

Genex Power (ASX:GNX) shares spike on EnergyAustralia agreement

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- Genex Power (GNX) shares have spiked after securing a hydropower offtake deal with EnergyAustralia
- As part of the agreement, EnergyAustralia has secured the operational rights at Genex's Kidston Hydro Project in far-north Queensland
- The final deal comes after Genex signed a binding Energy Storage Services Agreement (ESSA) with EnergyAustralia
- This arrangement could potentially hold up for 30 years
- It's a significant step toward reaching the financial close of hydropower project, which is expected in the third quarter of 2020
- Genex's share price has skyrocketed almost 65 per cent today with shares currently trading for 14.5 cents each

Genex Power (GNX) shares have spiked after securing a hydropower offtake deal with EnergyAustralia.

As part of the agreement, EnergyAustralia has secured the operational rights at Genex's Kidston Hydro Project in far-north Queensland.

The project, formally known as the Kidston Pumped Storage Hydro Project (or K2H), has a 250-megawatt nameplate power capacity.

While the arrangement covers a 30 year period, the initial term covers 10 years. EnergyAustralia can then elect to extend the agreement for two more 10 year periods.

Once the 30 years has expired, EnergyAustralia has the right to purchase Genex's holding in the project for a cash payment.

In exchange for the project offtake deal, EnergyAustralia will provide Genex with an annual rent payment.

Despite this arrangement, Genex is still in discussions with other potential stakeholders.

This includes working with the Northern Australia Infrastructure Facility (NAIF) to complete the project financing restructure.

"Since November 2019, Genex has been actively working with all of its project stakeholders, including EnergyAustralia, NAIF and the Queensland Government, to complete the restructuring of the project financing for K2-Hydro and progress to financial close as quickly as possible," Genex CEO James Harding commented.

"We have been extremely pleased with the support of our stakeholders and counterparties during this period and now believe, with today's signing of the ESSA with EnergyAustralia, that we have the basis to move forward to financial close of the project," he added.

The K2-Hydro Project

Genex's Kidston Pumped Storage Hydro Project (K2-Hydro) is located in Kidston, far-north Queensland about 270 kilometres northwest of Townsville.

The project will use the two existing mining pits of Wises and Eldridge to minimise both cost and construction time.

Given that both of these pits can hold extensive quantities of water, the project can support 2000MWh (megawatt hour) of continuous power generation in a single cycle.

"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," James said.

Following this arrangement, Genex is now looking to reach financial close by the end of the third quarter in 2020.

Genex has skyrocketed 64.8 per cent in mid-morning trade with shares trading for 14.5 cents each at 11:29 am AEDT.