



BUSINESSNEWS

Power and energy

SPECIAL REPORT



A snapshot of coal businesses in WA

Company	Financial year	Revenue	Profit (loss)	Assets
Premier Coal	Dec 2020	\$205m	\$6m	\$289m
Griffin Coal Mining Company	Mar 2018	\$108m	(\$40m)	\$1.8bn
Bluewaters Power 1	Mar 2019	\$127m	(\$5.7m)	\$413m
Bluewaters Power 2	Mar 2019	\$150m	\$19.4m	\$690m

Source: Annual reports



Premier Coal operations in Collie. Photo: John Bylund

Coal supply issues ahead of power shift

Political debate about coal power is boiling but economics and engineering will have a substantial impact.



Matt McKenzie

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“It’s very worrying for the workforce there; they’re struggling for numbers currently too

– Greg Busson

WESTERN Australia is not a substantial producer of coal, so it was surprising that the fossil fuel played such a prominent role ahead of the state election in March.

The Liberal Party WA’s pre-election pitch included a commitment to shut down state-owned coal generation by 2025, removing about 739 megawatts of baseload capacity from the power grid ahead of schedule.

That number is in addition to the state government’s existing commitment to close Synergy’s two Muja C generating units, in October 2022 and October 2024, together generating about 388MW.

The government said the Muja C decision would save more than \$350 million.

The ageing units were under increasing pressure from intermittent rooftop solar generation, needing to scale up and down to meet the market, contrary to their designed use.

The politics comes amid serious debate about a national net zero emissions policy for 2050, in response to concerns about climate change.

But an important issue with less transparency, which has nonetheless generated speculation in the energy sector, is the supply of coal into the power stations around Collie.

The issue is how much longer the state’s small coal mining industry can economically produce fuel for six of WA’s key baseload power stations.

One of the state’s two coal miners, Griffin Energy, declared a force majeure over winter, as a heavy rain season limited its ability to produce at its mine near Collie.

Business News understands the company’s Ewington deposit holds moisture more so than other deposits, and rainwater had been retained in the ground, making work unsafe.

Energy Minister Bill Johnston said the government was confident it would have sufficient power supply in the event of ongoing disruption.

“The state government hasn’t been advised how long Griffin expects to be out of operation, but we’d hope that they’ll be able to have a clear plan to get back into production as soon as possible,” Mr Johnston told *Business News*.

“The state government is confident Synergy’s coal requirements will be met, noting that Griffin does not supply coal to Synergy.

“The government has paid careful attention to any impacts on the electricity system and we’re very confident we have plenty of electricity supply, even if Bluewaters was to be disrupted by these current challenges.”

It is understood that customers had sourced coal through Collie’s other producer, Premier Coal, and mining has since restarted at Ewington.

An industry source said the demand had put strain on Premier, with the company’s otherwise sufficient coal stocks being reduced.

The force majeure follows a legal move last year by coal-fired electricity generator Bluewaters Power.

Bluewaters lodged an action against Griffin, claiming the miner had defaulted under coal supply agreements with unstable production levels.

The court battle has not proceeded further.

A spokesperson for Griffin told *Business News* at the time that it was widely known the business had been operating in an unsustainable manner, with revenue exceeding cost.

“A commercially sustainable coal price is required from its customers in order to continue to take Griffin Coal forward in a stable manner with no disruption to supply,” the spokesperson said.

Business News understands Bluewaters has a right to step in to operate the mine if its stockpile falls below 100,000 tonnes of coal, and an industry source has suggested the stockpile is now about 65,000t.

Griffin was bought by Indian interests through Lanco Infratech in 2010, with hopes to expand production from about 4mtpa at the time to about 18mtpa by 2018.

Lanco entered a complicated bankruptcy process about four years ago, and the miner is now controlled by Lanco’s main financier, ICICI.

There’s a history of court battles in this space, with Lanco claiming it overpaid for Griffin, alleging it was not



Longer term, it is understood the business hopes to secure investment for a coal-to-urea or brown hydrogen operation.

Greg Busson, the Construction, Forestry, Maritime, Mining and Energy Union's mining and energy WA state secretary, said Griffin had done a lot of work to reduce losses in recent years.

But equipment problems, an inability to source investment, and the consumption of the easiest, cheapest coal deposits presented challenges.

"All of the other easy access, all of the low-strip-ratio coal, is gone," Mr Busson said.

"Their strip ratios are up.

"They're talking about a 12-to-one strip ratio, that's what I'm hearing from my members.

