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The 49th edition of AleaSoft Energy Forecasting"s monthly webinars was held on November 14, focusing on the prospects for batteries, hybridisation and energy storage. On this occasion, Luis Marquina de Soto, President of AEPIBAL, the Business Association of Batteries and Energy Storage, participated and gave his views on these topics. In addition, during the webinar, the evolution and prospects of European energy markets were analysed.

On the other hand, the rapid progress of the free market was highlighted, where 18 GW have already been awarded to battery projects, mostly stand-alone projects, and a further 10 GW are awaiting a response. This is evidence that developers have identified storage as a key element for the growth of renewable energies, as a massive deployment of these technologies will not be viable without storage.

In addition, the new demand circular was presented, which puts special emphasis on flexibility, a fundamental aspect for battery operation. However, detailed specifications are still pending and are expected to be published in the coming months.

Another issue of concern is that the regulation implies that hybrid photovoltaic energy plants lose dispatch priority, as they are considered manageable when they include storage. This situation affects hybridisation business plans and has already stopped some financing models, so it is essential that this is reviewed.

Finally, the creation of a new Sub-directorate General for Storage and Flexibility in the MITECO was reported, in order to give greater relevance to energy storage and boost its strategic development.

The webinar addressed various regulatory and social challenges related to hybridisation and energy storage. Among them, the capacity market stands out, whose implementation has been expected for more than a year due to its importance as a support for project financing. The first capacity market auction is scheduled for the first four months of 2025.

Another pending issue is the definition of whether or not to apply the IVPEE (Tax on the Value of Electricity Production) to storage. Likewise, the situation of the Guarantees of Origin in hybridised plants is of concern, as currently the energy that reaches the grid through storage loses these guarantees.

Finally, it was mentioned that there are cases of social opposition to battery projects, underlining the need for sponsors and institutions to collaborate actively to guarantee adequate social integration.

The CAPEX of battery projects has fallen significantly, by close to 30% in the last year, with prospects for further reductions. During the first years of storage development in Spain, the main revenues from batteries

will largely come from participation in ancillary services, especially in the secondary regulation market, which is considered very profitable for the first installations to be connected. However, as installed battery capacity grows, these revenues will tend to decline because it is a relatively low-volume market that will be cannibalised soon.

Major challenges remain for batteries and hybridisation, and 2025 will be decisive to drive their development. It is crucial to implement solutions that speed up the permitting process and continue to make progress in flexibility, an essential element to facilitate the installation of batteries. A clear regulatory framework and the implementation of reforms to ensure the competitiveness of the Spanish market in terms of investment are also required.

Although the reduction in battery prices represents a positive factor for their adoption, costs continue to be high, which reinforces the need to continue advancing in technological aspects. It is also essential to implement strategies that promote greater social acceptance.

Despite these challenges, storage is positioned as an essential pillar to continue deploying renewable energies. This strategic role will be a driving force for the five-year period starting in 2025 to be marked by the prominence of batteries and hybridisation, consolidating their role during the energy transition.

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