CLEANHORIZON

The Energy Storage Experts

Update from the Field – October 2017

A monthly analysis note from the energy storage experts

Executive Summary

This month's Update from The Field reports several regulatory changes around the world, most of them aiming at removing barriers for storage and clarifying its usage.
Regarding new deployments, the total activity in the energy storage space (amount of storage systems contracted and / or installed) has reached the 1 GW threshold for the year 2017. Most announcements this month took place in Europe, where frequency regulation applications remain attractive despite being subjected to market risk and to constantly decreasing revenues.

The bulk of this report is more prospective, as it explores the perspectives of Li-ion battery manufacturing. A sector in which one announcement succeeds to the other. A sector in which major manufacturers claim they will build the largest factory. A sector that has been driving the cost reduction of Li-ion batteries for the last few years.

By assessing the future global Li-ion battery manufacturing capability and comparing it to the most optimistic market evaluations, it appears that the current paradigm under which competition between manufacturers who have invested in large factories will be conserved; therefore, Li-ion battery prices are likely to continue to decrease in the coming years.

Increased market potential for the least expensive Li-ion batteries – and *a fortiori* less expensive Li-ion batteries for stationary applications – is therefore to be foreseen due to the price war battery manufacturers have entered. This trend may only stop when raw material costs and abundance begin having a large influence on the final cost of the batteries.

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