

Jemalong solar farm starts construction largely unaffected by Covid-19

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While utility-scale renewable energy projects expecting to achieve financial close or break ground are likely to be particularly affected by the Covid-19 outbreak, the 50 MW Jemalong Solar Farm near Forbes in New South Wales is swimming against the tide.

Following its landmark energy storage services agreement for the 250 MW Kidston pumped hydro project, Genex said in an ASX statement on Tuesday that construction works were underway at the Jemalong project.

The Sydney-based developer said that together with its construction partner, Victoria's Beon Energy Solutions, it had been in contact with key equipment suppliers and confirmed the delivery of key components was largely unaffected by Covid-19.

When fully operational, the project is expected to generate up to 128,700 MWh of electricity annually and is likely to deliver a "step change" to Genex revenues. After it secured finance in December last year, the Jemalong project joined the ranks of utility-scale PV assets scheduled to enter the construction phase in 2020/2021.

However, according to Norwegian consultancy Rystad Energy, Covid-19 is expected to stall utility-scale solar and wind projects hoping to achieve financial close or break ground globally as companies chose to pause contracting key components, which are typically procured in US dollars. The consultancy's grim analysis shows that forecast growth in newly commissioned solar and wind projects will now be wiped out for 2020 and cut by a further 10% next year. The Australian market is expected to be one of the worst impacted ones.

Genex's response to pandemic

Meanwhile, Genex's operating solar projects, the 50 MW Kidston Solar Project in Queensland, is expected to continue to generate electricity and revenue unaffected by Covid-19. The project operates under a long-term agreement with the Queensland government.

The financial close on the developer's flagship Kidston pumped hydro project, however, remains subject to Covid-19 and general market conditions. For now, it is expected in Q3 of 2020 as Genex continues to engage with the stakeholders, including the Northern Australia Infrastructure Facility, to complete the restructuring of the project financing.

Genex had to renegotiate the Kidston offtake agreement with EnergyAustralia after the retailer's pulled out of an earlier agreement to purchase power from the pumped hydro facility for a period of 30 years. Instead, the parties have locked in a new offtake deal which will last 10-years with the option of future extensions.

Commenting on its Covid-19 measures, Genex Power said it would continue to monitor the rapidly unfolding situation and respond accordingly to changes to the state and federal government directions.

"As the Covid-19 situation is rapidly unfolding both domestically and internationally, Genex has implemented measures to ensure the safety of all staff and personnel at a corporate level, and at our project sites. The team continues to work collaboratively to deliver on its outcomes for CY2020 and beyond," Genex Power CEO James Harding said.