



HD **China** state firms seen boosting green **energy** investment in Australia

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* **China** state companies to do more deals in Aus **energy** -SILC

* 6 or so units of state firms invested in or evaluating projects

TD

* Renewables such as **wind** power in focus

* Attracted by govt steps on green **energy**

By Melanie Burton

MELBOURNE, March 22 (Reuters) - **Chinese** state-owned companies are expected to boost their investment in Australia's expanding renewable **energy** sector, attracted by a national leadership that is more favourable to the industry than its forerunner.

With six to eight state-owned enterprises already involved in or looking closely at Australian **energy** assets, Melbourne-based financial advisors SILC Group said more deals were on the cards, with so-called green power coming under particular focus.

They would follow State Power Investment Corp's (SPIC) A\$300 **million** (\$230 **million**) buyout of a **wind** farm in New South Wales last week, as well as its \$2.5 **billion purchase** in December of Pacific Hydro, a **company** which has **wind** farms in Australia, Brazil and Chile.

"There was always interest, but now there's increased interest from the **Chinese**," said Peter Munns, an executive director at SILC, which works with **China** state-backed firms.

"**Chinese** companies always like our rule of law, our currency risk and stable economy. They like renewables, they also like poles and wires because the revenue is underpinned by regulation."

After coming to power last year, the government led by Prime Minister Malcolm Turnbull in December reversed a decision by the previous administration banning the country's clean **energy** fund from investing in **wind** power projects, opening the door to more deals in the sector. Former prime minister Tony Abbott had described **wind** farms as "ugly" and "noisy".

Munns told Reuters in an interview last week that **Chinese** firms were looking for projects with long term offtake agreements that would get them a foot in the door in Australian markets, as well as local expertise that would help them grow.

"They don't just want to have one **wind** farm here, they want to have a portfolio," said Munns.

"Most want to do **solar** as well. But they probably think that's a couple of years down the track before it's as economic and as viable as **wind** is."

A unit of **China** Shenhua is already part operator of several **wind** farms in Tasmania, while Beijing Jingneng Power has a **stake** in the Gullen Range **wind** farm in New South Wales. Other **Chinese** state-owned companies that have said they are looking at Australian **energy** assets include Shanghai Electric Power Co Ltd and Cecep **Wind**-power Corp .

Wind farms are Australia's No. 2 renewable **energy** source, behind hydropower but ahead of **solar**, providing around 4 percent of its total **energy** demand.

Meanwhile, a tender for New South Wales poles and wire **firm** Ausgrid, to be decided by mid-2016, has attracted the attention of **China** State Grid and Southern Power. State Grid already has a 41 percent **stake** in South Australia's electricity grid. (\$1 = 1.3207 Australian dollars) (Reporting by Melanie Burton; Editing by Joseph Radford)

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