

PRESS RELEASE

Perth WA: Wednesday 06 May 2020

PACIFIC ENERGY RENEWABLES PURCHASE BREAKS THROUGH CORONA GLOOM



Photo courtesy of Western Power

Leading remote energy company **Pacific Energy** has bought solar and battery microgrid specialist **Hybrid Systems Australia** (Hybrid Systems) to strengthen its capabilities in the emerging integrated renewables market.

Australia's leading supplier of remote power has just finalised the acquisition of the innovative Perth-based renewable energy solution provider, completing due diligence and approvals amid the additional complexity of nation-wide Covid-19 restrictions.

Pacific Energy Chief Executive Officer (CEO) Jamie Cullen said the purchase would help existing mining customers reduce their carbon footprint and also establish a strong foothold for Pacific Energy in the fast-developing market for Stand-alone Power Systems (SPS) and microgrid systems.

It was a major strategic step to accelerate Pacific Energy's growth, following its own acquisition in November last year by funds advised by Australian diversified alternatives asset manager QIC, Mr Cullen said.

"This transaction delivers a talented and cutting-edge team experienced in the integrated renewables market, where decentralisation, decarbonisation and cost reductions are generating significant new growth opportunities," he said.

"We gain home-grown, in-house experience in the integration of renewable energy with traditional remote power generation technology. It's closely adjacent and highly complementary to Pacific Energy's core business."

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Pacific Energy will maintain the Hybrid Systems' brand name and support it through funding, resources and facilities to accelerate growth and capitalise on the emerging opportunities in the hybrid power systems market, Mr Cullen said.

Hybrid Systems has excelled in the new SPS market after developing a standardised, robust and easily deployable off-grid hybrid power product range consisting of self-contained battery and inverter packages coupled with solar and a back-up generator.

These are being supplied to the West Australian (WA) government owned enterprise **Western Power**, which is at the forefront of the emerging SPS market.

Western Power is using SPS to service remote customers in regional and remote locations with SPS designed to suit each customer's demands.

Western Power has identified thousands of potential sites for SPS installations, expecting 6,000 regional customers will transition to SPS over the coming decades.

Last year, Western Power launched round one of a SPS trial for 57 fringe-of-grid customers.

Hybrid Systems was awarded 47 of these. The company aims to be involved in a further round of SPS installations planned by Western Power for next year.

In addition to the SPS market, Mr Cullen said the increased demand for distributed and clean energy was also providing opportunities for Hybrid Systems' larger scale Battery Energy Storage Systems (BESS) to be deployed at remote towns, communities and mine sites, to maximise the use of renewable energy.

Hybrid Systems had already completed BESS projects in remote WA towns such as Onslow, Carnarvon and Mt Magnet.

Across its portfolio of projects to date, the company has developed capabilities to supply integrated SPS, microgrid and BESS systems that range from 3kW for single fringe of grid customers up to 10MW microgrid systems for towns and mine sites.

Incorporated in 2015 by co-founders Aaron Hodges and Mike Hall to develop renewable and hybrid electricity supply and storage systems, Hybrid Systems recently expanded operations into a new 3,000sqm workshop in Perth's industrial suburb of Kewdale and employs 32 people.

Hybrid Systems Executive Director Mike Hall said the company was pleased to have greater national reach while maintaining local innovation, manufacturing and assembly in WA.

Hybrid Systems is a key supplier to Pacific Energy subsidiary Contract Power, which recently won a 20-year supply contract to build, own and operate a renewables hub to power the south-west WA coastal town of Esperance. This project is on track to operate from 2022.

Hybrid Systems will be providing BESS and integration services for the Esperance project.

QIC Global Infrastructure Head, Ross Israel, noted that Hybrid Systems' SPS and microgrids had significant potential for the owners and operators of remote and fringe of grid network locations across Australia, including the replacement of remote power infrastructure destroyed by the recent devastating bushfires.

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"Hybrid Systems has successfully developed its expertise in remote and renewable power to a scale and track record which provides customers with safe, highly effective and sustainable remote energy solutions," Mr Israel said.

"With QIC's further support and the quality of its enhanced renewable offering, Pacific Energy has the ability to service east coast markets with a tried and tested hybrid product, as well as its traditional WA market."

Mr Israel, along with Stephen Cake, joined re-appointed non-executive chairman Cliff Lawrenson on the Pacific Energy board as non-executive directors late last year. Megan McCracken was also appointed to Pacific Energy's board as a non-executive director last month.

WA Energy Minister Bill Johnston said the McGowan Government was committed to providing cleaner, safer and more affordable electricity, particularly in regional Western Australia.

"I've spoken to farmers about the benefits of having their own stand-alone power systems, with less outages and improved reliability, they're just thrilled with the results.

"The 30-year cost of servicing a customer in the isolated Wheatbelt region, with poles and wires, is 24 times that of a Perth customer, so bringing in these systems will reduce that cost for the State and taxpayers."



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Notes to Editors:

- Pacific Energy is based in the industrial Perth suburb of Landsdale, Western Australia. As Australia's leading supplier of remote power it operates 40 power stations (with capacity of more than 400MW) using either gas, diesel, dual fuel and renewables to generate electricity for long-term clients.
- QIC acquired former ASX-listed Pacific Energy Ltd (ASX: PEA) in November 2019. Brisbane-based QIC, formerly known as Queensland Investment Corporation, is a global diversified alternatives investment manager with over A\$83 billion in assets under management and over 1,000 staff. Further details are available at www.QIC.com
- Hybrid Systems Australia make standardised off-grid stand-alone power systems (SPS) which scale from 3kWh to 100kWh, and larger versions from 50kW to 10MW which often form microgrids and use Battery Energy Storage Solutions (BESS) to increase renewable energy input. Bigger bespoke microgrid systems, above 5MW, include battery storage, solar, wind and traditional reciprocating generation.
- In April, the WA Government issued a five-year plan, [The Distributed Energy Roadmap \(DER\)](#) to address the problems of inconsistent supply and demand caused in part by roof top solar panels affecting the stability of the South-West Interconnected Grid (SWIG). One in 3 households and businesses on the SWIG now have solar panels, expected to rise to one in two in ten years. In WA, only half of the power consumed is produced on the grid.
- Of the 57 sites selected for Western Power's initial Round 1 SPS rollout, 52 were deployed. Three were delayed due to scheduling and two locations changed as result of customer connection requirements.

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Pictures are: Pacific Energy CEO Jamie Cullen (in business shirt) with Hybrid Systems Australia Managing Director Aaron Hodges and Executive Director Mike Hall (dark hair) at Hybrid System's workshop in Kewdale; Western Power's provided picture of Hybrid Systems' (SPS) is taken at Bodallin between Merredin and Southern Cross. If reproduced, please provide picture credit: Picture Provided by Western Power.

Higher-resolution versions of these photographs and headshots are available on request.

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