

Whitepaper

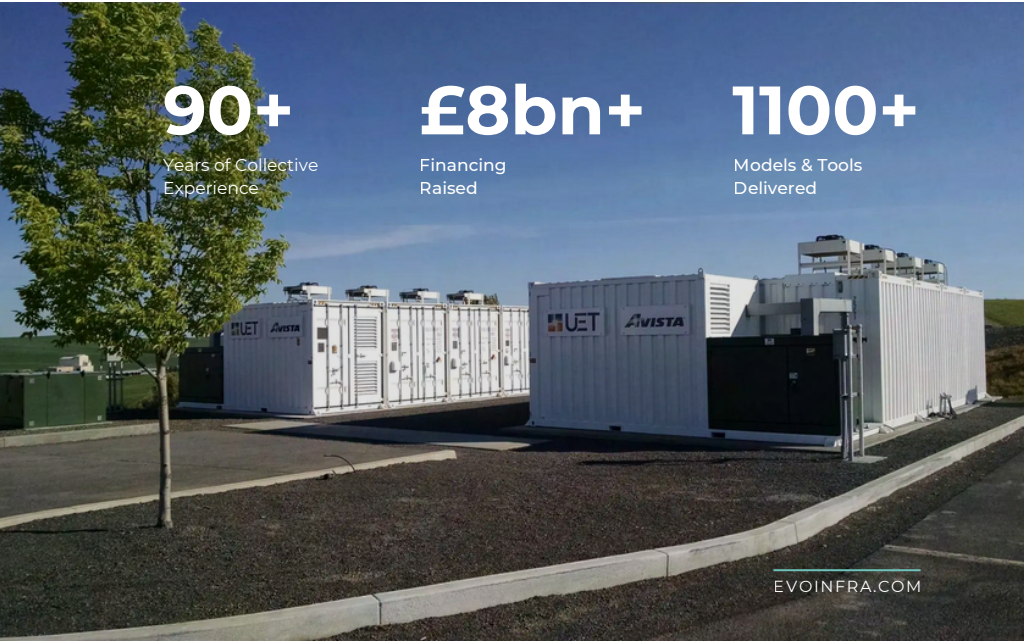
Positioning BESS Pre-Gate 2 Offers

About Us

Evolution Infrastructure is a specialist financial advisory and financial modelling consultancy focused on the renewable energy and energy transition sectors, including, but not limited to, solar PV, battery storage, wind, bioenergy, EV charging infrastructure, and hydrogen.

Evolution Infrastructure's market-leading team has over 90 years' collective experience arranging project finance for infrastructure, renewable energy, and energy transition projects, providing bespoke financial advice, debt and equity raising, acquisition and disposal support, market intelligence, and financial modelling services.

Our mission is to deliver attentive and unrivalled financial expertise and services, aligning clients with optimal partners who hold similar visions and values, and arranging the most favourable financing solutions available for their platforms and projects. With hands-on support at each phase of the project life cycle, our objective is to support the transition to a green economy through the financing of safe, clean, and reliable energy and infrastructure.



90+

Years of Collective
Experience

£8bn+

Financing
Raised

1100+

Models & Tools
Delivered

Service Overview



Sell-Side Advisory

Leading sales processes from start to finish, including the identification of prospective buyers, preparing investor presentations, and managing investor engagement through the bidding process, negotiation of terms and to successful financial close.



Project Finance/ Debt Advisory

Engaging with lenders to secure debt capital for projects or development platforms. This includes the preparation of investor materials, leading funder engagement, and the negotiation of financing terms.



Strategic and M&A Advisory

Providing tailored advice on structuring and financing options which align with our clients' strategic initiatives, whether that be on sell-side or buy-side. On buy-side opportunities we co-ordinate with other advisors (i.e. legal / technical / commercial), engage with third-party capital providers (if required), and lead on modelling workstreams.



Financial Modelling

Developing robust financial models for all our mandates, as well as a standalone service, to underpin project valuations, capital raises, project financings, and ongoing asset management.

Introduction

Ambitious net-zero and decarbonisation targets have significantly accelerated the development of renewable energy sources globally, with a particular focus on solar and wind (both onshore and offshore). While these technologies are the backbone of the energy transition, their intermittent generation profile poses inherent challenges to the matching of supply-and-demand and therefore maintaining grid stability.

