

Australian Industry Participation (AIP) plan Summary

– Project Phase

1. Project Details

Designated project proponent: Genex Power Limited

Project name: Kidston Stage 2 (K2)

Description of the project: Kidston Stage 2 (K2) will be comprised of two projects, 250MW Kidston Pumped Storage Hydro Project ('K2-Hydro') and the 270MW Kidston Solar Project ('K2-Solar'). Both K2-Hydro and K2-Solar will be owned and developed by publicly-listed renewable energy company Genex Power Limited ('Project Proponent') as the second phase of the development of the Kidston Clean Energy Hub ('Kidston Hub'). 250MW Kidston Pumped Storage Hydro Project: The Kidston Hub is located 270km NW of Townsville, utilising the abandoned Kidston Gold Mine as the foundation for the K2-Hydro project, with the mining puts acting as the upper and lower reservoirs. A new 275kV transmission line will be constructed to provide a connection point into the National Electricity Market ('NEM') for the Kidston Hub. This transmission line will be built, owned and operated by the Queensland State Governments transmission entity Powerlink Queensland. Energy produced from K2-Hydro and K2-Solar will be sent directly into the NEM. Genex Power has secured a long-term energy offtake agreement for K2-Hydro with EnergyAustralia. The Binding Energy Storage Services Agreement (BESS) was signed in March 2020 and provides the full operational dispatch rights for the K2-Hydro plant (including P&L) to EnergyAustralia in exchange for a fixed annual rental payment, escalating over time. The term is up to 30 years, with an initial term of 10 years and two options to extend (at EnergyAustralia's election) for a further 10 years each. Procurement of goods and services will occur through the Engineering Procurement and Construction ('EPC') Contractor. McConnell Dowell and John Holland ('EPC Contractors' or the 'Contractors') form a joint venture in developing the project. Procurement of primary goods and services was initiated in November 2018 through a competitive tendering process for electro-mechanical equipment packages from international Tier 1 hydro turbine suppliers that are capable of providing a bankable, high quality solution. Following this electro-mechanical equipment tendering process, procurement for other primary goods and services are scheduled to commence H2 CY2020, and construction to commence shortly thereafter. Kidston Stage two 270MW Solar Project: For K2-Solar, procurement of goods and services will occur through the EPC Contractor, UGL Ltd ('K2-Solar EPC Contractor'). Procurement of goods and services is expected to be initiated CY 2021. Collectively, K2-Hydro and K2-Solar have received up to \$9M in Federal Government funding from the Australian Renewable Energy Agency ('ARENA'). The operationally integrated K2-Hydro and K2-Solar projects have been classified as a project of Critical Infrastructure by the Queensland State Government due to the social, environmental and economic significance of the Kidston Hub. External to the requirements of the AIP Plan to promote full, fair and reasonable opportunity for Australian industry participation, the Proponent and the Contractors will undertake best endeavours to promote and include indigenous participation, with an emphasis on local indigenous employment and supplier opportunities. These best endeavours fall externally to the requirements of the AIP Plan and as such will not require any proposed actions or implementation under this plan.

Estimated project value: \$725M

Project location: Kidston, Queensland Australia

Link to project information:

Proponent: www.genexpower.com.au

K2-Hydro: <https://www.mcconnelldowell.com/suppliers-subcontractors>

K2-Solar: <http://www.ugllimited.com/contact-us>

Project contact for procurement information:

