

In 2020, the European Bank for Reconstruction and Development (EBRD) provided a €160 million senior unsecured loan to Public Power Corporation PPC to help address the impact of the Covid-19 pandemic. The facility supports PPC's working-capital needs at a time of customer payment volatility and strengthens the resilience of the electricity sector. EBRD is supporting the ambitious sustainability and decarbonisation targets of S.A. PPC, Greece's largest power producer and electricity supplier, by investing €50 million in the company's sustainability-linked bond issue. With a total issuance volume of €650 million, the issue will help improve PPC's access to finance by diversifying its financing sources to a new environmental, social and governance (ESG)-focused investor base. The bond will include a sustainability performance target, with PPC committing to reduce CO2 emissions by 40 per cent by the end of 2022. The target translates into annual CO2 emission cuts of 9.2 million tonnes in 2022 compared to 2019 and is the most ambitious corporate decarbonisation target the EBRD has ever supported in the regions where it invests.

This target is expected to be met primarily by decommissioning all lignite plants by 2023 and replacing them with renewable energy capacity in a significantly accelerated programme that will add 1.3GW of mainly solar and wind power to PPC's portfolio. As the largest electricity generator and supplier in Greece, PPC is central to the country's efforts to achieve its 55 per cent greenhouse-gas emission reduction target by 2030. It is also the owner of Greece's electricity distribution network and sole provider of electricity to those Greek islands not connected to the national grid. The company has been listed on the Athens Stock Exchange since 2001 and its main shareholder is the Greek state (51.1 per cent), through the participation of the Hellenic Republic Asset Development Fund and the Hellenic Corporation of Assets and Participations.

The bond will be aligned with the International Capital Market Association's (ICMA) Sustainability-Linked Bond Principles (SLBP), published in June 2020, which promote transparency, disclosure and integrity in the development of green and sustainability-linked bond markets. It will also be the first sustainability-linked bond in the regions where the EBRD invests.

George Gkiaouris, EBRD Regional Head, Energy South Eastern Europe, said: "We are very proud to be supporting PPC's return to the capital markets with a new sustainable financing instrument that underpins an ambitious decarbonisation and transformation strategy. This is the first sustainability-linked bond issuance in the EBRD region with a broader demonstration effect. The transaction sends an important signal that access to finance for energy-intensive utilities increasingly depends on a commitment to decarbonisation and sustainability."

Konstantinos Alexandridis, PPC Chief Financial Officer said: “PPC re-introduces itself to the debt capital markets through the issuance of a sustainability-linked bond, the first in Europe in the high-yield space. This issuance aligns with our overall environmental strategy, which is to reduce our carbon footprint and mitigate the impact of climate change. PPC’s environmental strategy is in line with the European Union and Greece’s medium- and long-term objectives for climate neutrality by 2050.”

The EBRD started to invest in Greece on a temporary basis in 2015 to support the country’s economic recovery. To date, the Bank has invested over €4.2 billion in more than 70 projects in Greece’s corporate, financial, energy and infrastructure sectors.

Source: ebrd.com