

18 October 2019

## Renewable energy for Pilbara one step closer following NAIF loan

The Northern Australia Infrastructure Facility (NAIF) has made an Investment Decision to provide a loan of up to \$90 million to develop the Chichester Solar Gas Hybrid Project in the East Pilbara, Western Australia.

NAIF's Investment Decision to Alinta Energy Pty Ltd (Alinta) will support the renewable energy Chichester Solar Gas Hybrid Project (Project).

The project will see Alinta build a 60 MW Solar PV power station, transmission infrastructure, switchyards and substations to supply electricity to Fortescue Metals Group Ltd's Chichester Hub iron ore mining operations, which comprise the Cloudbreak and Christmas Creek mines. These mines are currently powered by standalone diesel generators.

NAIF Chief Executive Officer Laurie Walker said: "This \$90 million NAIF loan to Alinta Energy will help provide low emission renewable energy generation for large off grid customers and paves the way towards the creation of a more interconnected regional energy grid in the Pilbara. The project innovatively combines solar and gas fired power to compensate for the variability of solar sourced energy. This investment by NAIF offers the opportunity to make a long-term difference to the Pilbara."

The Project is an important step in the development of a broader interconnected network across the Pilbara with the potential to improve accessibility, efficiency, reliability and costs across the region for both businesses and residents.

Around 200 jobs are expected to be created during construction. An independent cost benefit analysis by Deloitte Access Economics of the Project estimated net public benefit of \$221 million including diversification of generation capacity which increases security of supply. There is also potential for new mining operations, regional communities and pastoral stations to access electricity generated through the Project.

Through its Indigenous Engagement Strategy, a requirement of NAIF investment, Alinta has committed to targets of 3 per cent employment (project labour hours) and 3 per cent procurement, supported by an Indigenous Participation Plan that EPC Contractors working on the Project must comply with. Alinta will also invest in a range of strategies to support Indigenous opportunities in business development, subcontracting, training and education throughout the operational phase of the Project.

NAIF has made six Investment Decisions for projects in Western Australia. In total, across northern Australia NAIF has committed to \$1.4 billion in investments, supporting projects forecast to create more than 4,000 jobs and more than \$2.9 billion in public benefit.

The loan by NAIF to Alinta Energy is subject to final documentation and conditions precedent to drawdown, subject to ratification from the Western Australian Government. The NAIF loan will be drawn during the approximate 18 month construction of the Project which is expected to commence before the end of the year. ARENA is also contributing \$24.2 million in funding to the project.

**ENDS**

**Contact: Matt Pitman, 0448114986**

**Notes to Editors**

The Northern Australia Infrastructure Facility (NAIF) is a Commonwealth Government \$5 billion lending facility to finance projects via the governments of the Northern Territory, Queensland and Western Australia to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment in northern Australia.

Projects supported by NAIF are diversified across sectors including ports, roads, airports, tourism, education, agriculture, resources and renewable energy.

NAIF has committed to \$1.4 billion in investments across Northern Australia as a whole, supporting projects forecast to create more than 4,000 jobs and more than \$2.9 billion in public benefit.

NAIF investments by jurisdiction:

- \$781 million for Queensland across four projects,
- \$345 million for the Northern Territory across four projects including the current conditional approval; and
- \$288.3 million for Western Australia, across five projects, excluding the Pilbara Minerals Investment Decision which will not proceed to financial close in its current form.

NAIF’s Investment Decisions in Western Australia are:

NAME	ASSET	LOAN AMOUNT (UP TO)	ECONOMIC IMPACT AND PUBLIC BENEFIT ESTIMATED TO INCLUDE
Alinta Energy Pty Ltd - Chichester Solar Gas Hybrid Project	A 60 MW Solar PV power station, transmission infrastructure, switchyards and substations to supply electricity	\$90m	\$221m net public benefit. Around 200 jobs during construction phase.  Important step towards a broader interconnected network across the Pilbara with the potential to improve accessibility, efficiency, reliability and costs across the region for both businesses and residents.



Australian Aboriginal Mining Corporation	Construction of a borefield, crushing plant and site accommodation, and a 55km haul road to connect the Great Northern Highway to the Cloudbreak mine.	\$12.5m	\$304m net public benefit. Up to 120 jobs are forecast to be created during construction, with a further 120 roles during ongoing operations.
Kalium Lakes Limited	Sulphate of potash project and supporting infrastructure: gas pipeline; gas fired power station, communication and transport facilities and accommodation facilities	\$74m	\$169m net public benefit (in present value terms) over the first 30 years of mine life as well as providing the first domestic source of a fertiliser which plays a significant role in improving agricultural yield and productivity.  145 jobs at construction peak and 45 jobs in operations.
Sheffield Resources Limited	Processing plant, LNG power station, gas storage facilities and ship loading and logistics assets to support the project	\$95m	\$487m over 42 year mine life, employees will stay in the region rather than fly in fly out, this will support economic activity in Derby and Broome. 400 jobs during construction and 280 jobs during the operational phase.
Onslow Marine Support Base (OMSB)	Development of a marine supply facility. A multi-user facility provides chandlery, heavy lift capabilities, reverse logistics, refuelling, transport, freight and emergency services to support onshore and offshore industries in middle and southern Carnarvon Basin.	\$16.8m	Forecast \$100m benefit over 10-year period for WA. Estimated 60 construction jobs with 150 operations jobs.
Pilbara Minerals Limited	Upgrade of a public road, south of Port Hedland	\$19.5m	Since NAIF's Investment Decision several changes to Pilbara Minerals' regional operating environment have resulted in the company reassessing its investment in the Pippingarra Road as its primary haulage

			route and as such this project will now not proceed to financial close; however, Pilbara Minerals are continuing to engage with NAIF on future infrastructure requirements.
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