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ASX: GNX

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ASX Limited

Company Announcements Platform

GENEX BATTERY PROJECT UPDATE

Highlights

- Genex has secured an agreement with Powerlink to access land adjacent to Powerlink's Bouldercombe 275kV/132kV substation for the Bouldercombe Battery Project near Rockhampton, Queensland;
- The Project is expected to be sized at an initial 50/75MWh and is expected to be the first standalone large-scale battery storage project in Queensland;
- Genex has selected its preferred battery supplier and integrator for the Project, which facilitates the commencement of the grid connection process; and
- The development of the Bouldercombe Battery Project further diversifies the Company's portfolio and positions Genex as a leader in renewable energy generation and storage in the Australian market.

Genex Power Limited (**ASX:GNX**) (**Genex** or **Company**) is pleased to announce that it has signed an Investigation Licence and Tenure Arrangement Agreement (**Agreement**) with Powerlink Queensland (**Powerlink**) in relation to a standalone large scale battery energy storage system (**BESS**) project, to be located at Bouldercombe, near Rockhampton in North Queensland (**Bouldercombe Battery Project, Project** or **BBP**). The Bouldercombe Battery Project is intended to be the first large scale BESS project as part of Genex's Project Como strategy, which was detailed in the Company's Corporate Presentation announced on 3 August 2020.

Overview of the Bouldercombe Battery Project

The selection of suitable sites for Genex's first large-scale BESS project in Queensland was premised upon being located within close proximity to existing transmission infrastructure with good network strength and Marginal Loss Factor profiles. Following an extensive search and selection process, the Bouldercombe site was identified as an ideal location for the Company's first large scale BESS project.

The Project is intended to be sized at an initial 50MW/75MWh (1.5hr storage depth), which will connect into the 132kV bays of the existing Powerlink 275kV/132kV Bouldercombe substation. The Project is intended to operate on an arbitrage/FCAS revenue model with the ability to bid into all eight FCAS markets. This strategy has been founded on the basis of extensive market studies undertaken by Genex with its market consultants.

Following today's signing of the Agreement with Powerlink, Genex is intending to fast track the development of the Project and will be seeking for the BBP to be operational in H1 CY2022, to further bolster the Company's revenues and cash flows.

Details of the Powerlink Agreement

As the Project is to be located on Powerlink land adjacent to the Bouldercombe 275kV/132kV substation, the execution of the Agreement with Powerlink is a key step in the process to secure land tenure rights for the site. Land access will be conditional upon execution of the Connection and Access Agreement on terms negotiated between Genex and Powerlink. In addition, the signing of the Agreement illustrates a commitment from Genex to award Powerlink the contract for non-contestable and contestable connection works for the Project.

Background – Storage Strategy in North Queensland

As part of the development of the Kidston Pumped Storage Hydro (**K2-Hydro**) project, Genex has gained a robust understanding of the business case for energy storage in Queensland, driven increasingly by the ongoing penetration of rooftop solar. This rate of penetration is anticipated to continue and importantly, is likely to result in an accentuation of the 'duck curve' already observed in energy demand and prices in Queensland.

Following the signing of the initial term sheet with EnergyAustralia Pty Ltd for K2-Hydro in December 2018 (*refer ASX Announcement dated 18 December 2018*), and subsequently the binding Energy Storage Services Agreement (**ESSA**) in March 2020 (*refer ASX Announcement dated 30 March 2020*), Genex has sought to gain greater exposure to the economics of energy

storage in Queensland. The development of a large-scale BESS in North Queensland is predicated upon Genex capturing a larger proportion of the underlying arbitrage and Frequency Control Ancillary Services (**FCAS**) revenue streams, in contrast to the fixed revenue structure of the ESSA for K2-Hydro.