"Historically over the course of a mine in Collie, [it would be] nine to one."

Griffin had also suffered a mechanical failure with a digger, which it had been unable to repair for some years, he said.

It now operates two diggers concentrating on one mining block, which leads to variations in output.

"I've been saying for a long time they surely can't continue to go [on, but] they find some way," Mr Busson said.

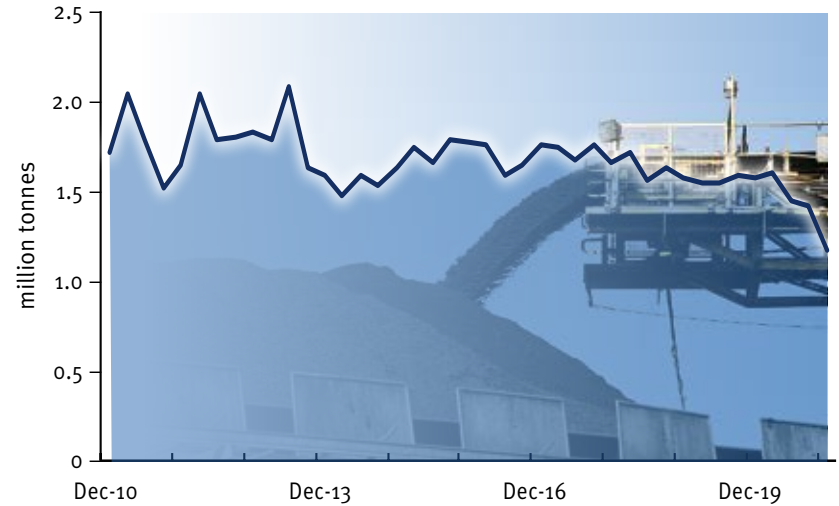
"It's very worrying for the workforce there; they're struggling for numbers

given accurate data on coal reserves, an assertion reportedly settled out of court favourably to Lanco in 2018.

The most recent available annual report for Griffin showed it made a \$40 million loss in the year to March 2018 (see table).

Nonetheless, Griffin is understood to be confident it has sufficient reserves to meet its commitments.

WA coal production, quarterly



Source: DMIRS

currently, too."

The CFMEU has been negotiating a new enterprise bargaining agreement with Griffin for about nine months, and Mr Busson said there was some way to go but progress was being made.

When asked about the level of coal reserves available, Mr Busson said there were reserves at other deposits south of Collie, in the Wilga Basin.

However, any move to mine them would face social licence challenges and would also require an upfront capital investment.

Mark Chatfield, who was formerly general manager of generation at Western Power, said he expected Collie's coal reserves might last until 2040, but may be economically unviable prior to that.

"The Collie Basin is running out of coal, there's no doubt," he said.

Deposits were getting deeper and smaller, with less scale in production leading to higher costs.

Continued on page 28

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The Next Frontier – Clean Energy and Decarbonisation

Paradigm shifts come along maybe once in a generation, but this one has been brewing for much longer. Some call it the Anthropocene – an unofficial new epoch of our own making, the most recent period in our geological history when human activity started to have a significant impact on the climate and ecosystems. Our climate crisis, and the urgent need to reverse the impact of climate change, is forcing every system in every industry across the globe to transition. The pace of change is swift and unrelenting, racing to make up for the decades we ignored the need to address the greatest challenge humankind may ever face.

At the forefront of the need to abate emissions is the energy sector. Energy is fundamental to humanity, but the way we currently produce and consume it is fundamental to our future. The energy sector is the source of approximately three-quarters of greenhouse gas emissions today and holds the key to averting the worst effects of climate change.

Societal, political and investor pressures are accelerating the shift away from fossil fuel-based energy and toward a zero-carbon economy, pushing us towards the next frontier: a decarbonised future. The challenge is reaching that future before it is too late.

The decisions that need to be made to reach that goal are going to change every aspect of the economy. We see investors asking whether their portfolio companies are taking the steps to get ahead of climate change forces. We see large mining companies spinning out or otherwise disposing of their fossil fuel assets. We see shareholders less willing to accept risks associated with fossil fuel such that traditional energy assets are now being described in some quarters as ‘stranded’ or ‘legacy assets’. We see the reallocation of capital to the deployment of new technologies, and alternative ways to power our energy systems, transport, agriculture, and the mining industries. We see nations considering radical changes to energy procurement and mobility. Increasingly, we see a sustained interest from commerce and State Government sectors in a green future, yet we are still waiting for our Federal Government to provide a coherent energy policy which both industry and the public can support.

