NGEN – Regional Battery Energy Storage System ("BESS") Portfolio Development Project

Non-Technical Summary (NTS) **Project Overview**

NGEN is intending to construct and operate six standalone Battery Energy Storage System (BESS) installations with a combined capacity of 302 MW/ 635 MWh in Slovenia, Poland, Latvia and Romania under a merchant revenue model (together the "Project").

Figure 1 – Talum 3 location and surrounding area (Slovenia)

Figure 2 – Vistula 1 & 2 location and surrounding area (Poland)

Figure 3 – Liepaja location and surrounding area (Latvia)

Figure 4 – Lacu Sarat location and surrounding area (Romania)

This Non-Technical Summary (NTS) provides a description of the Project and its potential benefits and impacts associated with its construction and operation. It also describes how these impacts will be mitigated and managed through all phases of the Project's development. In addition, it provides a summary of the approach to future stakeholder engagement.

NGEN Company Background

Established in 2018, the company focuses on advanced technologies in the electricity sector, providing BESS, energy supply services, and energy management software for residential, industrial, and grid-scale applications, including for regional transmission ("TSOs") and distribution system operators ("DSOs").

NGEN's is developing a portfolio of five utility-scale BESS assets in Slovenia, Poland, Latvia, and Romania with installed power up to 115 MW. Total installed capacity of the planned portfolio is 302 MW/ 635 MWh, with total investment estimated at EUR 163 million. All facilities are standalone, not linked to power generation or industrial sites.

Two projects are making significant progress. In Slovenia, Talum 3 (70 MW/ 140 MWh; EUR 40 million) has moved into the construction phase, with batteries set to be delivered by mid-February and commissioning planned for June 30, 2026. Meanwhile, Vistula 1 in Poland (9 MW/

18 MWh; EUR 6 million) is complete, the DSO connection contract is in place, and Tesla has successfully performed black-start energisation; the battery is expected to be connected to the grid within 1-2 weeks.

The remaining projects are progressing through earlier development phases. Vistula 2 in Poland (8 MW/ 16 MWh; EUR 5 million) has begun pre-construction activities, with commissioning planned for 30 September 2026. Liepaja in Latvia (100 MW/ 215 MWh; EUR 50 million) and Lacu Sarat in Romania (115 MW/ 246 MWh; EUR 62 million) have both been acquired, and battery supply contracts have been executed; commissioning for both projects is expected by December 2026.

The projects are financed through a mix of sponsor equity and senior debt, including up to EUR 70 million provided by the EBRD.

What does the Project include?

NGEN is a certified installer of Tesla energy storage systems. The Project includes the construction and operation of six BESS installations which are made up of Tesla Megapack/Megapack 2XL (see Figure 5) battery units that will capture and store energy for later use. The Project aims to enhance energy reliability in the planned countries of operations (Slovenia, Poland, Latvia, Romania) and also support the integration of renewable energy sources within the grid system. The objectives of the Project include:

- Enhance grid energy stability.
- Increase the reliability of renewable energy sources and help to integrate them into the energy system.
- Reduce greenhouse gas emissions and support the transition towards a more sustainable energy system.

Construction of the Projects has already started or is expected to start until mid-2026 and is expected to be completed and operational by 2028. Throughout the construction activities the Contractor will comply with the Environmental and Social Management Plan (ESMP) in accordance with the environmental, social and economic criteria, national laws and Lender requirements.

What Environmental and Social Assessment(s) Has Been Completed to Date?

An Environmental and Social Due Diligence (ESDD) assessment was conducted by WSP on behalf of EBRD, including:

- A visit of operational sites and construction site in Slovenia (Talum 1, 2 & 3), operational sites in Austria (Arnoldstein 1 & 2) and construction sites in Poland (Vistula 1 & 2)
- A review of permitting and legal documentation
- A greenhouse gas assessment
- Development of an Environmental and Social Action Plan (ESAP), Stakeholder Engagement Plan (SEP), and this NTS report.

Battery Energy Storage Systems Technology

What are Battery Energy Storage Systems?

Battery Energy Storage Systems (BESS) are an advanced technology used to store electrical energy for later use. These systems play an important role in the modernisation of the energy grid by providing a reliable and efficient method of balancing energy supply and demand. BESS can be used to store excess energy generated by renewable sources (such as wind and solar power), and release this as required in times of higher demand. This improves the stability of the grid and also supports the transition towards renewable energy.

Figure 5 - Photos of a Battery Energy Storage System

How do Battery Energy Storage Systems work?

BESS projects include the following four key components:

- Batteries – used to store the electrical energy.
- Transformers – used to adjust the voltage level between the system and the grid.
- Battery and energy management system – used to control all the components in the system.
- Control systems – for energy management, security and fire suppression used to manage the operation of the BESS efficiently and safely.