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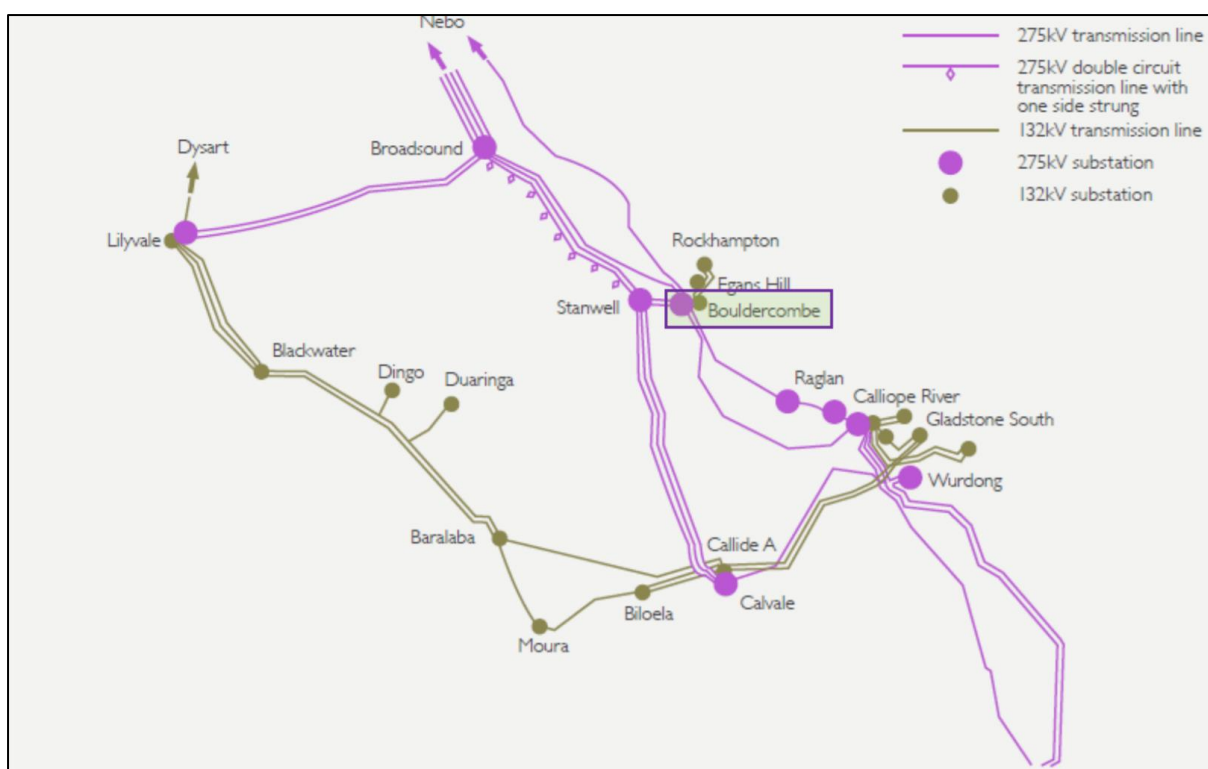


Figure 1.1: Central West and Gladstone Transmission Zone (source: Powerlink)

Selection of Preferred Battery Supplier and Integrator

Following the completion of a competitive tender process, the Company is pleased to confirm that it has selected its preferred battery supplier and integrator for the Bouldercombe Battery Project.

The selection of a preferred supplier and integrator is critical for the development program of the Project, as it will now permit the commencement of the grid connection process with

Powerlink. To this end, Genex will be working with its preferred supplier and grid connection consultants to complete the connection studies for the BBP.

Commenting on the announcement, Genex CEO, James Harding stated:

“Genex is pleased to have signed this Agreement with Powerlink in relation to the proposed 50MW/75MWh battery energy storage system project at Bouldercombe. The Bouldercombe Battery Project is the first large scale battery project as part of our Project Como strategy to broaden our footprint in energy storage. This represents an exciting opportunity for us to apply the extensive market knowledge we have gained from developing the Kidston Pumped Storage Hydro Project towards broadening and diversifying our storage portfolio, and to capture a significantly enhanced revenue generation profile. Following an extensive search and selection process, the Bouldercombe site presents the ideal location for the Project and we are pleased to have secured access to it under this Agreement with Powerlink. The appointment of a preferred battery system supplier now allows us to commence the grid connection process which is on the critical development path for the Project.

Achieving financial close of the Company’s flagship Kidston Pumped Storage Hydro Project continues to remain our top priority, alongside the successful delivery of the 50MW Jemalong Solar Project. The combination of these near-term projects, together with our existing 50MW Kidston Solar Project and now the development of the standalone 50MW/75MWh Bouldercombe Battery Project, will serve to position the Company as one of the Australian market leaders in renewables and energy storage.”

This announcement was approved by the full Board of Genex Power Limited.

For more information about this announcement:**CONTACT:****Simon Kidston**

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Genex Power is a power generation development company listed on the ASX. The Company is focused on innovative clean energy generation and electricity storage solutions which deliver attractive commercial returns for shareholders. The Company has a development pipeline of up to 820MW of renewable energy generation and storage projects within its portfolio, underpinned by the Kidston Renewable Energy Hub in far-north Queensland (**Kidston Hub**). The Kidston Hub is comprised of the operating 50MW Stage 1 Solar Project (**KS1**), the 250MW Pumped Storage Hydro Project (**K2-Hydro**) and the multi-staged integrated Solar Project of up to 270MW (**K2-Solar**) under development and the Kidston Stage 3 Wind Project of up to 150MW under feasibility. In addition, the Company has acquired the 50MW Jemalong Solar Project (**JSP**), located near Forbes in NSW. JSP reached financial close in December 2019 and is under construction with energisation expected in Q4 CY2020. Genex has embarked on the next stage of its storage strategy through the early development of the proposed 50MW/75MWh large scale energy storage system at Bouldercombe in Queensland. This is an exciting opportunity as it leverages the Company's robust understanding of energy storage in Queensland.

Genex continues to acknowledge the support from the Federal Government, through the Australian Renewable Energy Agency (**ARENA**), which provided \$8.9 million in funding to support the construction of the KS1 Project, as well as their support of up to \$9 million in funding to support the development of the stage 2 projects. In addition to this, Genex acknowledges the Northern Australia Infrastructure Facility (**NAIF**) and their Investment decision to offer finance to K2-Hydro through the provision of a long term concessional NAIF debt facility for up to \$610 million.

Genex also recognises the support of the Queensland State Government through providing a 20- year revenue support deed for KS1 and designating the Hub as 'Critical Infrastructure' to the State.