

WFW ADVISES ADAPTOGEN ON £58M BATTERY STORAGE PROJECT PORTFOLIO FINANCING

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Watson Farley & Williams (“WFW”) advised Varco Energy HoldCo 1 Limited (“Varco”) a wholly-owned subsidiary of Adaptogen Battery Storage LP (“Adaptogen”), on its circa £58m project financing of a battery storage project portfolio consisting of two 57 MW projects, ‘Sizing John’ and ‘Native River,’ located at Rainhill and Capenhurst in North-West England, UK, respectively (the “Projects”).

The project financing is secured against the portfolio’s projected merchant cashflows and assets, as well as the project company and borrower shares. The Projects’ revenue arrangements are structured on a purely merchant basis in contrast to the majority of recent debt financings involving battery storage projects in the UK. There is also no co-location with other technologies – the portfolio is “pure play” battery storage. The Projects each have a 2.4-hour duration and a battery warranty period in excess of 12 years. Commercial operations are expected to commence in Q4 2024 for both projects.

WFW has advised the Adaptogen / Varco group since its formation, including on the acquisition of the project companies as well as their development, construction, real estate and offtake arrangements. Adaptogen Capital is a specialist investment firm focussed on providing expertise to investors and help them navigate the energy transition as sustainably and profitably as possible. They focus on investment opportunities in new energy storage asset classes, as well as those from distributed energy and demand side response markets.

The WFW London team that advised Adaptogen was led by Global Energy Sector Co-Head and Head of the London Projects Group Henry Stewart, working closely with Projects Partner Emmanuel Ninos, Corporate Partner Christina Howard, Financial Markets and Products Partner Rob McBride, Planning and Regulatory Partner Nick Walker, Real Estate Partner John Rosmini and Tax Partners Claire Miles and Richard Stephens. They were supported by Counsel Marianne Anton (Regulatory, Public Law and Competition), Senior Associates Gavin Jackson (Project Finance), James Fryer (Project Development) and Charlotte Williams (Real Estate) as well as Associates Patrick O’Rourke (Project Finance), George Robinson (Corporate), Kristina Buckberry (Financial Markets and Products) and Kaajal Shah (Real Estate).

Henry said: “We are delighted to have advised Adaptogen on one of the first non-recourse pure play merchant financings in the UK battery energy storage system space, and to have supported the development of their operating platform company Varco Energy throughout its development”.

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James Mills, Adaptogen Capital Managing Director, said: “Battery energy storage is an essential part of the UK’s energy transition to net zero. Green energy markets must not only focus on renewable generation, but on the delivery of that energy to the system at the most optimal time and location. We cannot fully decarbonise our economy without massive-scale investment into storage assets to facilitate more efficient deployment of renewable energy as we move away from fossil fuels”.

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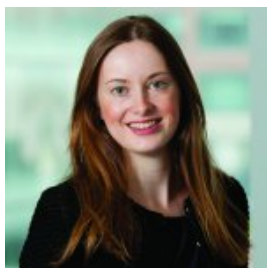
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