

News

Boost for hydro project

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15

AN innovative pumped storage hydro project in North Queensland has been buoyed by news of an extension to the period it can secure a \$610 million concessional loan.

Developer Genex Power announced this week the board of the Federal Government's Northern Australia Infrastructure Facility had confirmed the extension.

The offer, originally made to November 30, has been extended to June 30 next year.

The extension follows an announcement that one of Genex's key partners, energy giant EnergyAustralia, was unable to finalise an agreement on an equity investment and the purchase of the project's power.

The move has prompted Genex to delay financial close to 2020 and jeopardised not just the NAIF loan but an investment agreement with Japanese utility J-Power. J-Power has committed to invest up to \$25 million which will be mostly applied to equity funding.

Genex executive director Simon Kidston said the NAIF extension was encouraging and gave them "great heart".

"We are encouraged and appreciate the support of the NAIF," Mr Kidston said. "We realise it's a big project and we are committed to getting it done." Genex is developing a billion-dollar project to create a renewable energy hub about 280km northwest of Townsville.

It includes a 250MW pumped storage hydro project based on water storages formed in the mining pits of the former Kidston gold mine.

A 50MW stage one solar farm is already operating, a further multi-staged solar project of up to 270MW is planned and a stage three wind farm of up to 150MW is undergoing a feasibility study.

In September, the State Government committed to spend up to \$132 million to build a transmission line the project needs to connect to the network.

Mr Kidston said Genex was working with the State Government to finalise the transmission arrangements as well as with J-Power and EnergyAustralia.

He said the EnergyAustralia agreement could be restructured, possibly on shorter time frames, while they had also been approached by other major energy retailers.

Mr Kidston said J-Power was keen to support the hydro project because of the exposure to synchronous generation at a time when intermittent solar and wind power was challenging the market and grid. "Having the presence of hydro will stabilise the grid," Mr Kidston said.