German company Novatec Biosol has developed a solar field using flat rather than curved mirrors, seen at its plant in Spain.

Solar tech set to flatten rivals

The Belgiorno-Nettis brothers reflect on the prospects that Australian mines offer a new system, writes **Paul Garvey**.

Luca and Guido Belgiorno-Nettis, the joint managing directors of private investment group Transfield Holdings, have high hopes for the revolutionary solar power technology they have spent the past two years nurturing.

The brothers, best known for their role in listing the contracting group Transfield Services, envisage Australia's mining industry fostering the roll-out of solar across the nation — irrespective of whether the government comes to the party with European-style incentives and tariffs.

Novatec Biosol, the German solar company in which Transfield Holdings has been investing since 2007, was late last night awarded both the Energy and Environment prize and the overall Industry prize at the Hannover Fair — awards Luca Belgiorno-Nettis describes as among the most prestigious technology prizes on offer.

Novatec has developed a new style of solar energy field that it believes has significant cost advantages over competing solar technology methods. The most apparent difference is its use of flat mirrors, which offers cost savings in construction and fabrication and reduces its surface footprint compared with the parabolic trough solar energy system.

Novatec says its first plant in Spain, a small 1.4-megawatt facility, is the precursor to a 30-megawatt power plant nearby. The company has permits for a further 60 megawatts of projects.

''We were quite keen on developing things that were beneficial for humankind,'' Luca Belgiorno-Nettis says. ''That sounds very grandiose, but it's true.''

He and his brother are already excited about the potential application of the technology in Australia, where the mining industry — which has substantial energy needs and which often faces costly logistical issues in sourcing energy — is considered a prime opportunity.

''If you think of all the remote mining communities all over Australia, how much it costs them to produce energy and power for their operations in the middle of nowhere,

The technology is cost competitive with oil at or above $US40 a barrel.

where there's often a very good solar resource, we think there are competitive opportunities there right now,'' Luca Belgiorno-Nettis says.

''We're talking to consulting engineers along those lines and we think it won't be too long now that the tests have proven our own system and we can convince the consulting engineers about our technology, until we should see things happen for us in those areas.''

The technology is cost-competitive with oil prices at or above $US40 a barrel, a fact bound to put Novatec on the horizon of mining companies heavily reliant on imported diesel for their power supplies. And, he says, the mining industry is already watching Novatec closely. ''We've had two to three discussions with consulting engineers working on behalf of mining companies and consortiums.

''We've established that the solar resource here in Australia is very attractive, it's more attractive than the Spanish environment, so there's any number of sites, and not just in the north-west of Australia.''

The Belgiorno-Nettis brothers are no strangers to the renewable energy business. Their first investment in the sector, a stake in Australian Biofuels Group, did not work out as expected, although they say the experience did teach them some important lessons about the sector.

''It's about looking at the areas you can control and the areas you can't control,'' Luca Belgiorno-Nettis says.

''In the case of biodiesel there were two dynamics which were outside our control — the oil price, and the price of our feedstock. The feedstock was tallow, which is also used for pharmaceuticals and other areas. There was a big surge in demand for it and the price almost tripled.

''Part of the reason we went into solar activities is we saw a stable governing environment in Europe which was encouraging the use of renewable technologies, and we felt the government risk was very low.''

The brothers hope a regulatory environment similar to that in Europe could eventually be developed in Australia, allowing the technology to compete with gas and, potentially, even coal. But even without major changes, the potential of the technology, Luca Belgiorno-Nettis says, is huge.

Explorer Buru may buy itself

Paul Garvey

KEY POINTS

- Arenite's offer for Buru values the explorer at just under $40m.
- Buru is committed to $6.5m of seismic surveys this year.
- There will be an independent report.

The chairman of junior gas explorer Buru Energy has proposed a buy-out of the company using its own money in the latest potential solution to the problem of companies trading below their cash backing.

Eric Streitberg, the head of oil and gas producer Arc Energy until its takeover by Australian Worldwide Exploration last year, is heading a bid for Buru through his private vehicle, Arenite Energy.

Arenite is offering Buru shareholders 25¢ for each share and 2.5¢ for each option in an offer that values the explorer at just under $40 million.

Buru currently has $79 million in cash on its books, equating to a cash backing of almost 49¢ per share.

But the company is liable to repay $40 million to Alcoa of Australia between 2012 and 2015 in the event it is unable to supply it with 500 petajoules of gas from the Canning and Perth basins, where Buru is currently exploring.

Buru has also committed to $6.5 million of seismic surveys over the course of this year.

Assuming the $40 million repayment to Alcoa, Buru's cash backing falls to just over 24¢ per share.

Arenite said that Buru's strategy of high-risk, frontier exploration was no longer suitable in the current low oil price environment, with its offer representing a means for Buru shareholders to realise value from their investment.

