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Revenue certainty sets debt capacity: Korea's third-round prices under pressure as Japan's small-battery funding widens

This week's common thread: the form and length of revenue support directly set how much debt a battery can carry. Korea's third central contract round has fewer bidders, but prices and cell costs squeeze returns from both sides; contract designs in Australia, the Dominican Republic and Ireland show financial close still hinges on long-term revenue; and funding for Japan's small high-voltage batteries is widening from developers to regional banks and property firms.

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KEY JUDGEMENTS

Conclusions

1. **Korea round 3: fewer bidders, returns still squeezed.** LG Energy Solution sat out the 1,180 MW (about 7.08 GWh) third round, narrowing it to Samsung SDI and SK On; about 60-odd consortia bid, industry estimates put this round's price in the low-to-mid KRW 20/kWh range, while battery supply prices are up about 30–40% (all industry claims). Round 2 price levels remain the key reference for judging round 3 debt service.[15,17]
2. **Long-term revenue is still the gate to financial close.** Frontier Energy's up to A$280m Waroona stage 1 debt is conditional on a CIS agreement and interest-rate hedging; Ireland's CRU-approved LDES contracts last only 10 years, which industry compares with the UK's 25 years and says may shorten debt tenor and sizing; the Dominican Republic's storage tender offers 15-year new agreements.[16,18,23]
3. **Funding sources for Japan's small batteries are widening.** Chiba Bank lent A.D.Works ¥1,143.1m in two environmental-equipment loans for two high-voltage sites; Nomura Real Estate bought four 2 MW/8 MWh sites with Mizuho Securities advising; Sunpin's 45 MW/180 MWh connected and several 2 MW-class sites started up. Rates, tenors and purchase prices were not disclosed.[1,6,7,12,13,20]
4. **Asian capital and policy targets point to larger long-duration markets.** Shinhan Bank will arrange senior project finance for Ireland's 300 MW/2,400 MWh Coolpowra; India's Cabinet approved INR 145bn of VGF (30 GWh of batteries, 40% local content) and NHPC tendered 800 MW of storage at the Jalaun solar park; Malaysia's deputy prime minister urged tighter battery safety standards, which may enter lenders' technical due diligence.[4,5,10,22]
5. **China gives a cost benchmark, little financing detail.** The 200 MW/800 MWh standalone plant in Alxa, Inner Mongolia cost CNY 750m in total (about CNY 0.94/Wh); a 60 MW/600 MWh liquid-air plant in Qinghai and Huaneng's Lanzhou flywheel system connected. Lenders and revenue structures were not disclosed for any of them.[3,9,21]

