

# Boosting bargaining power through granular battery market forecasting

Research and advisory case study



## Key highlights

- A West Coast power plant developer was negotiating with battery manufacturers to build battery-based power plants and had concerns over surprise price increases from the manufacturers due to fluctuating commodities pricing.
- The developer engaged the E Source Battery Solutions Research and Advisory team, using the E Source Battery Cost Model sensitivity calculator and reading E Source's quarterly battery market forecast reports to better understand the dynamics of the market.
- With the ability to forecast the cost fluctuation for cobalt and other battery materials over time, the power plant developer used the proprietary data to confidently negotiate with suppliers.

## The challenge

A West Coast power plant developer was moving into battery-based power plants and needed to source battery cells for upcoming projects. The price for battery materials (such as cobalt) is volatile and suppliers were including riders in their contracts to allow them to increase their pricing if material costs inflated in the future. Without the ability to forecast how costs would change year over year, it was a challenge for the developer to be confident in contract negotiations or to know whether it was getting a fair deal from suppliers.

## The solution

The E Source Battery Solutions Research and Advisory team provided the insights and forecasts the power plant developer needed to confidently advance into battery-based power plants. By working with the E Source team, the developer gained access to the data science-driven E Source Battery Cost Model, which outlines the cost of making a battery from the atomic layer to the finished system. Using the sensitivity analysis calculator, the developer learned how costs would shift over time as the market changed.

## The impact

By partnering with E Source battery specialists, the power plant developer could predict and monitor the changing prices of cobalt and other battery materials, allowing it to confidently negotiate pricing with suppliers. The developer felt empowered and knowledgeable about the battery supply chain because of the partnership and was able to avoid going into negotiations blindly and dodge surprise cost increases from suppliers.