Novel technologies for clean energy production are not new. The Paris Agreement in 2016, and the imminent 26th United Nations Climate Change Conference of the Parties in Glasgow in November 2021 have pushed them to the front line as governments take up the challenge to meet ambitious national emissions goals. As a result, the way the world uses and consumes energy is visibly changing. Buildings are being retrofitted with zero carbon ready technology, large-scale wind and solar farms are generating electricity for retail consumers and industrial users, and electric and fuel-cell vehicles are being rolled out onto purpose-built highways.



“THE PACE OF CHANGE IS SWIFT AND UNRELENTING, RACING TO MAKE UP FOR THE DECADES WE IGNORED THE NEED TO ADDRESS THE GREATEST CHALLENGE HUMANKIND MAY EVER FACE.” - MICHAEL BLAKISTON

Achieving net zero emissions goals requires large-scale deployment of clean energy technology, which is reliant on securing a significant volume of critical minerals and rare earths. The mining industry is not only fundamental to the production of critical minerals and metals required to produce clean energy but is itself an industry which must decarbonise to reduce collective emissions. Many large Australian mining companies including Fortescue Metals Group and IGO are viewing Environmental, Social and Governance (ESG) as a strategic opportunity and a chance to collaborate with other stakeholders who similarly recognise the need to be cost competitive and innovative to drive down the costs of zero emissions products like green steel.

Due to our large mining industry in Western Australia we are enthusiastic and early adopters of green energy. Western Australia is well positioned to be a renewable superpower: the land is available, our natural endowment of sun, wind and ample salt water, and entrepreneurial spirit means our mining and energy companies have a unique opportunity for testing technologies and capitalising on the production of clean energy.

Perhaps the greatest economic opportunity is the use of hydrogen to stimulate decarbonisation activity. Green hydrogen has potential as a carbon-free energy source. We understand that the Western Australian Government is actively considering the land tenure and gas pipeline reforms that will be needed to support the development of large-scale renewable energy and green hydrogen projects. These reforms are also likely to reveal broader regulatory challenges for companies seeking to decarbonise. Prompt and innovative action will be needed to meet these challenges and ensure Australia's increased competitiveness as an early adopter of green hydrogen. This will propel Australia to the forefront of the burgeoning hydrogen market.

By 2022, major European brands such as Mercedes-Benz and Volvo intend to integrate sustainable environmental processes into their traditional supply chain. For example, Mercedes-Benz has announced all vehicles will be manufactured in plants that are powered by renewable energy.

The Carbon Border Adjustment Mechanism (CBAM) announced by the European Commission in July and new European laws will undoubtedly be a game changer in the global value and supply chain. Any country exporting to the EU will be obliged to evaluate the effects of CBAM and adopt climate related reporting practices and green credentials to remain competitive. It is just a matter of time before consumers commit to carbon neutrality across their entire supply chains.

At a macro level, the price of energy has come down since the coal revolution sparked the industrial revolution, reducing the cost of electricity. The move to a clean energy economy threatens that low-cost model however the continued reduction in the cost of renewable energy, particularly wind and solar power and increasing Government incentives to transition, are expected to contribute significantly to the increased competitiveness of hydrogen production and distribution. This will encourage the scale-up of these technologies and infrastructure to levels that will make it competitive with the fossil-fuel industry.

The breadth of the new frontier means that all industries, including the legal industry, are working fast to understand the range of issues and become familiar with the unique legal needs of clean energy projects and the risk of not having a clearly articulated and fact-based transition strategy. Gilbert + Tobin has been running a national masterclass series, inviting the best in the field to present to the firm's lawyers to deepen their knowledge of the opportunities and challenges involved in achieving emissions abatement and a clean energy future.

From scientists to executives, we have heard a spectrum of views and experiences, but so many of the themes remain constant:

- The most significant opportunity now is that we have technology for clean energy generation and energy storage. Absorbing the risk and cost of scaling-up these technologies is key to balancing rhetoric and reality. In the case of hydrogen, the market may need to be incentivised, subsidised, and localised to be economic in the short-term.
- The change is, and will continue to be, driven by industry. The private sector is setting, and is determined to meet, aggressive decarbonisation targets in order to obtain finance, retain and remain relevant to shareholders and operate with a social conscience and licence. The penalties for failing to set and meet these targets are felt in the margins and the loss of a social licence to operate. The Australian States are running their own race in the absence of Federal Government policy, but the thrust of change will still come from industry.
- Australian companies can't ship hydrogen tomorrow, although some significant work is being done in developing capacity to do so in the medium term. Many of the technologies required to decarbonise have not been developed or perfected at scale and there needs to be a balance of responding to the short-term needs of 'keeping the

lights on' and the long-term need to decarbonise. There is still a role for liquefied natural gas in the clean energy 'transition' as a stabilising fuel while building a clean energy future. Undoubtedly, oil and gas companies have a pivotal role to play in our medium term energy mix.

