PANAX GEOTHERMAL

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Panax Power Potentially Australia's Cheapest Clean Energy

Panax Geothermal Ltd has announced its major geothermal power project has the potential to produce Australia's cheapest clean energy.

Panax Managing Director Dr Bertus de Graaf said a pre-feasibility study shows the company's Penola Project in South Australia's Otway Basin has the potential to generate zero emission base-load power at a total cost of $63 per megawatt hour.

"These projected costs are highly competitive with other renewable forms of power generation, such as wind or solar thermal, and are on par with gas-fired power generation but without the carbon dioxide emissions and associated penalties," he said.

"The Penola Project has the scope to be of national significance in the quest to reduce carbon emissions through providing competitively priced, zero emission, base-load power."

Dr de Graaf said the pre-feasibility study was based on a three stage development, starting with a Demonstration Plant based on one production well and finishing with a Phase 2 plant based on 10 production wells and eight injection wells.

He said the $63 per megawatt hour cost of the Panax phase 2 plant compared well to $107/MWh for wind and solar thermal projects, $62/MWh for gas-fired power generation and $55/MWh for black coal.

"Given our close proximity to the national grid, the cost of connecting to the power grid adds approximately $2 to the total cost per MWh net output," he said.

"The potential costs of financing and future benefits of carbon credits have been excluded to facilitate a true comparison with other forms of established power generation."

Panax's pre-feasibility study has been backed by internationally recognized United States-based geothermal consulting firm GeothermEx.

“Panax’s pre-feasibility study shows that the Penola Project represents a commercially attractive development proposition,” GeothermEx concluded.

“The fact that this project has a ‘Measured Geothermal Resource’ of 11,000 petajoules (PJs) adds to the considerable scope of the Penola Project.”

1,000 PJs is sufficient to power a 100 MW power station for 30 years.

The Penola Project is based on generating power from existing hot water or brine produced from a known sedimentary basin in the Penola Trough.

Dr de Graaf said the fact that the Penola Project, part of the Limestone Coast Geothermal Project, is located in close proximity to the National Electricity Market Management Company (NEMMCO) power grid increased its potential.

“The Penola Project represents a unique opportunity for the development of a hot sedimentary aquifer geothermal project in Australia and has the potential to power hundreds of thousands of homes,” he said.

“The risk profile of the project is considered to be very low, as both temperature and reservoir qualities are well recorded from previous petroleum drilling activities.

Panax is scheduled to start drilling its first production well, Salamander 1, in September, 2009, and this is expected to lead to the development of the grid connected demonstration plant by late 2011.

Panax’s Limestone Coast Geothermal Project is located in South Australia’s south-east near Mount Gambier.

Panax is a pure geothermal company with about $7 million in cash, and no debt. The company’s focus is on exploring existing reservoirs containing hot geothermal fluids, which have fewer risks than hot fractured rock geothermal projects and have a much shorter development time.

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