

Oswal juggles \$1.5b Pilbara solar plant

Horizon Power joins preliminary study examining 1300-hectare array of panels linked to grid

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EXCLUSIVE**

Undeterred by the struggle to float his \$2.5 billion Burrup fertiliser empire, Indian tycoon Pankaj Oswal is considering plans to build Australia's biggest solar power plant on mining leases in the Pilbara.

Mr Oswal's grand plan remains in the preliminary stages but focuses on a \$1.5 billion operation stretching across 1300 hectares of flat, unused land in the Pilbara, far away enough from the coast to be shielded from cyclones but close enough to existing electricity transmission lines to minimise capital costs.

Mr Oswal, who says he can fund the project with family money and debt, hopes a pre-feasibility study into the project will produce positive results by the time it is finished in September or October, after which he will decide whether to formally launch the plan.

His hopes have already received a boost following a support agreement with Horizon Energy, the Government-owned utility that provides electricity to the Pilbara, Kimberley, Gascoyne, Mid-West and southern Goldfields.

Horizon has pledged to look into ways to connect the proposed solar power plant to the Pilbara power grid — the region is served by various transmission lines owned by Horizon and miners Rio Tinto and BHP Billiton — and ways to structure an electricity offtake agreement.

There is one hook, however. Solar power costs about four times as much to produce as gas-fired electricity.

For Oswal Power's project to be bankable, it either needs an offtake arrangement at a price similar to its operating cost — industry figures suggest solar power costs 30¢ to 35¢ per kilowatt hour to generate, versus 7¢ to 8¢ for gas — or convince the

State Government to subsidise the price on behalf of consumers.

Mr Oswal is yet to take his proposal to the Government, instead waiting for the results of the pre-feasibility study. "Then I will have a weapon that I can take to the Government," he said yesterday.

Mr Oswal's timing could not be better, given the attention the Varanus Island gas crisis has focused on the State's exposure to coal in the South-West and gas from the North-West, and its resultant vulnerability.

Mr Oswal is also pinning his solar power hopes on the Federal Government's push into renewable energy as part of a wider carbon emissions reduction strategy. He claims his solar project would displace more than 800,000 tonnes of greenhouse gas emissions a year.

Although the cost of solar power is almost prohibitively expensive, a carbon tax on conventional hydrocarbon fuels could significantly narrow the margin while other incentives to encourage renewable energy could also help.

Mr Oswal hopes Oswal Power will be operational by 2013.

The biggest single cost will be the huge number of solar panels needed to produce about 100 megawatts.

Mr Oswal said Oswal Power would not be linked to Burrup Holdings, the gas-intensive fertiliser plant on the Burrup Peninsula in which his family owns 70 per cent.

Plans by Mr Oswal and his 30 per cent partner, Yarra International, to float Burrup Holdings remain in limbo following the Varanus Island gas plant explosion, which cut its gas supply and forced the owners to bring forward a maintenance shutdown.

The partners are working on a supplementary prospectus for potential float investors to address the impact of the gas crisis.



Expensive power: The cost of solar panels may be the big stumbling block for Pankaj Oswal's ambitious Pilbara power plans