

Business

Genex to restructure offtake agreement for NQ hydro plant

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POWER negotiations for a \$700 million pumped storage hydro-electricity project north-west of Townsville that failed last year could be nearing resolution.

The Genex Power project was left in limbo after EnergyAustralia stalled on a contract to buy power.

But the Townsville Bulletin understands the two companies are close to reaching an agreement and work could start as soon as mid-year.

Genex Power announced yesterday it was continuing to explore “offtake arrangements” which were set back last year when gentailer EnergyAustralia balked at the long term of the agreement.

It is understood the 30-year time frame could be reduced to 10 years with options for extensions.

Financing arrangements also have to be restructured.

Commenting on Genex’s December quarter update yesterday, CEO James Harding said delays had been unfortunate but all key stakeholders, including EnergyAustralia, had confirmed their continuing support for the project.

Mr Harding said the delay was not a reflection on the importance or viability of the project.

“The project remains an outstanding opportunity for energy storage, has an operating life in excess of 80 years and, consequently, provides an energy storage solution for multiple generations.

“We continue to be actively engaged with EnergyAustralia to secure a revised offtake arrangement that recognises the long-term renewable energy benefits of the K2-Hydro project for Queensland.”

The power station, proposed over the mining pits of the former Kidston gold mine 270km northwest of Townsville, would supply up to 250 megawatts of electricity for around seven hours.

An EnergyAustralia spokesman said the project had good potential to add flexible, low-emission, dispatchable generation to their portfolio.

“There is more work to be done before we can commit long-term on the Kidston pumped-hydro facility. We continue to work closely with Genex,” the spokesman said.

“When it comes time to take a final commitment on this and new projects, we’re confident we’ll be making the right choices for our customers.”

The shock delay last year also put in doubt the \$610 million loan deal with the Federal Government’s Northern Australian Infrastructure Facility.

At the time Federal Resources Minister Matthew Canavan said the delays were “a matter for Genex” but indicated the NAIF still supported the project. The concessional loan funding offer of up to \$610 million has been extended through to June 30, while Japanese power company J-Power has extended its agreement to take an equity stake.

The State Government has announced funding of up to \$132 million towards construction of a 186km transmission line from Kidston to Mount Fox.

If both projects proceed, they will create about 550 jobs over a three and a half year construction period.