



NEW STREAM
RENEWABLES

New Stream Insight :
Government Cuts Planning Red Tape
That Could Triple UK's Battery Capacity

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New rules will allow large energy storage projects to bypass national planning system.



This means the effective cap on 50MW projects is removed.



Potential for much larger battery storage projects in the UK.



NEW STREAM'S VIEW
 "Our view is that PPAs cant typically be standardised and put on an auction platform. Or if they are then there is a risk of either undervaluing renewable price or ending up with a PPA structure that doesn't work for the company or individual."



Paul Sanders
 Head of Generation at New Stream:

"Its clear planning is not the only issue in terms of getting battery capacity built out in the UK. You only have to look at the planning portals to see those sites that have been consented but haven't been built out. Asset optimisation, trading and management is still a real hurdle for lots of investors. However, this is all positive news."

- Large-scale battery developers will be able to apply for permission to build their energy storage projects using local planning rules, which are quicker and easier to manage.

- The government initially proposed keeping the limits in place following a consultation in January 2019, but by October proposed to reverse its decision amid warnings from the industry that the rules would stifle investment.

"We are seeing the UK energy transition and the way grid is managed is also changing quickly, with record levels of renewable sources generating our power. Again flexibility is the key. Storage can help us make the most of this green capacity, using it to manage peaks and troughs in demand and operate the electricity system as efficiently as possible." Sanders went on to say.

Spot Power Market Volatility is still very much in evidence :



NEW STREAM POSITION

"We work closely with developers and funders to build an optimal PPA structure for the project duration of individual assets or for entire portfolios."



Jamie Banks -
PPA Manager
at New Stream:

"Gas is still very much the driver of spot market power pricing and very short term PPA fixing."

"Further out on the power price curve sentiment around potential "V shape" recovery and price action in broader commodity markets is still key. We have seen that market starting to trend upwards over the last week or so and are monitoring that closely on behalf of our PPA clients as we move closer to FIT export rates." Banks went on to say.

