Montenegrin power monopoly EPCG says it will commission a new feasibility study for the planned second unit at the Pljevlja coal-fired power plant in order to re-evaluate its profitability, as the government plans to impose coal excise tax as of 2019.
The decision comes after Czech Export Bank decided in late 2016 not to finance the project.
The construction of the second unit at Pljelvlja TPP has been criticised by local and international organisations and is the main reason for Italy’s A2A wanting to sell its stake in EPCG.
“Coal excise tax is not new in the practice of the European Union and is not a surprise that can have a crucial impact on a project’s viability…Considering that Skoda Praha has selected General Electric as a partner for the implementation of this project… it is necessary to conduct a feasibility study, in which coal excise duty will be included,” broadcaster RTCG quoted EPCG as saying in a statement.
The project aims to extend the capacity of TE Pljevlja, which now has only one 210MW unit. The new block must have a capacity of at least 254MW and a net electricity efficiency of no less than 39.5%. The project also envisages providing heating for the town of
Environmental pressure group Bankwatch warned in March that Pljevlja II was among ten coal-fired power plant projects across the Western Balkans are facing serious financial problems as they have not taken carbon costs properly into account.
The government has signed a deal with Czech Skoda Praha on the construction of the unit, but its launch has been delayed as the company needs to find a new source of financing after state-owned Czech Export Bank pulled out of the deal.
Podgorica is now rumoured to be seeking Chinese financing, but this would most likely require a Chinese engineering company to take a piece of the construction alongside Skoda Praha. The government is also understood to be reluctant to extend a state guarantee for the project, which is likely to be further delaying attempts to put financing in place.
The planned construction has already been the subject of lengthy debates on the viability of the project.
The two main shareholders in EPCG – Italy’s A2A and the Montenegrin government – had been discussing the construction of the second unit for years. A2A had serious concerns over the viability of the project, and is expected to exit EPCG before work starts. Prime Minister Dusko Markovic told the parliament on May 31 that the Italian utility had already launched procedures to sell its stake and is expected to start official talks with Montenegro’s government soon.
Source: intellinews