

Finance  
Genex secures funding for hydro project

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Genex Power shares have jumped as much as 12.5 per cent after the renewable energy generator secured funding to build a hydro energy plant in North Queensland.

The ASX-listed company on Thursday confirmed it had reached agreement with Energy Australia to begin construction on the 250-megawatt storage project in the first half of 2019.

It expects the project to power about 260,000 homes.

Genex had already been promised \$516 million from the federal government for the generation of hydro, solar and wind power, but the financing was conditional on it securing an offtake deal with an energy retailer.

Energy Australia will provide the revenue contract and the two companies will jointly own the hydro storage project in Kidston, north-west of Townsville.

Genex executive director Simon Kidston said the flexibility of his company's power supply made it an attractive prospect for Energy Australia.

"[There is] solar which obviously generates during the day, wind that blows randomly and this hydro asset can be turned on and turned off quickly to match any gaps in supply," he told AAP.

"If there's a high price environment in the wholesale markets, you turn it on and catch

all the high price and turn it off if prices don't support the generation."

Mr Kidston said the growing expectation for responsible, clean energy is encouraging energy producers and retailers to move away from environmentally damaging sources.

He said it was vital renewable energy was reliable and hydro generation is the link to this security.

"The energy markets are changing," Mr Kidston told AAP.

"There's coal, which has obviously been the mainstay of generation in Australia, and a lot of those plants are getting old and coming to the end of their economic lives.

"And as that capacity gets taken out of the market, it's being replaced by low-cost, efficient renewable solar and wind energy."

And the executive chairman sharing his surname with the town is no coincidence.

He is a direct descendant of former Queensland Premier William Kidston, after whom the gold mining town was named when it was founded in 1908.

The mine was closed in 2001 but the Genex and Energy Australia project will utilise its remaining infrastructure.

"So instead of mining gold, we're now mining the sun to produce firm, dispatch-able reliable energy through the hydro pump storage," Mr Kidston said.

Genex shares had fallen back slightly after their early gains but were still two cents higher, or 8.3 per cent, at 26 cents at 1510 AEDT.