

Are battery storage projects funded on a stand-alone basis?

KBRA has observed an important distinction in the funding tools for battery storage depending on whether batteries are being funded on a stand-alone basis or as part of a portfolio, versus those that are part of hybrid projects (utility-scale solar or wind combined with battery storage).

Do European and UK regulators support battery energy storage systems?

The success in recent capacity market auctions in Italy and the UK, as well as other European countries that are building large-scale battery energy storage systems (BESS) projects, signals that the European and UK regulatory environment is providing a degree of limited support to the technology.

How many MW of battery storage contracts were awarded in February?

The UK's T-4 Capacity Market auction awarded 1,093 MW of battery storage contracts in February. Around 60% of battery storage had a two-hour or longer duration, similar to the UK T-4 2024-25 results (storage duration is the amount of time storage can discharge at its power capacity before depleting its energy capacity).

How are battery storage transactions funded?

Funding techniques vary, but most battery storage transactions are funded on a short-term basis, taking into account corporate risk rather than on a pure stand-alone, nonrecourse basis. Regulation has a role in bridging the gap between inherent merchant exposure and long-term lenders' needs for predictable cash flows.

What is the global battery storage capacity in 2021?

According to the International Energy Agency (IEA), global battery storage capacity as of 2021 was 4GW-8GW. Factoring in renewable targets, the IEA expects battery storage capacity will need to increase to 148GW by 2025 and 585GW by 2030.

Do hybrid batteries need long-term debt funding?

While long-term institutional debt funding of stand-alone and portfolio battery storage transactions has been relatively limited, there is a growing appetite for long-term nonrecourse debt funding of hybrids, which benefit from 20- or 30-year PPA offtake terms.

In addition to new photovoltaic installations with battery storage systems, it also includes retrofitting battery storage systems and charging stations, and much more. What types of funding are there? Funding works in two ways: through ...



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