K2-Hydro: Sean Hughes 0418 444 136 sean.hughes@mcdgroup.com,

K2-Solar: David Liu 02 9474 3201 david.liu@ugllimited.com

Other project proponents involved in the project: NA

2. Opportunities to supply Goods and Services

Expected opportunities	Opportunities for Australian entities*	Opportunities for non-Australian entities
250MW Kidston Pumped Storage Hydro Project ('K2-Hydro)		
Goods		
OEM Pump Turbine Equipment Package	No	Yes
Gantry Crane 250T	Yes	Yes
Hydromechanical Plant (not included in OEM supply eg. Stoplogs, Penstock, Trashracks)	Yes	Yes
Pipe and Fittings Supply	Yes	No
Valve Supply	Yes	No
Strainers	Yes	No
Pipe Supports	Yes	No
Gaskets	Yes	No
Fasteners	Yes	No
Electrical and Instrument Cables	Yes	Yes
Cable Support Systems	Yes	No
Lights and Fittings	Yes	No
Earthing Protection Systems	Yes	No
Pumps	Yes	No
Voltage Switchgear and Switchboards	Yes	Yes
Instruments, Analysers and Control Systems (not forming part of EOM Supply Package)	Yes	No
Hydraulic Systems	Yes	No
Dam Liner	Yes	No
Scaffolding Supply	Yes	No
Fuel Supply	Yes	No

Structural Steel (excluding Electro-mechanical equipment)	Yes	Yes
Site Amenities	Yes	No
Tools and Consumables	Yes	No
Stationery and Office Supplies	Yes	No
PPE Supply	Yes	No
Construction Fencing Supply	Yes	No
Services		
Consultant Engineering and Design	Yes	Yes
Dewatering Works	Yes	No
Earthworks	Yes	No
Civil Works	Yes	No
Tunnelling Works	Yes	No
Shaft Sinking Services	Yes	No
Surveying Services	Yes	No
Heavy Lift/Crane Subcontractor	Yes	No
Logistics and Transport	Yes	No
Plant Maintenance and Repair	Yes	No
Crushing and Screening	Yes	No
Batch Plant Services	Yes	No
HVAC Services	Yes	No
Fire Detection and Protection Services	Yes	No
Construction Communications Services (4G, LTE)	Yes	No
SMP Labour	Yes	No
E&I Labour	Yes	No

Expected opportunities	Opportunities for Australian entities*	Opportunities for non-Australian entities
270MW Kidston Solar Project ('K2-Solar')		
Goods		
Photovoltaic Cells	No	Yes
Solar Trackers	No	Yes
Piles	No	Yes
Inverters	No	Yes
Structural Steel (for substation)	Yes	Yes
Concrete	Yes	No
Landscaping Material	Yes	No
Electrical Cables	Yes	Yes
Electrical Equipment	Yes	Yes
Ancillary Buildings	Yes	No
Site Amenities	Yes	No
Tools and Consumables	Yes	No
Services		
Earthworks	Yes	No
Installation Works – Self Perform	Yes	No
Fencing	Yes	No
Electrical – Self Perform	Yes	No
Civil Works	Yes	No
Engineering – Self Perform	Yes	No

Disclaimer: The information provided in the table above is based on an initial assessment by the company. Any questions or issues should be raised with the project contact.

Explanation for item(s) in list above where it is indicated 'No Opportunities for Australian entities'

250MW Kidston Pumped Storage Hydro Project ('K2-Hydro')

OEM pump-turbine equipment package:

Based on years of internal market analyses, both international and domestic, combined with expert consultancy from tier-one engineering firms, the Proponent has concluded that there are no domestic suppliers capable of manufacturing and supplying the specific electro-mechanical equipment required for K2-Hydro.

No domestic supplier has the necessary experience, financial capability and technical expertise to supply an electro-mechanical equipment package that meets the design specifications of this hydro scheme.

Based on these analyses and the resulting conclusion, the Proponent initiated a tendering process for the equipment package on 1/11/2017 to a shortlist of suppliers who were capable of meeting the aforementioned criteria. No domestic supplier was approached based on the above explanation.

270MW Kidston Solar Project ('K2-Solar')

Photovoltaic Cells:

UGL have undertaken detailed local market analyses and have concluded that no domestic manufacturer of Photovoltaic Cells/Panels is able to provide the quantity of units required for K2-Solar. This also precludes small overseas suppliers.

Solar Trackers:

UGL have undertaken detailed local market analyses and have concluded that there is no domestic manufacturer of Solar Trackers capable of providing the quality and quantity of units required for K2-Solar.

