

Plan for biomass generators to produce green energy



Company: Biogen
Proposed ASX code: BDE
Proposed listing date: November 6
Shares on offer: 10 million
Capital to be raised: \$2.5 million
Issue price: 20c

AT a time when concerns about global warming and ozone layer depletion are on the rise, Biogen's plans to produce renewable energy should attract attention.

The company's goal is to sell green energy, and any "carbon credits" earned as a result, under the federal Government's proposed emissions trading scheme.

Wise-owl.com analyst Joshua Terlich says that Biogen's green energy ambitions are quite literal.

"The company plans to build power generators fuelled by plant and other 'biomass' material which would otherwise be deposited as land-fill."

The biomass will be burned in a steam turbine generating facility, capable of producing 35MW of base-load green energy for operation on a continual 24-hour basis. "Burning biomass does not increase atmospheric CO₂ levels, as emissions are soaked up by trees and other sources of the woody-green waste," Terlich says.

This process is referred to as the "carbon cycle".

Current figures indicate that bioenergy contributes just 0.04 per cent to the domestic power supply.

"Australia is behind many countries that use significant amounts of bioenergy, including the US and various European nations. As a result, management believes this form of power generation is an untapped resource," Terlich says.

Biogen has been developing technology for proposed biomass generators for over two years.

The generators bear the same make-up as a conventional turbine, albeit with some differences due to the nature of the material burnt.

In order to progress its ambitions from the "blueprint stages", the company is seeking to raise \$2 million, issuing 10 million shares at 20c each.

Total shares on issue after the offer will be 102.4 million, which implies a market cap of around \$20 million.

Further valuation upside could emerge from news regarding funding support, given the capital requirements associated with its ambitions.

Therefore shareholders may look forward to confirmation regarding proposed funding from Investec Bank.

Biogen aims to be producing energy by 2011. "Although there are regulatory and developmental hurdles to negotiate between now and then, in an increasingly energy and environmentally conscious world, the company's strategy could yield long-term rewards," Terlich says.