- Hydrogen is just one piece of the decarbonisation puzzle. The scale-up of wind and solar in the last five years has enabled companies to think broader than hydrogen, which has allowed emissions cuts to come at the same time as economic growth. There is increasingly greater potential for offshore wind and other renewable technologies to meet the demands of the industry and the race to achieve net zero by 2050 is driving innovation. However, with innovation comes a grey box of regulatory and legal issues which must be understood and navigated.
- The heat is on company directors. Various watershed moments in 2021, from the Dutch Shell decision to Exxon's appointment of 'activist' directors and the Australian 'Sharma' case on the climate change duty-of-care, are transforming the way boards approach decision-making. Investor sentiment is moving fast and an authentic approach to sustainable objectives beyond merely compliance measures and greenwashing, is needed from boards of companies in every industry.

The Western Australian Government has been showing real leadership in supporting industry and the economy as it faces new challenges – including adding the ministerial portfolio of Hydrogen Industry Minister held by the Honourable Alannah MacTiernan MLC.

The energy transition is inevitable, and businesses need to be making decisions to ensure a better future. This is no longer just a matter of social conscience. It is a matter of social licence to operate, legal responsibility and remaining relevant. The uptick in the level of climate activism and recourse to litigation has put boards on notice of the need to account fully for climate risk and to consider the emerging social duty to reduce emissions. The translation of that duty to legal duties for boards and government ministers is on the radar of Australian courts and governments.

Despite the generations it has taken to create this paradigm shift, the challenges exist now and will need to be met with action to provide a sustainable outlook for future generations. Failure to do so is catastrophic – the Anthropocene cannot be humanity's fleeting legacy in geological history. What is now the paradigm shift must very quickly become the convention.

Author: Giorgia Fraser, Lawyer Gilbert + Tobin

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“Both of the coal producers are heading to a region of being too small to be viable,” Mr Chatfield said.

A solution might be a merger, he said, which would support economies of scale to reduce costs, and optimise mine management for the two neighbouring businesses.

However, his biggest concern was around the Muja C power station being turned off, exposing the system to risk.

Mr Chatfield said Synergy needed to be clear about its plan to replace that capacity and should set that plan before any units were retired.

New gas generation would make sense, he said, because there was sufficient supply in WA and gas generators could more easily fluctuate output in a way that baseload coal could not.

Premier

Premier Coal has support from Synergy as its main client, aiding financial sustainability (see table).

Nonetheless, it will face its own challenge when Synergy begins to shut off the Muja C power station, starting next year.

A spokesperson for Premier said the decision was not unexpected and was managed within the existing contract with Synergy.

The relationship provided Premier with operational security and met operational requirements for the Muja and Collie power stations, the spokesperson said, in addition to other local customers.

“Premier Coal reported marketable coal reserves at the end of December 2020 of 28 million tonnes,” the spokesperson said.

“Premier Coal anticipates that the business will remain economically sustainable over its remaining mine life, as demonstrated by its improved financial performance during 2020 due to productivity gains and cost reduction initiatives.”

Premier is operated by Yancoal Australia but owned by China’s Yanzhou Coal Mining Company.

This means information on the company is limited, but a few things can be deduced.

Wesfarmers had valued Premier Coal’s net assets at \$156 million before selling the business to Yancoal in 2011 for \$297 million.

Before the sale, Wesfarmers reported 138mt of proven and provable reserves in Premier’s books.

Yanzhou reported Premier entities had secured borrowings of \$26.7 million at December 31 2020, at an 8.7 per cent interest rate.



Coal power stations produce about 40 per cent of electricity in the South West network. Photo: John Bylund

“The Collie Basin is running out of coal, there’s no doubt – Mark Chatfield

Synergy is the main creditor to Premier.

Under a loan and coal supply agreement reported in Synergy’s books, a loan to Premier will convert to a 25 per cent equity stake at the end of the loan’s term unless it is repaid.

