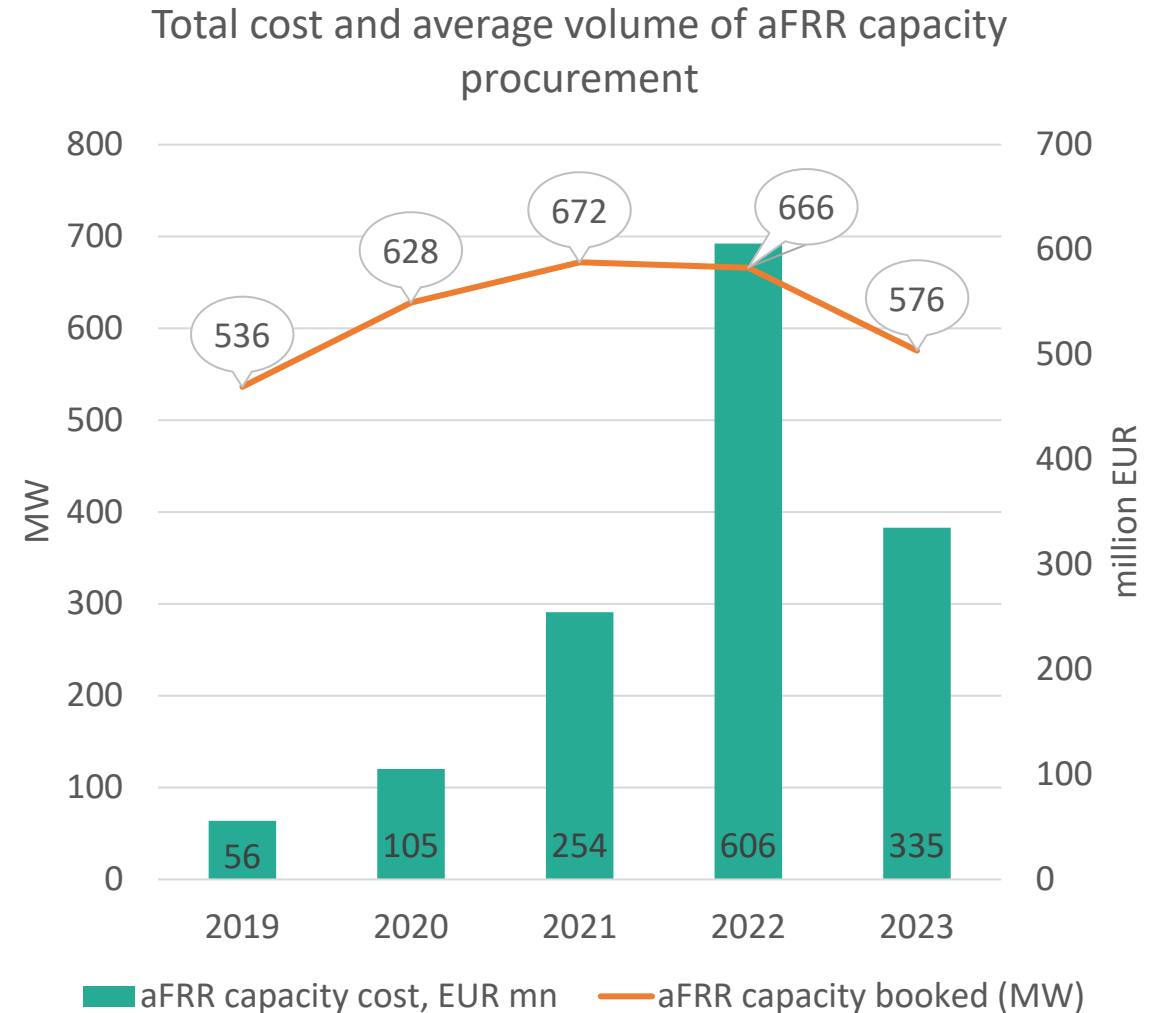


Why do we need batteries?

- Over the past few years, the expansion of renewables has been followed by an increase in balancing needs
- Supply of conventional balancing capacity has not increased.
- Considerable scarcity premiums have emerged: the cost of booked aFRR capacity increased 6-fold between 2019 and 2023.
- In order for PV penetration to expand, new types of flexibility providers are needed in addition to the expansion of conventional technologies: storage, renewables, demand response...
- Rebalancing the supply side of the balancing market will reduce the cost pressure on system charges.



Why a CfD scheme („OPEX leg“)?



1. New technology, that we have no experience with is entering the market.
 - Storage has so far mainly participated in the FCR regulatory market.
 - New storage facilities will be active in the spot and aFRR balancing markets.
2. These are not pilot projects; they appear on the market in significant volumes at one go.
 - By bringing a significant increase in supply to the tight aFRR balancing market, this will mitigate the scarcity premiums.
 - They may play an important role in smoothing evening price spikes.
3. Several changes are also expected in the balancing market, apart from storage :
 - New types of flexibility providers entering the market
 - Changes in demand
 - Assessing the combined impact of complex market changes is difficult.
 - Making reliable return calculations is challenging.
 - **Storage METÁR (CfD) supports positive investment decisions by reducing this market uncertainty**

What risks are covered by the scheme?



Support is the difference between the bid revenue and the reference revenue determined on the basis of the methodology laid down by MEKH

1. **The reference revenue reflects the market:**

- Prices are considered on the basis of average prices on the relevant markets: if market prices fall, the amount of support increases
- Required performance is based on actual market potential: if a market is oversupplied, then a proportionately lower performance is expected from the storage facility
- As new cash-flow opportunities emerge, the benchmark performance components are reset on the basis of an industry consultation.

2. **METÁR (CfD) offers coverage for the most important market risks :**

- Profits from outperforming the benchmark can be retained
- But it does not provide coverage against individual poor performance.

The benchmark will track market changes



The benchmark is fixed for at least 1 year and reviewed at least every 2 years by MEKH

- First review in 2027, for the period 2028
- On the basis of supported storage facilities with better than median specific profitability

An extraordinary review shall be carried out for the following year if

- the reference net revenue differs from the actual net revenue by more than 20% on average, or
- is requested by investors representing at least 50% of the capacity of the supported storage facilities, or
- at least 50% of those entitled to revenue compensation (investors) request it.

In addition to the CAPEX support, we are confident that the risk mitigation tools presented here will provide an attractive investment opportunity for potential investors.