



Australian
Monday 13/4/2009
Page: 21
Section: Business News
Region: Australia Circulation: 137,000
Type: National
Size: 97.73 sq.cms.
Published: MTWTF

Brief: LAKESOIL

GILES PARKINSON

GREENCHIP

Indonesian hot property

ASPIRING geothermal producer Greenearth Energy has taken a 40 per cent stake in a new entity that will pursue geothermal development opportunities in Indonesia. Greenearth's partners in the company include a US financier and local energy developers. It is looking to develop some of the many geothermal wells that have been drilled by Indonesia's state-owned oil companies but have yet to be exploited.

Greenearth CEO Mark Miller says there is already around 1100MW of geothermal power installed in Indonesia and the potential for 27,000MW. The Government is keen to aid development, particularly in light of the numerous power blackouts that plague the country. Indonesia's geothermal resources are volcanic and lie just 1km below the surface, compared with the 3km and 4km depth of many of Australia's hot rock resources.

Miller says because holes have already been drilled, much of the risk has been taken out of the project. The challenge lies in getting project finance and negotiating an offtake and pricing regime. Miller says Geothermal's interest was sparked by conversation with renewable energy investors who were looking for more immediate, and less risk-intensive, investments. Indonesia fitted the bill. "Their resource is hotter, shallower, and there is immediate demand and projects ripe for development," he says. The projects have the potential to access credits under the UN's Clean Development Mechanism, and Miller says the venture is looking at obtaining IRRs (internal rates of return) of between 15 and 20 per cent on its investment.

Greenearth also owns several exploration permits in Victoria, near the Latrobe Valley to the east of Melbourne, and around Geelong to the southwest. Miller says Greenearth is hopeful of establishing a 10.7MW demonstration plant near Geelong by 2011 or 2012. It is also expected to apply for a grant under the REDP.

parkinson@theaustralian.com.au