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HD Green **energy firm** faces \$20m loss
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Exclusive AUSTRALIA'S largest renewable **energy** producer, Hydro Tasmania, faces projected losses of up to \$20 **million** a year on **wind** power deals and blames uncertainty surrounding the Renewable **Energy** Target.

The state-owned **company** also revealed it had suspended major spending on \$3.6 **billion** in new **wind** projects in Australia while the target of 20 per cent by 2020 is reviewed by the Abbott government.

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Hydro Tasmania chief executive Stephen Davy told The Weekend Australian significant cuts to the RET could see existing **wind** farms prematurely abandoned and trigger demands for taxpayer compensation.

A planning document, leaked to The Weekend Australian, shows Hydro Tasmania's power-purchasing agreements for its major Tasmanian **wind** farms — Musselroe and Woolnorth — will return a \$12.5m loss this financial year, rising to \$20.6m in 2014-15. Cumulative losses total \$103.6m by 2018-19, according to the confidential document, the authenticity of which was confirmed by the **company**.

Mr Davy blamed the projected losses largely on uncertainty surrounding the RET, being reviewed amid a push from business, industry and elements of the Coalition to reduce or abolish it to cut power prices.

He said the projections were pessimistic and only part of the equation on **wind** farm profitability, but reflected a significant market decline linked to the pending abolition of the carbon tax and uncertainty on the RET.

"Since the time the power **purchase** agreements were negotiated for these **wind** farms, there has been significant decline in the market, including the impact of the anticipated removal of a price on carbon," Mr Davy said. "The market decline has been exacerbated by continued uncertainty about the future of the RET. The ongoing review of the RET has created a lot of uncertainty around **wind** farm revenues." Hydro Tasmania is a major player in renewable **energy**, particularly through its **Chinese** **wind** farm joint venture partners Shenhua Clean **Energy**.

The Musselroe and Woolnorth **wind** farms — in Tasmania's northeast and northwest respectively — are owned by Woolnorth **Wind** Farm Holdings, a joint venture between the two companies. Woolnorth is made up of two **wind** farms — Studland Bay and Bluff Point — and, combined with Musselroe, they produce about 10 per cent of Tasmania's **energy** needs.

Hydro has sold down its interest in the joint venture to 25 per cent, but has power **purchase** agreements securing access to the electricity and the related renewable **energy** certificates.

The two companies have \$1.6bn in plans to develop, build and operate a further 700MW of **wind** farms in Australia by 2020.

Separately, Hydro, which exports power to mainland Australia, is investigating a \$2bn plan to build the southern hemisphere's largest **wind** farm on King Island, including a second undersea power cable link to Victoria.

As lobbying intensifies ahead of next week's closure of submissions for the RET review, Mr Davy said all major expenditure on new **wind** farms was on hold: "We won't be able to commit large amounts of money further developing those opportunities until the RET is reaffirmed." He warned abolition of the RET would kill off all future **wind** farm developments.

CO htaasma : Hydro Tasmania

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