In 2014, the state government struck a deal to increase the price it pays for Premier’s coal, with then energy minister Mike Nahan saying a previous coal supply agreement had been signed in 2005 at uneconomic rates.

A further deal was negotiated in 2020, according to Premier’s annual reports, allowing upfront invoicing.

The report shows a \$6 million profit in 2020, following a \$1.7 million loss the prior year.

Generation

State government data shows about 5.6mt of coal was mined in WA in 2020, worth \$294 million.

Those numbers are dwarfed by national figures, with about \$54 billion exported in the year to June 2020, according to federal data, on about 450mtpa of saleable black coal production.

While it is not a big WA export industry, coalmining does support six baseload power stations.

Coal produced 42 per cent of the centrally dispatched electricity in the state’s main power grid in the week to September 16 2021, with gas supplying 37 per cent.

The state government’s Whole of System Plan modelling of the grid shows Synergy’s Muja D units are expected to operate until 2036 in every scenario.

The Collie G1 power station, the newest in Synergy’s fleet and the cheapest, is projected to continue production until 2040, when the modelling ends.

So are the two Bluewaters units.

In almost every scenario, Bluewaters or Collie 1 is expected to produce more power annually than any other individual generator on the network in 2040.

That indicates coal will continue to play a critical role in the network, making supply issues a big question.

However, the CFMEU’s Mr Busson said his members were expecting Muja D would close by 2030, and Collie G1 around 2035.

The government has been working on a just transition policy to support

those workers, to bring new industry into Collie.

“I’m a glass-half-full bloke,” Mr Busson said, adding he believed it would be an opportunity for the town.

In the recent budget, the government allocated almost \$400 million of subsidies pencilled in for Synergy in the 2022 financial year.

That includes \$99 million for a system security transition payment, a new operating subsidy to help Synergy to run: “its thermal fleet in an uneconomical manner to preserve electricity system security whilst generation fleet transition options are explored”.

Synergy is budgeted to spend \$40 million on capital expenditure at Muja and \$34 million at Collie G1 over the next four years.

Separately, about \$8 million was to be invested across the thermal fleet to deal with increased frequency of start-ups and operating at lower voltages.

The documents also show how substantially Synergy has been affected by the transition.

The enterprise had an estimated loss of \$317 million for the 2021 financial year, with liabilities exceeding assets by \$102 million.

The net asset deficiency reflected an onerous gas contract and decommissioning provisions, the budget said.



Redeployable renewables are now a real option being delivered by UON.



UON is continuing to deliver energy solutions to meet the specific needs of its customers across the WA resources sector.



The Generator Motor Controller (GMC) system are delivering energy efficiency, flexibility and reliability.

UON makes a powerful start to year

Perth energy solutions provider UON has powered into the financial year with its biggest-ever month of energy delivery.

July saw UON add 70 megawatts of power infrastructure to customers' operations across the WA resources sector. From its Malaga facilities, UON's Energy rental team deployed, installed and had all the power units operational within the month.

A reflection of the mining sector's continued confidence, UON's milestone also recognises the growth and product development of the WA energy solutions provider. Awarded Western Australian Business of the Year in the 2020 WA Business News RISE Awards, UON has sustained its success, further reinforcing its position as the premier provider of energy solutions to the sector.

UON Founder and Chairman, Mark Keogh said the biggest single month in the company's history was a clear demonstration of UON's capacity, flexibility and rapid deployment capabilities to directly support our customers.

"The modular ability of our UON SMART™ offering is key to this success and includes customer-specific combinations of battery energy storage systems (BESS), solar photovoltaics (PV) and diesel generators," Mark said.

"We are seeing a transition in the energy solutions our customers are wanting and we have developed products that assist them on their journey to decarbonisation. These are real solutions and available now."

While mining operations currently have an underlying demand for diesel generation, UON has established unique products that means redeployable renewables are now a real option for customers to include in a rental solution. As the WA

deployment partner for Australian solar systems company 5B, UON is able to include a redeployable photo-voltaic energy arrays in its SMART™ solutions.

"The changing nature of energy needed across mining operations and the traditional infrastructure needed for PV arrays, meant solar wasn't a real option for temporary installation, but now it is," Mark said.

"Our in-house capabilities to determine the lowest cost of energy, means we can tailor the best solutions to meet our customers' needs, including harnessing the sun's energy, without sacrificing the energy security needed."

