PRESS RELEASE:

SECTOR ANALYSIS 2023/2024: THE ENERGY STORAGE INDUSTRY PAVES THE WAY TO A RENEWABLE FUTURE

The energy storage sector continues its dynamic growth, albeit with significant differences in the individual market segments. Poor economic sentiment is slowing down the key industrial & commercial market segment in particular. However, with sales of EUR 15.7 billion in Germany in 2023, the energy storage sector clearly exceeded expectations, recording an overall growth of 46% compared to 2022.

14.03.2024, Stuttgart - The German Energy Storage Systems Association (BVES) presented its annual industry figures during a press conference at the Volta-XChange Forum in Stuttgart. The trend towards self-sufficiency, high and fluctuating energy prices, and the need for flexibility and security of supply are driving the market for energy storage systems. The trend for e-mobility is also providing further impetus and thus another application (charging with self-generated electricity) for storage systems in the household, industry and system infrastructure segments.

Urban Windelen, Managing Director of BVES, comments: *"Continuing very positive development in 2023 shows that the importance of energy storage systems for a stable and cost-efficient energy system is increasing strongly. The industry now supplies various markets in the entire range of applications in all three sectors of electricity, heat, and mobility. At the same time, it is not achieving the potential it could, particularly in the industrial segment, but continues to be held back by political/regulatory barriers."*

Household market segment

The household segment once again saw the strongest growth, with a plus of over 40%. The trend towards self-sufficiency and securing this supply is driving the installation of energy storage systems in buildings and private households, despite falling energy prices.

The heating sector also set a new record in 2023 with record sales of heat pumps and the associated heat storage systems. At 150%, the growth rate was higher than in the previous year and thus exceeded the forecast. Sector coupling is now the standard in the household segment; the goal is to make the most of one's own PV system. The option of charging electric cars with self-generated electricity remains another driver. This sector coupling means that storage systems are increasing in capacity. Around a third of systems already exceed 20 KWh.

More than 2 million single-family homes are expected to use an energy storage system by the end of 2024. This means that 15% of all single-family homes in Germany are already largely self-sufficient with their storage systems. This will significantly relieve the electricity grids and reduce the need for grid expansion at the corresponding grid level. The total capacity of household storage systems has

reached around 6 GW as a result of the large-scale expansion, which is roughly equivalent to the capacity of German pumped storage systems.

Industry & commerce market segment

Despite the enormous potential, the industry and commerce segment again recorded only slight sales growth compared to 2022. Here too, growth is determined by the expansion of the charging infrastructure, increasing in-house generation and securing connected load. There is great interest in heat storage systems for high-temperature and process heat as a solution for decarbonization and energy efficiency, and this interest is growing significantly. However, the market remains project-dependent and the lack of incentives for flexibilization and decarbonization is hampering the realization of the great potential. Hydrogen applications are also showing growth, particularly in the 1-10 MW range, but have not yet truly entered the markets. Overall, economic, political and regulatory uncertainty, bureaucratic obstacles and the shortage of skilled workers are still significantly curbing growth in the industrial segment.

System infrastructure market segment

By contrast, the system infrastructure segment maintains its growth trend in the area of large-scale batteries. The total capacity of large-scale battery storage systems now exceeds 1.5 GWh. Fluctuating spot market prices and the potential of co-location with wind and PV as well as arbitrage are further fueling demand for large-scale batteries. The demand for storage for the energy system, coupled with the attractive electricity market conditions for storage, is also bringing pumped storage projects back into realization.

Outlook and challenges for 2024

The storage industry is still optimistic about the future in 2024. More than two-thirds of companies anticipate increases in turnover compared to the previous year, particularly in the areas of system infrastructure, industry, and mobility. The industry remains globally oriented and is expecting further growth in international business. Energy storage systems "Made in Germany" have an excellent reputation worldwide, but must increasingly hold their grounds against mounting competition from Asia.

However, the positive outlook is limited by various factors. The poor overall sentiment and gloomy economic situation are affecting demand for energy storage systems, particularly in the industrial market segment. The shortage of skilled workers is a further factor hampering growth for half of the companies. The evergreen obstacle for the sector remains the unsuitable regulatory framework - despite positive signals from politicians and the government.

Urban Windelen emphasizes: "*The significant political and regulatory uncertainty remains the biggest hurdle for the industry. Although the government and the Bundestag are certainly presenting constructive initiatives, such as the long-awaited electricity storage strategy, it is still unclear how and by when they will be implemented. The right problems are being addressed, but it seems that the assignment to solve the problems has not yet been handed over or has been ignored.*"

"It is crucial now that the positive political momentum does not get bogged all over again. Both the energy system and the storage sector finally need an integrated strategy that encompasses all sectors of electricity, heat, and mobility and focuses on the inclusion of all storage technologies," he concludes.

Der BVES – Bundesverband Energiespeicher Systeme e.V. ist die führende Stimme für Unternehmen und Organisationen aus allen Bereichen der systemischen Energiespeicherung in den Sektoren Strom, Wärme und Mobilität. Als technologie-offener Industrie-Verband ist der BVES Dialogpartner für Politik, Verwaltung, Wissenschaft und Öffentlichkeit. Er bündelt die Kräfte der wichtigsten Branchenvertreter, gestaltet die öffentliche und politische Diskussion und berät bei der Ausgestaltung der politischen und rechtlichen Rahmenbedingungen, sowie Standards und Normen auf regionaler Ebene, Bun-des- und EU-Ebene.

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