

The Sydney Morning Herald

Business

NAIF gets pumped up over hydro

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21 June 2018

The Sydney Morning Herald

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RENEWABLES

Genex Power's Queensland-based Kidston pumped hydro storage and solar project has received more than \$500 million from a government infrastructure fund that has previously drawn flak as a facility to prop up coal projects.

The \$5 billion Northern Australia Infrastructure Facility fund has had a contentious past, with only two projects receiving funding since it was created two years ago, which prompted a massive overhaul of the facility in April.

Indian miner Adani and its Queensland-based Carmichael coal mine had been tightly linked to the fund after it made a \$1 billion proposal for government support which was later blocked by the Queensland state government.

Now the Kidston hydro development has been granted a loan of up to \$516 million in financing for the second stage of its project, the largest NAIF funding to date.

However, it will still need to secure offtake agreements and grid connection before the NAIF board makes a final investment decision.

Genex's Kidston stage 2 development is the first major project to win funding since the government announced the overhaul of the NAIF after it was found its investment criteria were too restrictive, which reduced the pool of potential money recipients.

Genex chief executive James Harding said this loan will support the bulk of the project's debt financing and is a significant milestone for Kidston.

Genex director Simon Kidston said the funding sets the foundation for decades of energy generation.

"This is a long-term loan, of more than 20 years, and we can repay the principal of it like a mortgage," Mr Kidston told Fairfax Media. "As this is a long-term asset it makes sense to get a long-term loan."

He said the group remains on track to reach a financial close for the project by the end of the year and is negotiating offtake agreements and connection to transmission infrastructure.

NAIF chief executive Laurie Walker said the funding represents a shift towards more sustainable investment.

"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 this size reflects

the alignment of this type of project with NAIF's objective to contribute to the transformation of Northern Australia," Ms Walker said.

NAIF's funding is on top of nearly \$20 million in funding from the Australian Renewable Energy Agency.

Kidston comprises 250 megawatts of pumped storage hydro - utilising abandoned gold mine pits - as well as more than 300 megawatts of solar power, and a 150-megawatt wind farm.

Genex's share price rose nearly 11 per cent following the announcement on Wednesday, jumping from an opening price of 28 cents to 30 cents.