



Genex Power inks energy storage deal with EnergyAustralia at Kidston hydro plant

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Small Caps

Genex Power (ASX: GNX) has inked an energy storage services deal with one of Australia's largest energy companies, EnergyAustralia, for its 250-megawatt Kidston (K2) hydro project in Queensland.

The binding agreement covers 30 years, with an initial term of 10 years and two options at EnergyAustralia's election to extend for a further 10 years each.

Genex will provide the full operational dispatch rights for the K2 pumped storage hydro plant, including profit and loss responsibility, to EnergyAustralia in exchange for a fixed annual rental payment, which will escalate over the total term.

After the full 30-year term, EnergyAustralia will have the right to acquire Genex's shareholding in the project for a fixed cash payment.

Genex chief executive officer James Harding said today's announcement marks a significant step towards achieving financial close of the K2 hydro project, which is now anticipated in the third quarter of the 2020 calendar year.

"The K2-Hydro project will be the first pumped storage hydro project in the national electricity market in almost 40 years, and the first to be developed under private ownership," he said.

"It will create over 500 jobs during construction and deliver significant economic benefits to Queensland through providing reliable generation for the grid and applying downward pressure on wholesale electricity prices," Mr Harding added.

The energy storage services agreement is subject to conditions precedent, including achieving financial close for the project by 31 December 2020.

Kidston clean energy hub

The K2 hydro project is the second stage of the company's renewable energy hub in Far North Queensland.

The Kidston hub also comprises the stage one 50MW solar project, as well as a multi-staged integrated solar project of up to 270MW under development and a 150MW stage three wind project under feasibility.

Last July, Northern Australia Infrastructure Facility (NAIF) approved a \$610 million debt facility to finance the stage two hydro project.

The Queensland Government has also provided a 20-year revenue support deed for the stage one solar project and designated the hub as critical infrastructure to the state.

Following today's announcement, and subject to agreeing suitable terms with NAIF and the Queensland Government, Genex said it is now seeking to reach financial close on the K2 project in the 2020 third quarter.

"We look forward to keeping the market informed as we progress toward financial close, and to commencing construction at Kidston later this year," Mr Harding said.