Having developed its in house solutions to reliably operate and withstand the harshest of WA's environments, UON this year secured three technology patents, including its unique Generator Motor Controller (GMC) system.

The GMC is part of family of products that has been developed to provide the scalable, modular, automated, renewable and temperature-controlled solutions that are adapted to the specific operational requirements of clients.

"By creating new technologies like the GMC and then investing in their operational development and testing in-house, we have real solutions available now that significantly help address the fossil fuel challenges being faced by our customers," Mark said.

"Environmentally, economically and even socially, resources companies are needing to reduce traditional energy inputs on their journey to decarbonisation and we are doing that already."

Despite COVID, UON has also continued to grow its own operational assets to support its deployment and installation activities.

"We've made the investments and done the design work needed to live out our company

commitment to customers – that we will keep UON and keep you operational," Mark said.

"This means we continue to have the gear needed, plus an ongoing pipeline of equipment available."

UON's success as an Australian manufacturer has helped the company to further expand its in-house manufacturing capability, insulated from many of the international supply chain challenges resulting from COVID-19 disruptions.

As the first wave of the global pandemic hit Western Australia's mining industry in 2020, and a large number of clients halted their procurement activities, UON seized the opportunity presented and continued manufacturing in its Malaga facilities and purchasing supplies.

This led to a build-up of stocks and consumables, which meant when the demand returned UON could support clients quickly and shorten delivery times.

UON has since further increased the size of its workforce by 60% year on year to continue the delivery of WA created solutions across the state.

"Our continued success is a result of all the members of the UON family and this growing team of people are at the heart of the solutions we deliver. It is their innovation, real operational experience and quality focus that are providing customers with the energy solutions they need."

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News & Networking



Hon. Mark McGowan MLA and Charles Kobelke

POST BUDGET BREAKFAST

More than 1,100 of Perth's business elite joined Mark McGowan at Crown Perth for the 2021 Post Budget Breakfast on Friday September 10.

The premier outlined his first budget as treasurer, which delivered an operating surplus of \$5.6 billion largely driven by iron ore royalties.

A record \$30.7 billion infrastructure investment and \$1.9 billion for improved health services is on the horizon across the state, with the premier eager to make a lasting impact.

Photos: Matt Jelonek & John Koh



Deb Jackson (left), Elizabeth Gaines and Jenny Allen



Nev Power



Dale Alcock (left), Gerhard Veldsman and Charles Yau



Patrick Gregg and Kristian Stratton



Dr. Andrew Forrest AO and John Poynton



Ryan Mansom



Nigel Satterley AM



Brandon Craig



Rob Slocombe and Mark Pownall



Tom O'Leary



Rebecca Tomkinson and Rebecca Maddern



Jules Pemberton



Simon Trott and Mark Hatfield



Clive Bingwa and Danielle Green



Hon. Bill Johnston MLA



Chris How (left), Gary McGrath and Kevin Brown



Elton Swarts



Sonia Mackay-Coghill and Arshad Omari



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TransAlta steps on gas in green drive

Matt McKenzie

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CANADIAN power generation and wholesale marketing company TransAlta has about 500 megawatts of gas-fired power in its Western Australian portfolio, but green energy is key to the company's growth strategy.

The first big green opportunity was sparked by decisions made on the other side of the world and the other end of the supply chain.

US-based electric vehicle maker Tesla has been on a drive to cut emissions and shore up the ethics behind battery manufacturing in its inventory.

Tesla has worked to develop its own cathode material manufacturing capability for its batteries and has piloted a program using blockchain to track nickel shipments from WA to its Gigafactory in Shanghai.

That could be used in a battery passport, which offers consumers transparency for the supply chain of electric vehicle batteries, according to the company's 2020 annual impact statement.

Earlier this year, Tesla's Australian chair, Robyn Denholm, said the company expected to spend \$1 billion a year on Australian minerals.

In the process, however, it would seek to prioritise a reduction in carbon emissions.

"Mining process currently accounts for roughly half of the carbon footprint of a battery cell," she said.

BHP Nickel West signed a supply deal with Tesla in July, and lower emissions in processing were a key consideration.

The following week, BHP and TransAlta announced a \$73 million solar and battery project in the northern Goldfields, which had been developed as part of a longstanding power purchase agreement between the two companies, which was extended late last year.

TransAlta managing director (Australia) Kelvin Koay told *Business News* the company recognised green energy as a big opportunity in Australia.

Mr Koay has been with the company for 21 years and moved from Canada to Perth in 2017 with a mandate to grow the business in WA and on the east coast.

