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China, Thai investors join rush to Australian energy renewables

Angela Macdonald-Smith

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China's State Power Investment Corporation has snapped up another wind farm in Australia, as new entrant Thailand's Wind Energy Holding has bought 50 per cent of project developer CWP Renewables, confirming a surge of overseas interest in the wind and solar sector.

The transactions have been driven by a renewed government commitment to the 2020 renewable energy target legislation under Prime Minister Malcolm Turnbull.

[Industry sources have been anticipating increased merger and acquisitions interest across the renewables sector](#), helped by a surge in the prices of the certificates that underpin new large-scale projects because of increased confidence in the renewable energy target regulations.

China's SPIC has acquired the Taralga wind farm in NSW from Spain's Banco Santander, just three months after [its \\$3 billion-plus deal to buy Pacific Hydro from IFM Investors](#).

The price for the 106.8-megawatt Taralga venture in the Southern Tablelands region wasn't disclosed but Santander was seeking \$250 million to \$300 million when it started the sale process in August.

Reuters quoted an enterprise value for the deal of about \$300 million, citing industry sources.

Left in limbo

Santander, whose corporate advisory arm worked for SPIC on the Pacific Hydro purchase, decided to quit its small Australian wind business early in 2015 after the sector was left in limbo by ongoing political debate over the 2020 target.

The Taralga venture is underpinned by a power sale contract with large retailer EnergyAustralia but the duration of 10 years is thought to have deterred infrastructure-type funds.

The deal by Wind Energy Holdings, controlled by Thailand's KPN Group, is its first overseas investment and includes 800 megawatts of development projects in Australia, on which Wind Energy said construction would start in 2016.

Wind Energy chief executive Emma Collins said the Australian market "offers tremendous potential over the long term", pointing to increasing government support and "positive moves" around certificate pricing that promote expansion.

Newcastle-based CWP, a joint venture between Continental Wind Partners and Wind Prospect Group, manages 220 megawatts of wind farms, including Taralga.

A number of other deals are in the offing, including the sale of Origin Energy's renewables interests. Listed player Infigen Energy has received interest for corporate deals and potential asset sales, [while AGL Energy is seeking partners for a \\$3 billion renewable energy fund](#).

Doubts over capacity

The interest comes despite [doubts among some whether the capacity required to meet the renewable energy target can be built in time, leading to speculation it might need to be renegotiated](#).

Still, fresh overseas appetite for opportunities in Australia is evident and is not limited to wind, with Genex Power executive director Simon Kidston noting increased interest among British and European infrastructure investors in its Kidston hydropower and solar project in northern Queensland.

"I don't think we would have had a hearing nine months ago, whereas now people see that the outcome has got bipartisan support and the RET is now locked in," Mr Kidston said of talks with potential partners for the \$300 million project.

"Certainly all of the feedback we have had now has changed remarkably since that situation was clarified."

The Taralga deal followed a competitive trade sale process, said Herbert Smith Freehills, which advised Santander's subsidiary Inversiones Capital Global on its acquisition. Herbert Smiths also acted for IFM on the Pacific Hydro sale.

ICG was advised by ANZ Corporate Advisory and IGWT Advisory, while SPIC was advised by Melbourne-based The SILC Group, ING and King & Wood Mallesons.

News of the deals came as the latest Bureau of Statistics figures showed employment in the renewables sector decreased for a second consecutive year in 2014-15, by 3 per cent, or almost 500 jobs.

Clean Energy Council chief executive Kane Thornton said the figures were no surprise, given the earlier uncertainty around the renewable energy target. But he said the road ahead looked more positive, with the industry "gearing up for an intense period of delivering large-scale projects".

This story was found at: <http://www.smh.com.au/business/china-thai-investors-join-rush-to-australian-energy-renewables-20160315-gnj07r.html>