



Genex lands \$516m NAIF loan for solar and storage project

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The listed company Genex has been told by the Northern Australia Infrastructure Facility (NAIF) that it could receive \$516 million in concessional finance for its world-leading solar and pumped hydro storage project in north Queensland.

The project – the first of its scale to combine solar and pumped hydro – will be located in the former Kidston gold mine, where water will be stored in disused pits, providing 250MW of capacity and up to eight hours storage.

This will be combined with up to 270MW of large scale solar – on top of the 50MW already built – and possibly another 150MW of wind, creating a large scale renewable energy hub that is fully dispatchable, or even what some like to call “base-load”.

NAIF has come under intense scrutiny – mostly for its consideration of funding for the controversial Adani coal project, but also because in three years it has made only a few small scale commitments.

The \$516 million loan it is making to Genex is for a term of 20 years at concessional interest rates, and will account for the bulk of the project debt funding.

“This is a significant milestone in the development of the project,” the company says.

James Harding, the CEO of Genex, said final details of the loan, and the rate to be charged, would be negotiated over coming months, with financial closure expected later this year.

Laurie Walker, the CEO of NAIF, said the “indication of this support” will assist Genex to advance its discussions with other project counterparties and to “prove up” the Project fundamentals.

“This is a demonstration of how NAIF can work with stakeholders to help them understand how its concessional financing can support the development of a project which has the potential to provide substantial benefits to Northern Australia.

“NAIF sees the Project as important for the transition of the market to lower emission renewable energy sources, and the board’s preparedness to consider a capital commitment of the size referred to in this announcement reflects the alignment of this type of project with NAIF’s objective to contribute to the transformation of Northern Australia through infrastructure development.”

The loan is subject to a number of conditions and customary terms for a project financing term sheet, including:

negotiating offtake arrangements and grid connection for energy and dispatch rights for the Project to the satisfaction of NAIF;

concluding a cost benefit analysis in accordance with the provisions of the NAIF Investment Mandate, which will be important in determining the level of concessionality that NAIF can offer the Project;

- finalising terms for senior debt funding;
- securing the balance of equity funding from an acceptable equity partner;
- due diligence on a range of Project issues;
- negotiation and execution of project and facility documentation; and
- final NAIF credit approval and Board Investment Decision.