He said TransAlta had been an early adopter of wind energy in Canada with a portfolio of around 2000MW, which it hoped to replicate here.

"The renewable resource in Australia is very good," Mr Koay said.

"The industry and the market are starting to aim towards that decarbonisation solution.

"It really seemed like to us ... through 2020, almost in the middle of the pandemic, we really got the sense the



Kelvin Koay says TransAlta is going greener. Photo: David Henry

market started to double down on wanting to decarbonise."

Mining, and oil and gas companies were particularly keen to introduce renewables at new and existing mines, Mr Koay said.

This interest was motivated by both social licence and economic impact.

"There's no question the [environmental, social and governance] movement, the greening of the industry ... is on the front page of every board," Mr Koay said.

"There's also a lot of opportunities to get the cost of operations lower through

building renewables.

"The economics are self-justifying now.

"A lot of resources companies now are starting to come to the conclusion they can get reliable solutions through a hybrid combination."

Other miners have also been developing renewables projects.

In the Pilbara, Fortescue Metals Group has worked with Alinta to develop a 60MW solar farm at Chichester, while Contract Power will install two batteries totalling 42MW in another project.

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Providing insurance services in the power and energy sector is a highly specialised field, and since its foundation in 1903 in Germany, HDI has been a leader in this sector. For the past 20 years and under the leadership of managing director ASEAN, Stefan Feldmann, the Australian arm of the group now has offices in Sydney, Melbourne, Brisbane and Perth.

David Gibbs, an insurance industry leader with over 22-years' experience, joined HDI in 2018 and heading up the local WA team, Mr Gibbs will have overseen a four-fold increase in premium income by the end of 2021.

"We have built the business here in WA to bring our global expertise to the local market," said Mr Gibbs. "I would like HDI to be known as the leading industrial insurer here in WA, with a reputation for combining underwriting expertise with exemplary customer service."

As recognised industry leaders in core business segments of property, liability, engineering, marine and accident and health, HDI Australia is notable for its significant presence in industries which drive Australia – mining, power and energy. The role of underwriting in this specialised space requires a significant understanding of the particular issues and risks surrounding supplying power to Australia, from coast to coast.

Supporting the WA Team are HDI's National Power and Energy Lead Underwriters.

Jane Ravi, who heads up HDI's power and energy division and is based in Sydney, recognises that over the past decade there has been an ever-increasing focus on the transition away from traditional thermal power generation portfolios towards greener solutions. Sustainability has become an important driver for client and insurance provider alike.

"Given the abundance of natural resources in Australia which fuel many of our traditional generation stations, we understand that the transition to a greener fuel source cannot happen

overnight while still maintaining Australia's energy security," said Ms Ravi.

Ms Ravi also acknowledges that existing infrastructure for traditional power sources is maintained until such time as their services are no longer required.

"We work closely with our clients and our risk engineers in order to manage the risks which are seen in this sector, all of whom are extremely transparent in the sharing of information.

"It's a two-way partnership which needs to be maintained with our clients in order to support them through the transition while being able to maintain energy security."

Thanks to this forward-focused approach, HDI is seen as a market leader for renewables in Australia.

Andrew Cochrane, Liability Underwriting Manager, Northern Region believes HDI's vast experience has given the group a better understanding of the exposure, including concerns around the placement of solar and wind farms.

Haris Michaels, Engineering Underwriting Manager, Southern Region, agrees.

"Natural perils are a constant consideration, and it is somewhat ironic that a leading cause of loss for the industry is severe weather systems caused by global warming, when the purpose of the industry is to reduce the effects of global warming in the first place."

As new technology presents new challenges in terms of understanding risk profiles, it is vital that clients in the power and energy space engage an insurance and liability partner who understands fully the implications of working on the cutting edge of supplying power to Australia.

"HDI remains very focused in the power and energy space while other operators may see it as a small arm of a more general insurance offering," said Mr Gibbs. "We are consistent with our risk appetite and I believe this gives our brokers and clients



David Gibbs, Underwriting Manager,
Western Australia | HDI Global SE, Australia

confidence that we are there to partner with them for the long haul.

David Lloyd, HDI Regional Claims Manager, Australasian and ASEAN says the team has particular experience in some of the uniquely Australian situations where losses have occurred.

"We have experienced a wide variety of power and energy claims, from a typical turbine explosion, to a bird striking a live wire with its carcass causing a bushfire," said Mr Lloyd.