KEY NUMBERS

This week in numbers

Korea round 3 size

1,180 MW

About 7.08 GWh; build by Feb 2029

Frontier Waroona stage 1 debt

A$280m

Led by Natixis CIB and SMBC; conditional on CIS

Chiba Bank storage loans

¥1,143.1m

Two loans for sites in Mie and Kumamoto

Alxa standalone storage unit cost

~CNY 0.94/Wh

200 MW/800 MWh, CNY 750m total

India storage VGF

INR 145bn

92 GWh target, 30 GWh batteries

Ireland LDES contract term

10 years

Industry cites UK's 25 years, asks ~15

TIMELINE

What happened

Date	Market	Event	Why it matters for finance
11/04	GL	India's Cabinet approves INR 145bn storage VGF[22]	Battery projects need 40% local content
11/05	KR	LG Energy Solution says it did not bid in round 3[17]	Contest narrows to Samsung SDI and SK On
11/05	JP	Sunpin's 45 MW/180 MWh Shiga Otsu battery connects[12]	Commercial operation and E-Flow trading planned for December
11/06	JP	A.D.Works completes ~2 MW/8 MWh Nichinan, Miyazaki site[20]	Wholesale first, balancing market around Feb 2027
11/06	CN	Huaneng connects 5.5 MW/1.375 MWh dual-flywheel system in Lanzhou[9]	Aims to cut ancillary-service penalties and earn ancillary revenue
11/09	JP	NC Kainan Kizu battery (1,996 kW/8,146 kWh) starts operation[7]	Stacks balancing, JEPX and capacity market revenue
11/10	GL	Shinhan group and partners sign MOU on Ireland's Coolpowra LDES[4]	Shinhan Bank to arrange senior PF loan
11/11	KR	Round 3 business plan and document deadline[15,17]	Preferred bidders expected within November
11/12	JP	Nomura Real Estate announces purchase of four 2 MW/8 MWh sites[1]	A property developer enters storage by buying assets
11/12	AU	Delta lodges SSDA and EIS for 400 MW/800 MWh Vales Point battery (reported)[2]	Coal-site reuse; revenue contract not yet disclosed

JAPAN

Japan: regional bank loans and property buyers widen funding for small batteries

VERIFIED FACTS

- A.D.Works signed environmental-equipment loans with Chiba Bank, two loans totalling ¥1,143.1m, to acquire two high-voltage battery sites in Taki, Mie and Kumamoto City; rates, tenor and security were not disclosed.
- Nomura Real Estate acquired four 2 MW/8 MWh sites in Fukushima, Saitama, Gunma and Shizuoka, starting operation in stages from December 2026; Bluesky Energy builds and operates, Mizuho Securities advised, and the price was not disclosed.
- Sunpin Japan's 45 MW/180 MWh four-hour battery in Otsu, Shiga connected on 5 Nov, with commercial operation and trading via E-Flow (a Kansai Electric–Enewill JV) planned for December; lenders and revenue model were not detailed.
- A.D.Works' ~2 MW/8 MWh Nichinan, Miyazaki site was completed on 6 Nov; the Nihon Chikudenchi–Remixpoint fund's 1,996 kW/8,146 kWh site in Kainan, Wakayama started on 9 Nov (TMEIC system, CATL cells).
- Eco Kaku has 11 grid batteries interconnected with about 21.9 MW maximum intake in total; RENON POWER's low-voltage grid battery orders reached 1,500 sites, about 75 MW/300 MWh by the company's own conversion.

ANALYSIS

- Regional-bank equipment loans and property-firm acquisitions mean 2 MW-class high-voltage sites no longer rely only on developer equity; but none of this week's Japanese deals disclosed rates, tenors or prices, so leverage cannot yet be judged.
- Disclosed revenue comes mainly from JEPX, the balancing market and the capacity market, i.e. merchant revenue; how lenders cover price volatility remains to be seen.

AUSTRALIA

Australia: the CIS agreement is still the key to financial close

VERIFIED FACTS

- Frontier Energy signed up to A$280m of syndicated debt for Waroona stage 1 (132 MW solar + 81.5 MW battery), led by Natixis CIB and SMBC; financial close is expected in November and first drawdown in Q1 2027; conditions include a signed CIS agreement and interest-rate hedging.
- EnergyAustralia's 50 MW/245 MWh five-hour Hallett battery in South Australia received its last battery pack and targets commercial operation in mid-2027; the project has state Crown

Sponsorship.

- Delta Electricity lodged an SSDA and EIS for an up to 400 MW/800 MWh two-hour battery at the old Vales Point coal site in NSW, with Samsung C&T Australia as partner.

ANALYSIS

- Frontier's debt is conditional on a CIS agreement, showing government revenue support still directly decides whether funds can be drawn; rate and tenor were not disclosed.
- Hallett shares a site with the owner's gas plant and has a wind PPA; Delta reuses coal-site connection and land, but its bankability still depends on revenue contracts not yet disclosed.

SOUTH KOREA

Korea: round 3 central contract market narrows while prices and costs squeeze returns

VERIFIED FACTS

- LG Energy Solution did not bid in the 1,180 MW third round (1,100 MW mainland, 80 MW Jeju, about 7.08 GWh), saying it will not trade price competition for short-term orders; the contest narrows to Samsung SDI and SK On.
- About 60-odd consortia bid; price and non-price factors weigh 50% each; documents were due 11 Nov, preferred bidders are expected within November, and winners must finish building by February 2029.
- Industry says average winning prices fell from the KRW 30/kWh range in round 1 to the KRW 20 range in round 2 and estimates this round in the low-to-mid KRW 20 range; battery supply prices are up about 30–40%. Official bid prices were not disclosed.

