

Stockhead

Energy Australia pumps Genex full of cash for hydro
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Rachel Williamson

Let there be water. Picture: Mad Max: Fury Road, Warner Bros/Roadshow

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21 hours ago | Rachel Williamson

Genex Energy has landed one of Australia's big three power companies as an investor in its ambitious Queensland hydro-power project, as it unlinks its hydro and solar builds.

Energy Australia is doing due diligence on funding the 250 megawatt (MW) Kidston pumped storage hydro, a project in far north Queensland that will use two abandoned open cast gold mines as dams to store power from nearby solar farms.

The news sent the company's (ASX:GNX) share price up as much as 13 per cent first thing on Thursday morning to 27c.

Genex has split its hydro development out from its second 270MW solar farm.

The company has already built a 50MW solar farm and also plans a 150MW wind farm in the vicinity.

"At start of the year we wanted to package them together but it became apparent that our offtake partner Energy Australia had a strong interest to partner with us on the hydro," director Simon Kidston told Stockhead.

"So we said let's bank that and do solar later."

Genex shares over the last 12 months. He says it's one of Energy Australia's first forays into the Queensland energy market

and they were keen to invest in dispatchable power that can be turned on quickly.

Construction on the hydro project will start by June next year, and take three years to complete.

The solar project will begin construction a little later, towards the end of next year, and because these have shorter construction timelines is still expected to be finished alongside the hydro project.

A 275kV transmission line will be hooked up in 2021, and Genex expects to hit 'go' on the lot in 2022.

EnergyAustralia will own half of the entity that is being set up to build the hydro project via an equity investment.

Mr Kidston says the energy retailer will pay a fixed fee that escalates over time and isn't subject to power prices or volumes.

Genex's gold mine where it plans to install a pumped hydro system. Pic: Genex
Genex received a \$516m loan from the Northern Australia Infrastructure Facility (NAIF) in June, which will now be split between the hydro and solar projects.

Mr Kidston says the loan will cover all of the project financing for the hydro, and NAIF has indicated that they're keen to support the solar part as well and "would absolutely" increase the loan to cover that.

Genex CEO James Harding said the Energy Australia deal was the result of months of negotiations.

“We are now looking to close the financing of the K2-Hydro project on a stand-alone basis. We believe this is the most efficient means to reach financial close and commence construction as soon as possible, anticipated in early 2019,” he said.