Project Benefits

The Project will offer a number of environmental and social benefits to the local area including:

- **Environmental:**
  - **Support for the integration of renewable energy sources** by providing a buffer for the intermittent nature of renewables such as solar and wind. The BESS

project is able to stabilise the peaks in demand and supply in this way, making it easier to increase the proportion of renewable energy sources at the grid level.
    - **Reduced greenhouse gas (GHG) emissions** in the long term by facilitating the integration of renewable energy sources and storing excess energy produced and releasing it when needed. This reduces the grid's reliance on fossil fuels and lowers GHG emissions as a result.
- **Local Economy and Energy Reliability:**
    - The BESS project will be able to buy and store electricity when prices are low and then supply it back to the grid when prices are higher, which may result in **cost savings.**
    - This is because the system can store energy when demand and therefore prices are lower, and release the excess when demand and prices are higher, providing a more cost-effective supply of energy to consumers.
- **Social**:
    - The Project will support the stability of the grid, improving reliability of supply by regulating frequency. The BESS system will be able to quickly respond to changes in grid frequency and will provide the essential regulation to maintain stability. **Improved energy reliability for the local communities** using the grid, particularly during winter months where power outages may be more common and renewable energy sources such as solar power are less reliable.

Potential Project Impacts and Mitigation Measures

The potential impacts that may be posed by the Project relate to construction, repair and maintenance of the BESS facility. The following potential impacts have been identified alongside the mitigation measures that will be in place to avoid or minimise the risk:

- **Fire safety:** The nature of the chemistry within the battery could react and cause a thermal runaway. However, Tesla's battery storage systems are built following industry's most advanced fire safety standards, minimizing the risk of thermal propagation and with robust fail-to-save systems which will automatically shut down the facility in the event of any faults. Additionally, the site will have a comprehensive fire suppression system including fire alarms, extinguishers, and a direct link to the local fire service station. Additionally, project design follow's Tesla's as well as local firefighter's guidelines to ensure that the groups of battery units are spaced adequately apart to reduce spread in the event of a fire.
- **Noise:** the BESS facility can produce a low, constant level of noise during operation which may cause disturbance to nearby residents and businesses. To mitigate this, NGEN will consult with all nearby residents and businesses and will undertake noise monitoring assessments to establish any potential impacts on sensitive receptors. Following this, NGEN will implement the necessary noise mitigation measures such as sound barriers, and silencers to the site to reduce disturbance.
- **Battery Waste:** batteries have a limited lifespan and will need to be replaced when they reach the end of their life. The waste from these batteries contains materials like lithium, which can impact the environment if not managed properly. NGEN will create a Decommissioning Plan that outlines the basic steps for safely shutting down the Project site at the end of its life, including restoring the site according to local laws, permit requirements, and international best practices. Under NGEN's warranty with Tesla, Tesla

is responsible for the removal of all end-of-life batteries which are taken back to the producer for recycling and disposal

NGEN has a corporate Environmental and Social Action Plan, which includes commitments to ensure the fully effective management of all environmental, social and safety considerations for the project. This includes the delivery of all lenders policy requirements and compliance areas, including items such as ensuring all required safety and fire arrangements are in place, control of any site impacts, the provision of information to the host community and other stakeholders and the need for effective response to any enquiries or complaints.

Monitoring and Engagement

Monitoring of Identified Impacts

NGEN is developing a number of Environmental and Social Management Plans which include key mitigation and avoidance measures to the risks and impacts identified above. Additionally, NGEN has committed to an Environmental and Social Action Plan for the project, which includes the key commitments required to ensure effective management of all environmental, social and safety considerations for the Project. This includes the delivery of the EBRD's policy requirements and the provision of information to the host community and other stakeholders and the need for effective response to any enquiries or complaints.

Stakeholder Engagement and Community Complaints

A SEP has been developed for the Project, it identifies key stakeholders and set out engagement activities to ensure that, where relevant, stakeholders are informed in a timely manner of the potential effects of the Project. Stakeholders are individuals and organisations that may be directly or indirectly affected by the Project either in a positive or negative way, who wish to express their views.

A Project-level Grievance Mechanism (GM) has been established and is a process for receiving, evaluating and addressing Project-related complaints for anyone with concerns about, or affected by, the Project. Complaints can be raised verbally or written, via the following channels during construction. For details of the GM please refer to Project's SEP: https://www.ngen-group.eu/sl_si/environmental-and-social.

Contact NGEN

Further information of the Project is available on NGEN's website here: https://www.ngen-group.eu. For any enquiries, seek further information or any clarifications, please use the contact information below:

Mariana Pinto Veiga, E&S Manager, NGEN

Address: Moste 101, 4274, Žirovnica, Slovenia

Phone: +386 4 581 20 20

Email: mariana.veiga@ngen-group.eu