



PRESS RELEASE

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ENEL BUYS A STAND-ALONE BATTERY ENERGY STORAGE PROJECT IN UK

- *The Tynemouth project, which is construction-ready and has a capacity of 25 MW (12.5 MWh), is supported by a four-year contract with British utility National Grid to provide grid balancing services*
- *Enel, which acquired the project from energy developer and operator Element Power, will invest for the overall project approximately 20 million euros, including project construction*

Rome, May 16th, 2017 – Enel S.p.A. (“Enel”) purchased the Tynemouth stand-alone battery energy storage system (BESS) project located in Newcastle, in UK, by acquiring 100% of the shares in Tynemouth Energy Storage Limited from the European based energy developer and operator Element Power. The construction-ready project, which will be developed by Enel’s Global Thermal Generation division, uses a lithium-ion battery with a capacity of 25 MW (12.5 MWh) and is expected to be completed in early 2018. Enel’s overall investment in the project, including construction, is expected to total approximately 20 million euros.

*“This transaction marks an important step forward in the growth of our Group in the promising and innovative sector of the stand-alone battery energy storage systems”, said **Enrico Viale**, Enel’s Head of Global Thermal Generation division. “Due to the increasing role of renewable energy sources, the growing need of grid balancing services and the fast reduction of technology costs, the BESS market is expected to grow exponentially in all geographies in the next years. For this reason, Tynemouth represents for Enel an opportunity to gain experience and strategic knowledge in building such projects, which can then be applied to other markets”.*

Tynemouth is supported by a four-year Enhanced Frequency Response (EFR) contract with National Grid awarded to the project in last year’s EFR tender to provide grid balancing services. After four years, the project will participate to ancillary services and capacity market tenders.

Tynemouth BESS project represents for Enel an attractive investment opportunity with a fast time to market due to its short time for construction. The EFR contract secured by Element Power that supports the project was one of the best remunerated among those awarded in last year’s EFR tender, with a price of around 12GBP/MWh. In addition, UK is one of the most advanced markets in the world for utility-scale battery storage systems and one of the first in having set a frequency regulation tender awarding only stand-alone battery storage projects. The country offers multiple revenues streams opportunities, including both fixed payments and market remuneration schemes, and features good growth potential, with analysts estimating that 700 MW of different kind of storage projects will be installed in UK by 2020¹.

¹ Source: Bloomberg New Energy Finance, *UK and German ancillary service market trends*, April 13th, 2017