

FINANCIAL REVIEW

SE Companies and Markets
HD **Acciona boss: energy is key**
BY Jenny Wiggins
WC 609 words
PD 18 July 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 16
LA English
CY Copyright 2014. Fairfax Media Management Pty Limited.
LP

Australia is missing an "enormous" opportunity if it does not encourage more investment in renewable **energy**, the chairman of Acciona, one of Spain's largest infrastructure and **energy** companies, has warned.

"Australia is sending mixed signals and capital in this industry is very sensitive to mixed signals," said José Manuel Entrecanales, Acciona's chairman and chief executive, in an interview with The Australian Financial Review.

TD

"I would be a much heavier investor if there was a clear picture."

The Abbott government is reviewing Australia's Renewable **Energy** Target, and considering reducing output to 26,000 gigawatt hours from 41,000 gigawatt hours by 2020.

Australia was in danger of being left behind other countries if it did not invest more heavily in developing renewable technology, Mr Entrecanales said. "If you do not get into the race you are probably going to be late in developing an industry of your own in the future," he said, adding he was concerned the **energy** debate in Australia was being hijacked by political interests and that not enough attention was being paid to the "technical" benefits of renewable **energy**.

Australia's strong winds, large land mass and copious sunshine gave it "enormous opportunity" to take advantage of renewable **energy** as technology improved and costs fell, Mr Entrecanales said. "Why should Australians reject a big amount of capital that is going to come happily to give the country a position in an industry that is going to be an industry of the future?"

Acciona, which is controlled by the Entrecanales family and has a market capitalisation of €3.5 **billion** (\$5 **billion**), has invested some \$650 **million** in Australian **energy** and infrastructure projects since 2002.

A global agreement on emissions reductions could be reached in the next few months, and if **China** and the US struck a deal, other countries would need to fall into line, Mr Entrecanales said. "If that happens, the concept that countries like Australia are better off burning **coal** is going to become debatable because there is going to be a cost assigned to the burning of fossil fuels.

"Preparing for that would be something that would be very prudent by any government, and I think that it's a lot closer than people think."

United Nations negotiations are under way to draw up a new global climate agreement covering all countries to achieve greater cuts in global emissions. The new framework is due to be finalised by 2015 and implemented from 2020.

The Australian government's vision for infrastructure was much clearer than on renewable **energy**, Mr Entrecanales said, adding that its decision to encourage states to recycle capital from privatised assets into new infrastructure was "very intelligent."

Mr Entrecanales, who is in Australia for the B20 summit and will be meeting with Communications Minister Malcolm Turnbull, said he had already informally suggested to Trade and Investment Minister Andrew Robb that the capital recycling idea be extended to the private sector.

Australia, with Mexico and Canada, is one of Acciona's key investment targets and the Spanish group hopes to use Australia as a base to expand into Asia.

Its current investments include **wind** farms, **solar** projects, the Adelaide desalination plant and Brisbane's Legacy Way road tunnel. It is competing for tenders to build new roads such as Melbourne's East West Link and Sydney's WestConnex motorways.

Unlike Spanish construction group ACS, which owns Leighton Holdings, Acciona does not plan to make a big **acquisition** of a local **company** such as John Holland. Acquisitions were "risky" Mr Entrecanales said, adding Acciona wanted to build its own brand.

CO cumzov : Acciona SA

IN irenewf : Renewable Energy Facility Construction | i16 : Electricity/Gas Utilities | i502 : Heavy Construction | i5020044 : Power Station Construction | iconst : Construction | icre : Real Estate/Construction | iutil : Utilities

NS niex : Interviews with Corporate Executives | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpx : FC&E Executive News Filter | nitv : Interviews

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Fairfax Media Management Pty Limited

AN Document AFNR000020140717ea7i00002