In response to this, Battery Energy Storage Systems ("BESS") provide an optimal solution to renewable energy intermittency by storing excess generation during periods of low demand or low pricing, and exporting during periods of high demand or higher pricing (often referred to as revenue shifting). BESS can also play a crucial role in counteracting renewables curtailment – i.e. where there is excess generation and/or grid constraints, restricting a renewable energy project's ability to export.

As such, BESS continue to establish themselves as an increasingly important asset class in the UK's energy system, and will be a key ingredient in achieving net-zero and clean power targets. The UK government continues to implement policies and incentives to promote quick deployment and adoption, with the National Energy System Operator ("NESO", formerly National Grid ESO) providing coordinated management and planning of the UK's grid infrastructure and energy transition. This is managed across both the transmission system (by NESO) and the distribution networks (by Distribution Network Operators, "DNOs").

As part of NESO's overarching Net Zero Strategy, BESS is identified as a cornerstone for enhancing future resilience, flexibility, and renewable energy penetration.



Connections Reform & Current Status of Gate 2

The UK's transition to a decarbonised energy system hinges on a swift and efficient grid connection process. Connections Reform's core aim is to expedite this process by streamlining applications, reducing delays, and clearing the backlog of unviable or stagnant projects.

This reform, known as TMO4+ (commonly referred to as 'First Ready and Needed, First Connected'), introduces a gating system designed to prioritise projects that are both viable and strategically aligned with system needs; with developers able to apply for grid connections on a bi-annual basis. At a high-level, the gates are:

Gate 1 ('Indicative Offer')



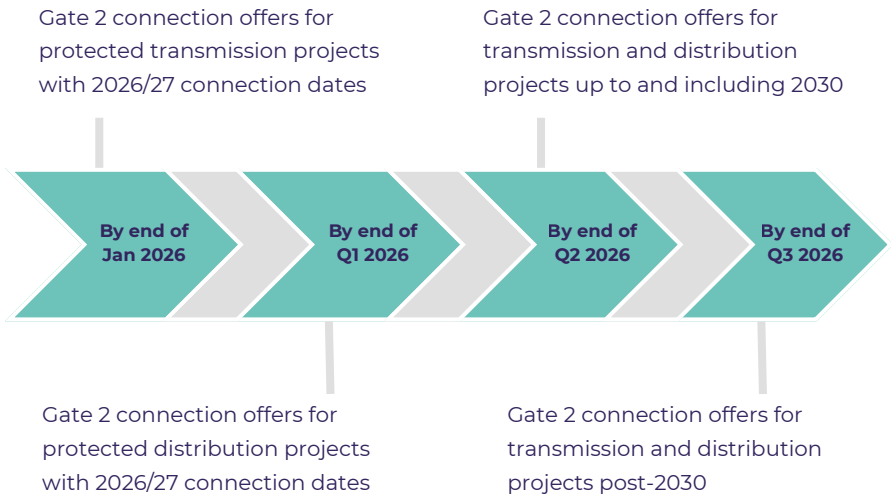
- Assessment criteria:
 - Competency (including evidence of key site / landowner engagement)
- Type of offer received:
 - Indicative offer with connection date and connection point

Gate 2 ('Full Offer')



- Assessment criteria:
 - Readiness:**
 - ① Secured land rights (e.g. option for lease / transfer, or ownership); and
 - ② Confirmation of planning consent, or sufficiently progressed planning to meet submission/consent deadlines
 - Strategic Alignment:**
 - ① Deemed 'Needed' by the system and aligned with Net Zero goals, often based on technology or location)
- Type of offer received:
 - ① Full offer with firm connection date and connection point (a secure position in the connections queue)

During Q2 and Q3 2025, all projects have been required to submit evidence (to their respective DNOs and/or NESO) to confirm project status, connection protections, and their order in the connections queue under Connections Reform, with the updated timetable posted by NESO on Oct 1st outlining the following timescales for provision of Gate-2 offers:



With the Connections Reform process ongoing throughout 2025, there has been a noticeable slowdown in deal activity – even for projects that currently benefit from Protection Clauses. This slowdown is largely due to uncertainty around final connection offers and project timelines, and continues during the delay to receiving Gate 2 offers (in Q1 & Q2 2026).

A significant increase in transaction activity is expected once Gate 2 offers are released. However, in the interim, developers can take key actions to de-risk and enhance their projects to maximise value and investor interest once Gate 2 certainty is achieved.