ANALYSIS

- Falling prices and rising cell costs together compress debt-service headroom; fewer bidders may ease price pressure, but round 2 price levels remain lenders' key reference.

CHINA

China: a standalone plant gives a unit-cost reference; non-lithium technologies connect

VERIFIED FACTS

- Guotian's 200 MW/800 MWh standalone storage plant in Alxa High-tech Zone, Inner Mongolia connected, with total investment of CNY 750m (about CNY 0.94/Wh), for peak shaving,

frequency regulation and emergency backup.

- China Green Development's 60 MW/600 MWh liquid-air storage demonstration in Golmud, Qinghai connected on 30 Oct and can discharge for 10 hours (not battery storage).
- Huaneng connected a 5.5 MW/1.375 MWh dual-flywheel frequency system at its Lanzhou plant on 6 Nov; performance figures are company claims, not independently verified.

ANALYSIS

- None of the three disclosed lenders or revenue structures; the Alxa unit cost can serve as a reference for domestic four-hour standalone storage.

PHILIPPINES

Philippines: Panitan grid-forming battery begins testing

VERIFIED FACTS

- PetroEnergy's EcoSolar energized the 22.5 MW/45 MWh Panitan battery in Capiz and began testing, after market registration approval and a provisional grid connection certificate.

ANALYSIS

- Lenders, tariff and contract structure were not disclosed, so revenue certainty cannot yet be assessed.

SINGAPORE

Singapore: no verifiable news this week

VERIFIED FACTS

- No verified Singapore storage briefs this week.

TAIWAN

Taiwan: no verifiable news this week

VERIFIED FACTS

- No verified Taiwan storage briefs this week.

GLOBAL

Global: contract length, local content and safety certification become financing variables

VERIFIED FACTS

- India's Cabinet approved INR 145bn (about US$1.5bn) of VGF targeting 92 GWh (30 GWh batteries), with 40% local content for batteries; NHPC tendered 800 MW of storage at the Jalaun solar park (4,800 MWh and 3,200 MWh options), with winners signing PPAs with BSUL.
- Ireland's CRU approved up to 500 MW of LDES procurement of at least four hours, with a revenue floor and 10-year contracts; Energy Storage Ireland suggests about 15 years.
- Shinhan Asset Management, Shinhan Bank and partners signed an MOU to join the 300 MW/2,400 MWh Coolpowra project in Co. Galway, Ireland, with Shinhan Bank arranging the senior PF loan; amounts were not disclosed.
- The Netherlands set a 110 GWh battery storage target for 2040; the Dominican Republic approved rules for up to 200 MW/800 MWh of storage at existing plants with 15-year new agreements; Malaysia's MyBEST tender is 400 MW/1,600 MWh and LSS6 storage 1,250 MW/5,000 MWh, and a voluntary BESS certification pilot was launched.

ANALYSIS

- Contract terms seen this week range from 10 to 15 years against the UK's 25; the shorter the contract, the tighter debt tenor and sizing.
- India's local content rule and Malaysia's safety certification may enter equipment selection, insurance and lenders' technical due diligence.

COMING UP

Calendar

Date	Market	Item
Nov	KR	Preferred bidders selected for round 3 ESS central contract market
Nov	AU	Frontier Waroona stage 1 financial close (conditional on CIS and rate hedging)
Dec	JP	Sunpin Otsu commercial operation and E-Flow trading; Nomura's Iwaki site starts
2027/02	JP	A.D.Works Nichinan site planned to enter the balancing market
2027/02/25	GL	Dominican Republic storage tender award date
mid-2027	AU	Hallett 50 MW/245 MWh battery commercial operation

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