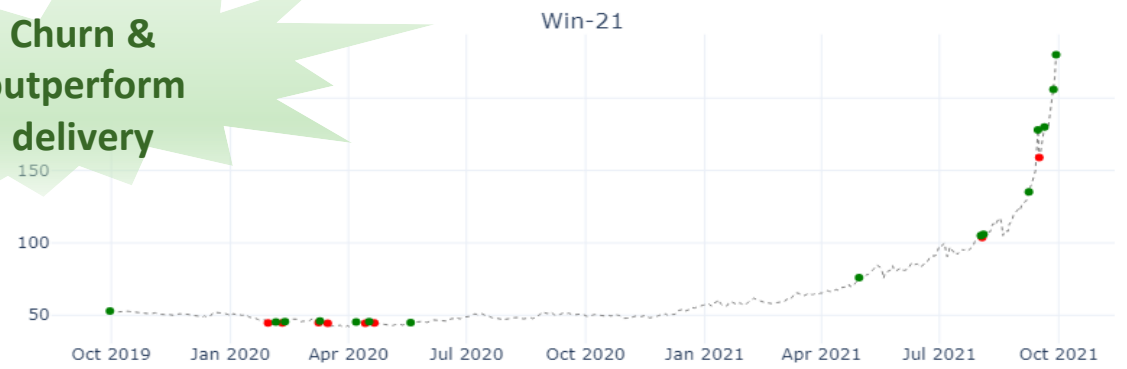
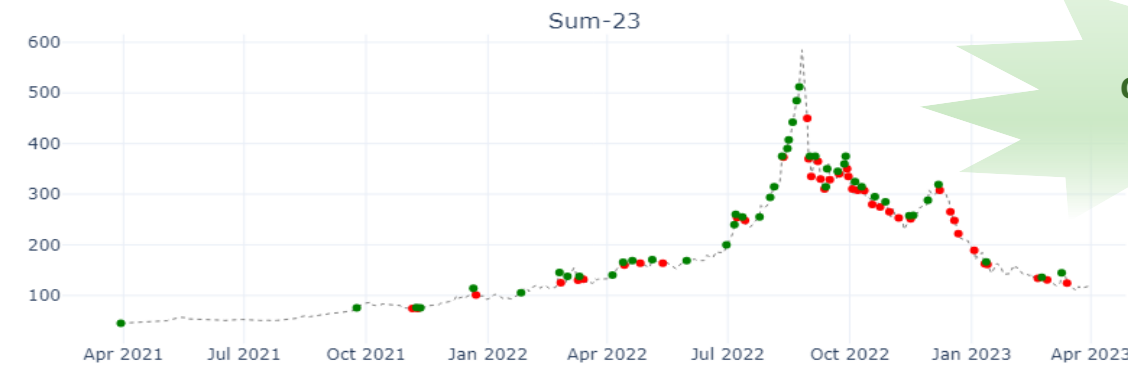
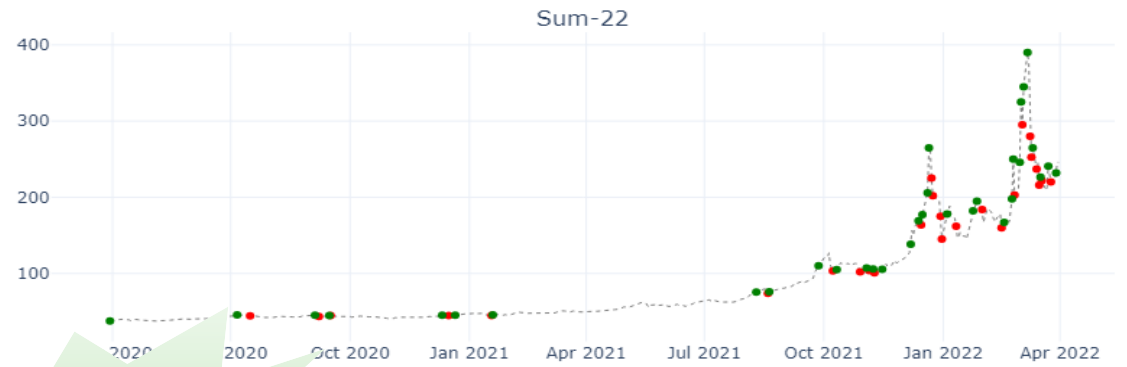
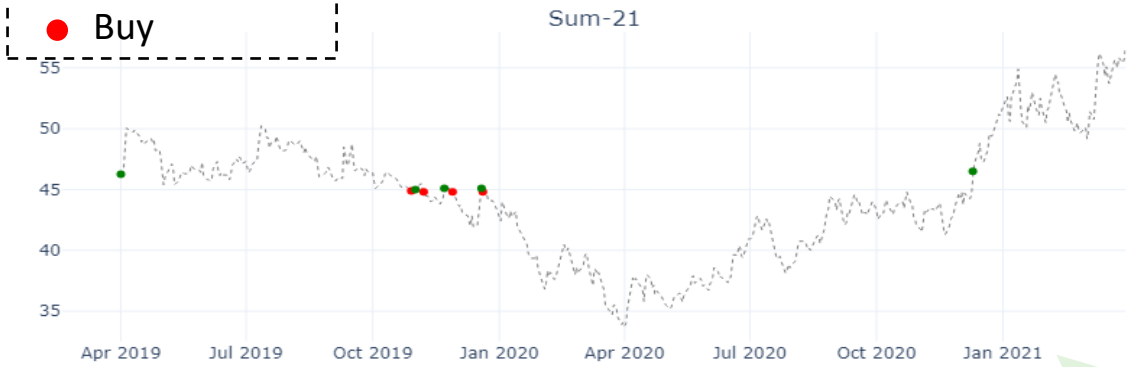


