

News

Genex in new discussion on hydro project

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RENEWABLE energy developer Genex Power is renegotiating an investment by Japanese utility J-Power into its \$700 million Kidston pumped storage hydro project.

Genex announced yesterday it had signed a memorandum of understanding with J-Power replacing a previous share subscription agreement.

The new agreement has been required after a shock decision by EnergyAustralia not to finalise a contract to purchase the hydro project's power, causing Genex to delay financial close and renegotiate agreements.

Its previous agreement with J-Power had a sunset date of December 31, 2019, and the MOU has been set for a period to December 31, 2020. Under the new MOU, Genex said it provided for J-Power to acquire direct or indirect equity either through a subscription for new shares in Genex or a subscription for new equity securities in a project Special Purpose Corporation.

As part of the investment, J-Power may provide technical advisory services to Genex on the construction of the project and, subject to the approval of financiers and project contractor, provide operation and maintenance services to the project Special Purpose Corporation.

Genex CEO James Harding said they were delighted J-Power had shown faith in Genex and the hydro project.

"We will work as quickly as we can to conclude arrangements with J-Power as part of the restructuring of the K2 Hydro transaction with a view to reaching financial close for the project as soon as possible in 2020," Mr Harding said.

The board of the Federal Government's Northern Australia Infrastructure Facility last week confirmed an extension to the period Genex can secure a \$610 million concessional loan for the project.

The offer, originally made to November 30, has been extended to June 30 next year.

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, a 50MW stage one solar farm which is already operating, a further multi-staged solar project of up to 270MW and a stage three wind farm. 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 at Mount Fox.