Reflecting its earliest founding principles, HDI's DNA retains a strong Germanic ethos of being well-built, reliable and efficient.

"I believe Australia is at a real watershed moment in the emerging technologies area," said Mr Gibbs.

"We have some real visionaries leading the charge in areas such a Green Hydrogen and making other production processes that were once deemed "unfriendly" in terms of energy consumption, more efficient."

HDI is already involved in much of this new technology including the two new battery storage facilities that Neoen are developing with Tesla in South Australia and Victoria.

"We are continuing to invest in our business to ensure our local teams are set up to service our customers, new and existing, in this space," said Mr Gibbs.

"Our aim is for clients in the power and energy space to think of HDI when they think of insurance."



Data & Insights

WA'S LARGEST UTILITIES AND PUBLIC INFRASTRUCTURE

Ranked by number of WA customers/clients



Rank	Change in rank	Company	Senior WA executive and title	Year est. in WA	Number of WA customers/clients	Description
1	—	Western Power	Mr Ed Kalajzic Chief executive	2006	2,000,000	Builds maintains and operates the electricity network in the south west corner of WA
2	—	Water Corporation	Mr Pat Donovan Chief executive	1996	1,322,204	Water and wastewater services in Perth and regional WA
3	—	Synergy	Mr Jason Waters Chief executive	2006	1,103,432	Generator and retailer of electricity
4	—	Alinta Energy	Mr Chris Campbell General manager, WA	1995	442,057	Retailer of gas and electricity
5	—	Kleenheat	Ms Sarah York GM, natural gas and electricity	1956	203,892	Retailer of gas and electricity
6	↑	AGL Energy	Mr Giles Redmile Chief executive, Perth Energy	1999	65,688	Retailer of gas
7	↓	Horizon Power	Ms Stephanie Unwin Chief executive	2006	44,533	Generator and retailer of electricity
8	↑	Engie Australia	Mr Augustin Honorat Chief executive, Australia and NZ	1996	23,082	Retailer of gas
9	↓	Origin Energy	Mr Frank Calabria Managing director	2017	13,906	Retailer of gas
10	—	Busselton Water	Mr Chris Elliott Managing director	1906	13,886	Water infrastructure and supply
11	—	Harvey Water	Mr Bruce Hathway Chief executive	1996	1,113	Cooperative providing water in the Harvey water irrigation area
12	—	Esperance Gas Distribution Company (Energy Infrastructure Trust)		2004	363	Gas retail and distribution
13	—	Advanced Energy Resources	Mr Luca Castelli Managing director	2006	300	Generator and retailer of electricity
14	↑	Delorean Corporation	Mr Hamish Jolly Co-founder, executive chair	2015	115	Retailer of electricity
15	↑	Change Energy	Mr Geoff Gaston Co-founder, chief executive	2016	115	Retailer of electricity
16	↓	Amanda Energy Solutions	Mr Martin Jurat Director	2010	112	Retailer of gas and electricity
17	—	APA Group	Mr Rob Wheals Managing director	2004	20	Owns gas transmission network
18	—	Metro Power Company	Mr Timothy Edwards Founder, managing director	2005	20	Retailer of electricity
19	—	EDL	Mr Geoff Hobley General manager, remote energy	1996	6	Electricity generation and mine site power

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WND: Would Not Disclose, NFP: Not For Publication, N/A: Not Applicable or Not Available.

Power and energy

SPECIAL REPORT

Data & Insights

Showing 6 of 15,230

Technology Metals delivers WA vanadium resource boost

role in the rapidly evolving energy storage sector due to its ... oxidation states to store energy for later use. Some of the ... small-scale and larger-scale energy storage solutions. VRFBs ...

Government allocates \$395m for Synergy

the spokesperson said. "Energy markets around the world ... intermittent forms of renewable energy generation, placing pressure ... support the exploration of new energy solutions, such as distributed energy resources and battery storage ...

Galan partners up for lithium supply chain transparency

intensity, water usage and energy mix. Circular Director of ...

Shares drop for first time in four days

0.22 per cent, to 7723.2. Energy providers gave back some ... worst-hit category. Beach Energy fell more than four per cent ...

Corporate innovation is the key to driving 'ecosystem thinking' in Australia

Engagement Manager at Woodside Energy shared. "We look for amazing ...

Agriculture roadmap to net zero by 2040

recommends shifting to renewable energy and electric-powered machinery ... well as a shift to renewable energy used farms. A case study ...