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EvoInfra leverages their strong understanding of project development and knowledge of live market conditions, alongside their deep pool of investor relationships, to facilitate well-informed and rigorous sales processes.

Most importantly, the EvoInfra team are great to work with and extremely responsive to both the buy and sell side. We would not hesitate in recommending them to others looking to sell via competitive process.

Balance Power

Adding Value Prior to Gate 2 Offers

With a surge of projects expected to hit the market in Q1–Q2 2026 following receipt of Gate 2 offers, developers should continue progressing project fundamentals to ensure their offering stands out, and realises the maximum potential valuation.

Key areas to focus on include:



1 | Land

Explore and resolve any potential land issues ahead of Ready to Build (RtB) / Final Investment Decision (FID), in particular relating to access rights, wayleaves, and/or required easements.



2 | Planning

Where feasible, discharging pre-construction conditions under the project's planning consent. For those which may require significant capital, or relate to a finalised project design or construction methodology (which may be addressed closer to RtB), develop a strategy and solicit quotes for works required to support future discharge.



3 | Active Dialogue with Grid Operators

Continue active engagement with the grid operator to maintain visibility of project progression and actions being taken to facilitate grid connection. In many cases, grid operators are placing orders for electrical equipment (e.g. switchboards, circuit breakers), which effectively represents a commitment to a Final Investment Decision (FID).



4 | Engagement with EPC/ICPs and supply chain

For projects which are pursuing a 'Non-Contestables Only' option under their grid offer, initiate early engagement with Engineering, Procurement & Construction (EPC)/Independent Connection Providers (ICPs) regarding delivery of contestable works. Begin discussions on long-lead items (i.e. transformer, switchgear) and, to the extent feasible and practical, explore early-works agreements. Similarly with Original Equipment Manufacturers (OEMs) to confirm technical specifications and lead times for key assets like BESS units and inverters.



5 | Engagement with optimisers

Start initial discussions with optimisers, so that there is the benefit of preliminary discussions for a prospective buyer to step into.



6 | Capacity Market (CM)

While T-4 CM contracts have traditionally been a benchmark for project de-risking, the uncertainty around connection timelines from 2028 onward makes participation in the upcoming T-4 auction riskier; for 2026/2027 connections under Connections Reform this remains a relatively low risk. There is still the option of securing T-1 contracts in early operational years and/or the acquisition of T-4 contracts via secondary market.

Given many investors will have their own preferences around EPC, supply chain providers, and optimisers, entering into binding agreements prematurely will reduce flexibility in negotiations. However, initiating early conversations and maintaining active engagement is strongly advised.

For developers with the internal capacity to continue to manage these workstreams alongside a buyer (i.e. under a Management Services Agreement (MSA) or similar), progressing a project closer to a fully-wrapped RtB offering, and/or under the MSA supporting to the Commercial Operations Date (COD), will significantly increase value and appeal.

Q3 2025 Case Study: Bradford West II / Old Allen Road

Evolution Infrastructure acted as exclusive financial advisor to the sellers, 23Energy and Q4 Holdings, on the successful disposal of the 100MW Old Allen Road BESS (a.k.a. Bradford West 2) to Varco Energy, a UK-based battery storage asset owner and operator, in September 2025.

The 275kV transmission-connected BESS is a flagship project, designed to provide essential flexibility and grid-balancing services to the UK electricity system. The site will deliver frequency and voltage regulation, reserve capacity, and load shifting services that are critical for integrating renewable energy and ensuring a stable, reliable supply of electricity as the UK accelerates towards a net zero power system.

The delivery of Old Allen Road BESS by Varco Energy will further support the UK government's target of 23–30GW of energy storage by 2030 which in turn requires an estimated £11 billion investment required in storage assets by 2035.

The Scope of Work:



Leading investor engagement and negotiations, and acting as key point of contact throughout process to financial close



Leveraging market relationships across supply chain and OEMs to progress technical strategy and facilitation of potential introductions to buy-side



Management and co-ordination of dialogue between parties, including strategy to navigate and satisfy conditions precedent to facilitate successful completion of transaction

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EvoInfra provides unwavering financial advisory support, going above and beyond to deliver invaluable input on all aspects of project development and transaction negotiations to successful completion.

23Energy

Trusted Advisor



Get in touch

We're here to help you navigate complex deals with clarity.



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