New Stream PPA and Trading Strategy

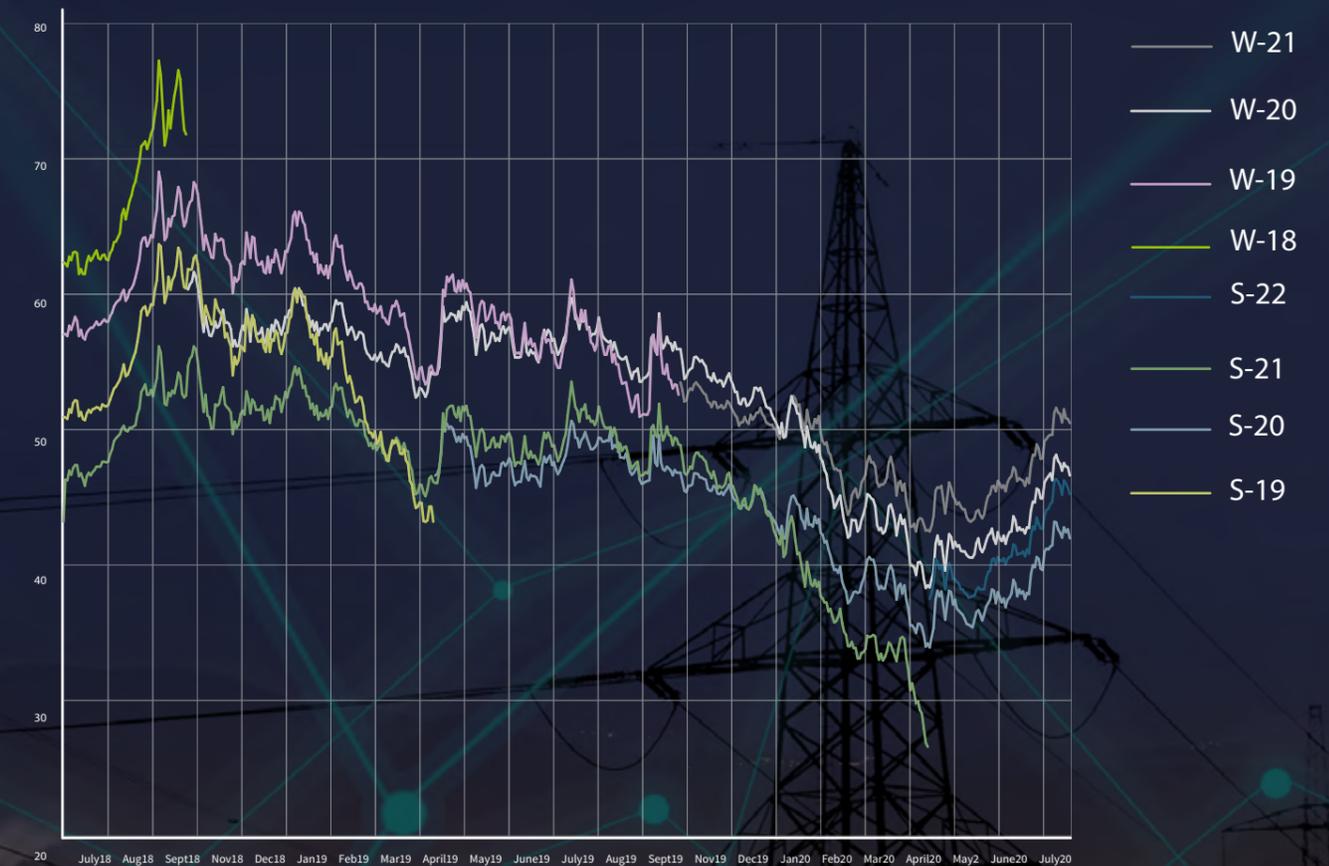
PPA Outlook : UK Power market continues to shows signs of recovery with forward price curve increases.

New Stream PPA Fundamentals Summary

- Gas market continues to be oversupplied in the short term.
- UKCS gas supply is seen at circa 100mcm.
- NCS flows are nominated at c.55mcm with strong Langed flows.
- LNG send-out nomination is circa 30mcm.
- Two LNG cargos are scheduled to land in UK within the next two weeks.
- European gas supply via BBL and IUK pipeline import are zero.
- New Stream forecast gas for power demand at around 60mcm.

UK Power Chart : Off the Lows

NS UK Power ahead



ROCs

Still concerns / uncertainty over the recovery in demand and a lack of clarity around overall electrical demand.

REGO

UK CP18 period has now ended as suppliers have now submitted their fuel mix disclosures.

CP19 pricing showing a small recovery with buyers looking at deep green certificates. Strong anti-biomass sentiment from buyers.

Green Gas Certs

A number of transactions have been announced over the last couple of weeks by UK Corporates who have contracted over the medium term.

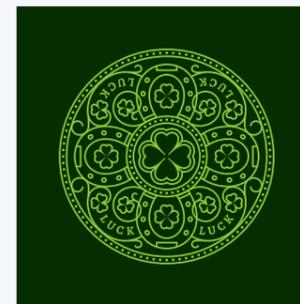
European buyers continue to show a strong interest given the pricing differential between the UK and Europe.

Changes in Irish Energy Flexibility:

New Stream continue to monitor developments in the Irish flexibility space with the Flextech consultation report published this week.

This is an ambitious but much needed plan and way forward for the Irish market.

The consultation includes plans for daily auctions of reserve and non-frequency ancillary services.





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NEW STREAM RENEWABLES LTD

4 Charlecote Mews Staple Gardens
Winchester SO23 8SR

Tel: +44 (0) 1962 807 060

info@newstreamrenewables.com

New Stream Renewables is a specialist consulting and support services group operating across renewable energy markets and technologies.