



D-Day for \$435m in federal grants

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WEDNESDAY is shaping up as a crucial deadline for Australia's aspiring renewable energy producers, with applications due for grants under the federal Government's \$435 million Renewable Energy Demonstration Program. The grant, where the Government proposes to match private funds on a \$1 for \$2 basis, attracted an estimated 130 expressions of interest, with a couple of dozen projects invited to make final applications.

The grants — each of between \$50 million and \$100 million — are designed to support projects that are ready to be deployed on a commercial scale. They are expected to attract interest from geothermal, wave, solar thermal and large-scale solar PV operators. The biggest challenge, particularly in the current economic climate, has been to source financing for such projects. If it has been difficult for large-scale operators in established industries to get finance, it has been even harder for companies proposing projects that carry a large amount of technological risk.

Shares in one applicant, Perth-based wave energy producer Carnegie Corp, were put in a trading halt on Thursday ahead of an announcement expected to be linked to an agreement on financing for its proposed 50MW wave energy facility. Carnegie has been operating a pilot plant of its CETO technology at North Fremantle.

Unlike other wave energy developers that favour variations of a floating power plant, Carnegie's system involves a forest of submerged pumps which, with the help of wave power, drive standard hydraulic turbines on shore. Possible sites for the 50MW facility, which could provide power for up to 40,000 households and would cost between \$300 million and \$400 million, have been identified in Western Australia, South Australia and Victoria.

Many of Australia's geothermal energy producers, which have had to spend millions on expensive and complicated deep drilling programs, have already sold key equity stakes to established utilities in return for funds. Carnegie has so far avoided this, and its options include a utility-sponsored project finance deal with an off-take agreement, or sourcing money from the numerous international funds that specialise in the renewable energy industry.

Coincidentally, the Norwegian government pension fund, which sources its money from the nation's oil revenues, announced late last week that it would direct \$US3.1 billion (\$4.4 billion) towards investments in clean technology around the world in the next five years. Other major international funds, such as the California Public Employees' Retirement System (Calpers) and the California State Teachers Retirement Systems are also allocating a significant portion of their portfolio to clean energy investments.