



30-year contract signed for Kidston hydro project

Kim Ho
1 April 2020
Utility Magazine

Genex has signed a 30-year Energy Storage Services Agreement (ESSA) with EnergyAustralia for the 250MW Kidston Pumped Storage Hydro Project.

Key terms of the ESSA include:

- A term of up to 30 years, with an initial term of ten years and two options (at EnergyAustralia's election) to extend for a further ten years each (Extension Options)
- Genex will provide the full operational dispatch rights for the K2-Hydro plant (including P&L responsibility) to EnergyAustralia in exchange for a fixed annual rental payment, escalating over the total term
- Following the expiry of the full 30-year term and therefore conditional on the exercise of the Extension Options, EnergyAustralia shall have the right to acquire Genex's shareholding in the project for a fixed cash payment
- The ESSA is subject to a number of conditions precedent, including achieving financial close for the project, which must be satisfied prior to the financial close sunset date of 31 December 2020.
- Genex remains deeply engaged with the other project stakeholders, including the Northern Australia Infrastructure Facility (NAIF) to complete the restructuring of the project financing on the basis of the agreed terms of the ESSA.

Genex CEO, James Harding, said, "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."

"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.

"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.

"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."