



PHILLIPS ENERGY - BATTERY ENERGY STORAGE SYSTEM LONG TERM INCOME FOR LANDLORDS



What is a Battery Energy Storage System?

A battery energy storage system (BESS) works by drawing electricity from the grid when there is a surplus and storing the energy for use later. It is formed from banks of batteries typically housed in modular steel units similar to shipping containers and can be designed to transmit a capacity of between 15 MW to 150 MW depending on available land, grid availability and the site's proximity to sensitive receptors.

Over the past 20 years there has been a substantial deployment of various renewable technologies such as wind and solar. This is great news, but it creates some problems:

- The UK's electricity grid network was not built to deal with this type of generation
- The wind doesn't always blow, and the sun doesn't always shine

A BESS can solve both of these problems by providing frequency and stability to the grid network, or taking excess energy off the grid, and storing it to export during peak times.

How much land do I need?

- 0.5 acres - 1 acre of land will generally accommodate a 15 - 30 MW scheme.
- Larger battery projects of 50 - 150 MW can be accommodated on parcels of land between 2 - 6 acres
- The available capacity of the utility network and the characteristics of your land will determine the size requirement.

What are the other key requirements?

Proximity to a grid connection to export electricity from the site to the National Grid and local electricity network. This can be either a direct feed into a substation or via an overhead line within or nearby to your land. We will check the most suitable point of connection for you. Our preference is generally to connect directly to a substation.

Existing planning consent for industrial or storage uses, OR good potential to secure planning consent. (Planning policy supports such developments).

A minimum separation of around 200m to non-participating residences and sites of sensitive designation (National Parks, AONBs, SSSI etc.).

What is the position regarding Planning Permission?

Phillips Energy will submit a planning application for your site, which will be progressed at their cost using a team of experienced experts.

Correctly chosen sites are generally uncontentious, particularly in areas zoned commercial and industrial. Other locations will however be considered but close proximity to residential uses should be avoided.

What will the cost to landlords be?

Phillips Energy will cover all costs in connection with progressing the project from inception to delivery, including a contribution toward landlord's reasonable professional costs.

How stable is the UK market for energy storage projects?

A BESS is not reliant upon Government support, but instead they rely on the value of trading electricity in the market in response to an increasing need for diversified, fast response projects across the network.

The requirement for 'on demand' generation of energy in the UK is predicted to continue, with generation from batteries forming a key component of the strategy to ensure energy security in the UK and allow greater levels of variable, zero emission, renewables technologies on the system.

There are a number of BESS sites operational in the UK, with many more in development.

Availability of a viable connection to export the electricity generated is the largest barrier to development. Early enquiries to the network operator will secure the best possible chance of success.

How are transactions structured, and what rent could I receive?

- Phillips Energy generally require a 24 month option period but this can be flexible depending on the specifics of the location.
- Option premium paid.
- Annual rent achievable starting at £40,000+ per annum dependent on location, capacity and technology* 0.5 - 6 acres required.
- A 25 year lease term, with a Tenant option to renew for 10 years
- Index linked rent reviews for duration of term.
- Fixed, secure long term income stream not tied to variable plant revenue.
- Lease provisions to allow co-location of facilities with existing business activities.
- Phillips Energy is also open to purchasing land for its developments.

* dependant on costs of connection.

Who are Phillips Energy?

Phillips Energy is a full-service energy company focused on renewable and low carbon generation, grid services, battery storage and energy services. We supply energy to commercial customers and our onsite, behind the meter power plants enable our customers across the UK to save money and reduce carbon emissions.

We're the largest flexible generation operator in the UK, with around 700 MW of storage and flexible generation plants operational across 50 locations. We have a large and diverse pipeline of projects secured via organic development and acquisition and have plans to own and operate more than 2000 MW of storage and generation to support the transition to net zero.

What is the timeframe for identifying and developing a BESS site?

STAGE	TIMEFRAME
1. Contact Phillips Energy to request no obligation feasibility study	-
2. Phillips Energy undertake initial checks to determine ability to access utility network	2 weeks
3. Request Letter of Authority confirming Landlord's permission to apply for grid connection	To be returned ASAP
4. Utility connection process (applications to embedded utility companies)	12 - 16 weeks
5. Heads of terms setting out detailed commercial terms provided to landlord for approval and signature	1 - 2 weeks
6. Option entered into by both parties (legally binding)	6 - 8 weeks
7. Submission of planning application	During option period
8. Trigger of option to lease	During option period
9. Construction	Within 3 months of lease
10. Commercial Operation	Within 9 months of start of work

Phillips Energy has 5 storage projects in construction across the country which will add to our operating fleet by the end of 2022. We are at the forefront of a critical new technology which will increasingly store excess renewable energy generation while also providing grid stability services. Our in-house trading desk and optimization team gives Phillips Energy a unique competitive advantage to access the power markets including our proprietary VISION algorithmic trading system. We put our expertise in permitting, construction, operations and maintenance to work building long term partnerships with our landowners for today and the future.

Further information at <https://phillipsenergy.co.uk/>