

The main power utility PPC's plan to construct Ptolemaida 5, a prospective power station in Ptolemaida, northern Greece, described as a significant project to replace older stations in the area and boost the grid's performance, is at risk as a result of the country's uncertain future in the eurozone and European Union.

A major investment valued at 1.4 billion euros, the project's financing plan includes a 700 million-euro loan from a consortium of German banks, guaranteed by the German state. However, considering the latest series of events which threaten to oust Greece from the common currency, the loan's provision is no longer a certainty.

PPC officials have acknowledged not knowing where the project's prospects would stand in such an event, while other sources have already ruled out any chance of a German loan for the power station should Greece end up returning to a local currency. If left without a financing plan, the project's chances of development will, it goes without saying, be wiped out.

Besides the loan issue, another more immediate concern that needs to be addressed within the next few days concerns a deposit payment expected by the consortium commissioned for the project. A construction permit was issued yesterday by local authorities. Based on the agreement between PPC and the consortium, the deposit, worth 200 million euros, now needs to be made within days of the permit's arrival.

It remains unknown how this transaction may be carried out with banks presently shut and capital controls imposed. Despite its cash flow problems amid Greece's deep and ongoing recession, PPC has repeatedly said it possesses the amount needed to cover the project's deposit payment.

This acknowledgement, alone, raises a serious sociopolitical question concerning the state-run utility's intention to provide 200 million euros for the construction of a new facility at a time when pension funds appear to be drying up, placing the next round of pension payments, within the next fortnight, in serious doubt.

PPC will most likely be pressured to surrender its available funds to the government if the overall situation in Greece ends up spinning completely out of control.

All these factors certainly place the development of the Ptolemaida 5 project, highlighted by PPC as pivotal to its plan to upgrade the country's grid, under serious doubt.

Source: Energy Press