Buru was formed out of last year's takeover of Arc by AWE, with the company taking on board the early-stage exploration assets of low interest to AWE.

AWE, which holds a 15 per cent stake in Buru, said it was reviewing the offer.

Buru was originally expected by independent experts to be worth up to 65¢ when it was split out of Arc and listed on the Australian Stock Exchange last September.

But the dramatic slide in oil prices means Buru has not traded higher than 39.5¢ since listing, and sunk as low at 15¢ in March. It has not traded above 25¢ since mid-October.

Mr Streitberg said he was disappointed to be taking the action, given the hopes he had held for the Buru ground in recent years.

''It's certainly not where we started out with the Canning Basin. That was a situation where money was much more readily available and the oil price was a lot higher, and I take no personal satisfaction from this at all,'' he said.

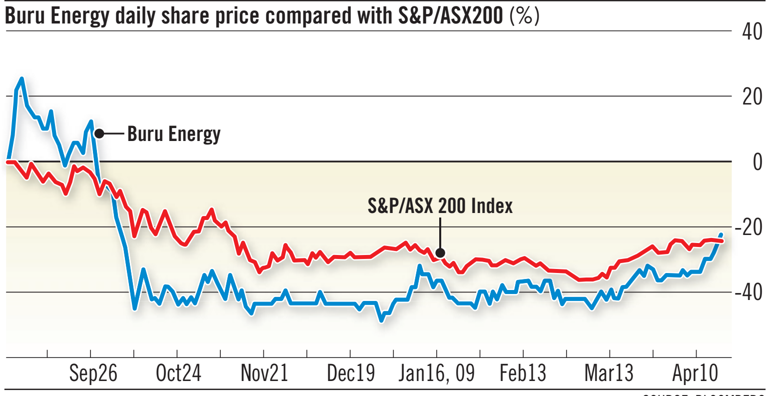
Buru will commission an independent expert's report into the offer, which shareholders will vote on later in the year.

Buru managing director Adrian Cook said the offer would allow shareholders the choice of cashing out now or pursuing its exploration commitments.

BBY analyst Scott Ashton said that while the timing and nature of the offer was interesting, overall it was not surprising.

Oil's well

Buru Energy daily share price compared with S&P/ASX200 (%)



SOURCE: BLOOMBERG

PBL presses on with printing centre plan

Neil Shoebridge

The sick state of the magazine industry and the relentless pressure on all media companies to reduce their costs have not stopped PBL Media from pushing ahead with its plan to spend an estimated $50 million on a printing and distribution centre for its ACP Magazines division.

PBL Media chief executive Ian Law said speculation that the company had ditched the plan was wrong. PBL Media is 99.9 per cent owned by private equity firm CVC Asia Pacific and 0.1 per cent by James Packer's Consolidated Media Holdings.

The rumour has been fuelled by the $3.8 billion of debt sitting in PBL Media and the deterioration in media advertising markets since the announcement in early October that it would set up its own printing operation in Sydney by late 2011.

''We are still proceeding with our evaluation and planning on the basis that we will install our own printing facility,'' Mr Law told *The Australian Financial Review.*

''Nothing is certain until orders are placed and contracts are finalised. We are not at that point yet, but there is no change from our end.''

PBL Media includes ACP, the east-coast Nine Network television stations, Ticketek and stakes in internet companies ninemsn and Carsales.com.au.

The move to an in-house operation was expected to lift ACP's annual earnings by about $15 million.

The company spends an estimated $100 million a year printing its 85 magazines, which have combined annual sales of about 114 million copies. PMP handles 80 per cent of ACP's work. The rest is split between Independent Print Media Group and CHAMP Private Equity's Blue Star. In October PBL Media signed a three-year extension to its contract with PMP on pricing terms that PMP described as ''more favourable''.

PBL Media, which in December finalised a recapitalisation plan that cut its debt from $4.2 billion and eased its banking covenants, has rejected claims by some printing industry executives that it would need to spend $150 million on the new ACP centre.

Mr Law would not reveal the cost, which one printing executive said would be about $50 million a year after PBL Media sold and leased back the centre.

The move to an in-house operation was expected to lift ACP's annual earnings by about $15 million by improving efficiencies and reducing costs in areas such as freight. But printing industry executives said the projected earnings boost had been eroded by tougher conditions in the magazine industry over the past six months.

Magazine sales fell 5.7 per cent in the December 2008 half, including a 7.5 per cent decline in sales of monthly titles, and media buyers predicted the magazine advertising market would shrink by more than 10 per cent during calendar 2009.

PBL Media has cut costs at ACP in recent years, by measures including a 20 per cent reduction in its staff numbers to about 1900.

In February Mr Law said the company was not planning to cut more staff but ''we're culling anything that's unprofitable or has an uncertain future, including some websites and specialist publications''.