



HD Chinese behemoth State Grid Corp eyes NSW poles and wires

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MEGA-RICH Chinese power firm State Grid Corp has firmed as the leading contender to buy NSW's poles and wires electricity network.

The corporate giant - the world's seventh-largest company with annual revenue of more than \$330 billion - is likely to face stiff competition from global pension funds.

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It will also have to overcome the regulatory hurdle of the Foreign Investment Review Board.

NSW Treasurer Andrew Constance met senior figures from State Grid Corp of China late last year for an "introductory meeting and discussion on investment in NSW", according to recently published ministerial diary disclosures.

Since then China's largest state-owned energy company has increased its interest in the poles and wires sale, including the appointment of local banking advisers, amid a strong push from Beijing for Chinese firms to invest in Australia.

The transaction, which will go ahead only if the Baird government wins the March election, is expected to include the long-term lease of Transgrid and 50.4 per cent stakes in Ausgrid and Endeavour Energy, with the anticipated \$20 billion proceeds ploughed back into major infrastructure projects.

In 2013, State Grid Corp spent \$5 billion on a 60 per cent stake in energy infrastructure firm SPI Australia and a 20 per cent stake in Victorian energy distributor SP AusNet.

Domestic and overseas pension funds, including major investors from Canada, are also understood to be interested in the NSW transaction, which could begin later this year following a formal expression of interest process.

Mr Constance met Asia-Pacific superannuation fund manager IFM Investors two days after State Grid Corp.

There have also been recent meetings with the Bank of China and the Commercial Bank of China.

Any major deal with State Grid Corp, or any other overseas entity, would have to be ratified by the Foreign Investment Review Board.

CO stgcoc : State Grid Corporation Of China

IN i16 : Electricity/Gas Utilities | i16102 : Electric Bulk Power Transmission | ieuil : Electric Utilities | iutil : Utilities

RE china : China | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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