- Battery revenue \sim hourly min-max power price spread \sim baseload power price
- High baseload prices
 - Inflationary effect on intraday spreads
 - Sign of tight power system
- Develop proxy hedging strategies to hedge forward battery revenues
- Target
 - Reduce gross margin volatility
 - Add forward market premium
- Basis risk? Sure, but less risky than leaving everything to spot markets

Baseload Forward Market Hedging



- Sell
- Buy



Churn & outperform delivery

Forward market premium capture

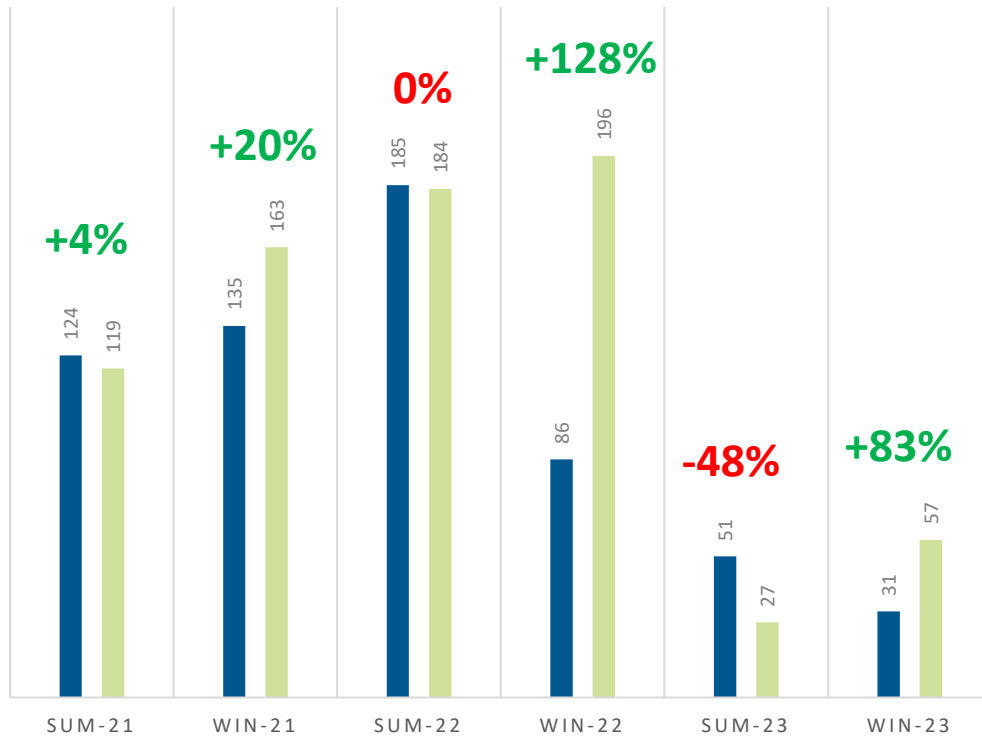


FORWARD MARKET PREMIUM 4 OUT 6 SEASONS

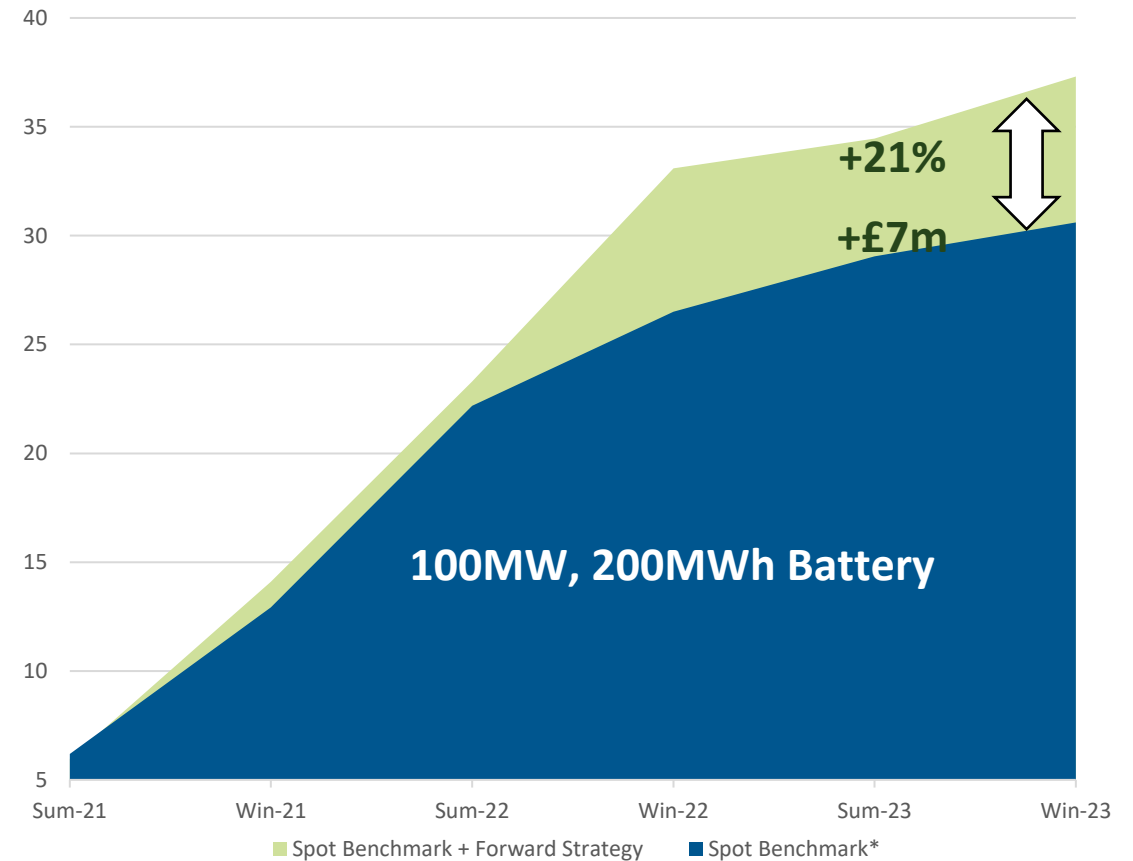
21% UPLIFT VS SPOT OPTIMISATION ONLY

£ '000 PER MW ANNUALISED

■ Spot Benchmark* ■ Spot Benchmark + Forward Strategy



CUMMULATIVE GROSS REVENUES £ MILLION



*Spot benchmark based on Modo 2h monthly Battery benchmark

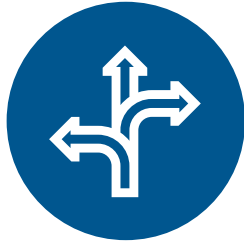
Takeaways

- ✓ UK Battery Revenues under pressure
- ✓ Focused on spot market revenues
- ✓ We can use forward markets as an extra tool
- ✓ Premium capture and cashflow management

SEFE your partner capture value across the curve



First class spot price forecast (~4% MPER)



Access to all ancillary and wholesale revenue streams



Prop forward hedging strategy for market premium capture



Strong balance sheet, ownership



Risk underwrite (floor/toll) up to 15 years out



Ultra granular trading performance transparency

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