Piles:

UGL have undertaken detailed local market analyses and have concluded that there is no domestic manufacturer capable of manufacturing the required profile and tonnage of piles in addition to adequately meeting the K2-Solar timeline.

Invertors:

UGL have undertaken detailed local market analyses and have concluded that there are no domestic manufacturers of suitable capacity invertors as required for K2-Solar.

3. Standards to be used in the project

In order to provide full, fair and reasonable opportunity for Australian industry to supply key goods and services, the Contractors will use Australian standards whenever this is practically and economically feasible.

4. AIP activities to be undertaken by the Project Proponent

Mailing List Distribution:

Once the procurement scope has been finalised, the Proponent will distribute an email to all recipients on the corporate mailing list which comprises 500+ personnel in the renewables and storage industry, including but not limited to; local councils, domestic and international suppliers and other stakeholders/personnel interested in the Proponent's Projects.

This email will specify the registration process for those intending to supply key goods and services for K2, with links to the Contractors' webpages. In addition, the email will encourage email recipients to pass on this information to known suppliers in the domestic market in order to reach a larger audience than those on the active mailing list.

Letter to Queensland Local Councils:

The Proponent has a strong relationship with the immediate local council (Etheridge Shire Council) and several regional councils in Northern Queensland. The Proponent has assured these councils that notification will be given once employment and supplier opportunities become available for K2.

A letter will be sent to these councils specifying that supplier opportunities are available, outlining the registration process for suppliers of goods and services for K2 and provide webpage links to the Proponents webpage and the Contractors' webpages.

Councillors and Mayors will be able to distribute this knowledge accordingly with the intention to create awareness of the opportunities available for local, domestic suppliers, particularly for those in rural communities where awareness and knowledge of potential opportunities may be limited.

Social Media Publication:

Once the procurement scope has been finalised, the Proponent will distribute notification to all social media subscribers (over 1,000 subscribers) that opportunities to supply key goods and services for K2 are available. Each publication across the Proponent's various social media platforms will provide web links to the Proponent's webpage. At these links, suppliers will find information about the procurement processes in addition to links to the Contractors' webpages.

5. AIP activities to be undertaken by procurement entities

Use of Contractors' Webpage Procurement Portals

Webpage procurement portals have been established by the Contractors in order to meet the necessary components and requirements of this AIP Plan. The portals allow for direct communication between suppliers and the Contractors.

Once the procurement scope has been finalised, the Contractors will publish supplier opportunities for key goods and services via its webpage portal system.

Once opportunities have been published, the webpage portal will allow suppliers and subcontractors to express interest on packages. The Contractors will be able to identify suppliers/subcontractors who are commercially competitive, competent and meet the necessary standards resulting in full, fair and reasonable opportunity for Australian industry participation.

Industry Bodies:

The Proponent and the Contractors will maintain memberships, both directly and indirectly, with a number of industry networks.

The Proponent and the Contractors will seek information through these industry networks to keep up to date with industry developments as well as the new and innovative domestic suppliers who are entering the Australian market.

The Proponent and the Contractors will also use these industry bodies to publicise K2, the opportunities available and information on how to register interest.

Newspaper Publications (K2-Hydro EPC Contractor Only):

Once the procurement scope has been finalised, the K2-Hydro EPC Contractor will publish information about the project, information about supplier opportunities and the process suppliers should take to register expressions of interest in the project (i.e. which webpage links to go to) through various state- and national-based newspaper publications.

Examples of these publications and their average audience are as follows:

- Cairns Post; average 73,000 readers
- Townsville Bulletin; average 89,000 readers
- Courier Mail; average 588,000 weekday readers & average 1.2M weekend readers
- The Australian; average 560,000 print readers, 80,000 mobile visitors, 23,000 app visitors, 1.214M digital visitors

Using these resources will allow the K2-Hydro EPC Contractor to reach a wide audience, both local and domestic.