



Montenegro
Ministry of Economy

Energy Sector in Montenegro

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ABOUT MONTENEGRO

1. Politically stabile
2. EU candidate country
3. In December 2015, received the invitation for membership NATO integration
4. No open issues with neighbors
5. Member of WTO
6. Member of the Energy Community Treaty
7. Law on Ratification of the Energy Charter Treaty adoption by the Parliament of Montenegro July 31, 2015
8. Member of International Renewable Energy Agency



STRATEGIC FRAMEWORK

- The newly adopted Energy Policy by 2030 (adopted in 2011) identifies priorities similar to those of the EU:
 - Security of the energy supply
 - Development of the competitive energy market
 - Establishing competition in market activities
 - Sustainable energy development
- The new Energy Development Strategy Until 2030 has been adopted in June 2014
- National Action Plan for the Use of Energy from Renewable Sources by 2020 has been adopted in December 2014

LEGAL FRAMEWORK

- Parliament adopted in December 2015 The New Energy Law and shall be published in the Official Gazette of Montenegro)
- Law on Concessions, 2009



INTERNAL ENERGY MARKET

- Transposition of the 'third internal market package' in relation to electricity is completed through The New Energy Law (2015) and relevant by-laws (planned for 2016/2017)
 - Directive 2009/72/EC on electricity market
 - Regulation (EC) No 714/2009 on conditions for access to the network for cross-border exchanges in electricity
 - Regulation (EC) No 715/2009 on conditions for access to natural gas transmission grids
- Montenegro already mostly implements the second internal market package as this is the current *acquis* in force in the Energy Community

SECURITY OF SUPPLY

- Directives 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investment, and 2004/67/EC concerning measures to safeguard security of natural gas supply have been fully transposed into national legislation through the 2010 Energy Law
- However, the 2004 Directive was repealed by a new Regulation (EU) No 994/2010 of 20 October 2011 concerning measures to safeguard security of gas supply, which is to be transposed under the planned new Energy Law (planned for 2016)

RENEWABLE ENERGY

- Directive 2009/28/EC on the promotion of the use of energy from renewable sources is partially implemented through the 2010 Energy Law and accompanying secondary legislation
- National target for the share of energy from renewable sources in gross final consumption of energy in 2020 is 33%
- Other provisions regarding statistical transfers and joint projects between Member States and third countries are to be introduced into national legislation through new Energy Law (planned for 2016)
- Biofuels and bioliquids are not recognized in national legislation, but it will be covered by new Energy Law (planned for 2016)

STATUS OF PRIVILEGED PRODUCER

- Energy Law enables the acquisition of the status of privileged producer of energy from renewable energy sources and for the energy produced from this kind of sources the incentive prices are defined
- when an investor acquires the status of privileged producer, according to the procedure he is signing contract with Montenegrin electricity market operator
- status of privileged producer is determined for a period of 12 years



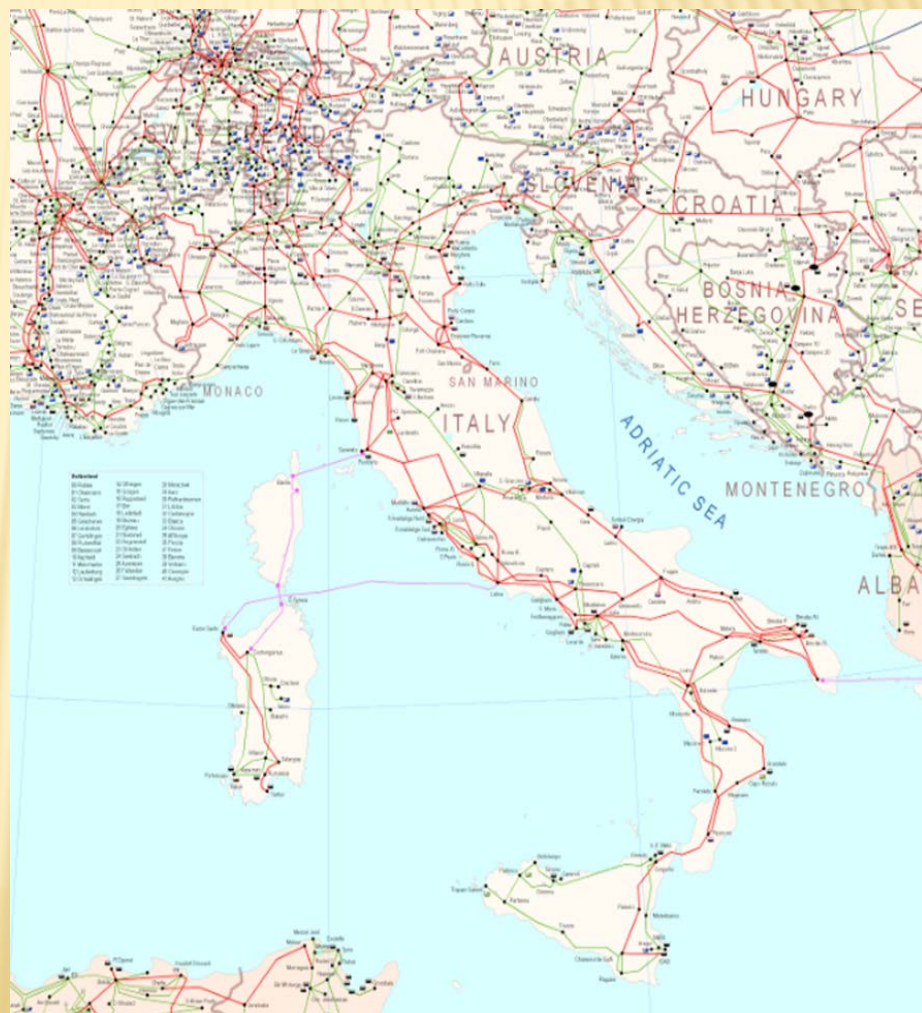
STRATEGIC PARTNERSHIP CGES – TERNA, - PROJECT OF SUBMARINE CABLE -

- End of 2010 and beginning of 2011 Government of Montenegro, Terna and CGES signed agreements for realization of the project DC interconnection (1000MW) Italy - Montenegro
- **A submarine interconnection provides:**
 - More reliable supply of electricity
 - A better connection with the western European electricity market
 - Extremely important transit position in the region
 - A strong impulse for the valorization of energy potential
- **Project envisages:**
 - construction by TERNA of the new undersea interconnection Villanova-Lastva and convertor stations in Italy and Montenegro (investment cca 1 bill euros)
 - construction of at least one of the new interconnections between Montenegro and Bosnia-Herzegovina and with Serbia in perspective

STRATEGIC PARTNERSHIP CGES – TERNA, - PROJECT OF SUBMARINE CABLE -

Benefits of the Project

- 20% of the capacity on the cable and congestion revenues for Montenegro
- 400kV internal loop in Montenegro
- 400kV voltage level on the costal area of State
- Reconstruction and reinforcements of existing grid



- PROJECT OF SUBMARINE CABLE -



Another benefits of the project:

- Significantly better, stronger, distribution network, especially after the implementation project construction transmission lines Pljevlja-Tivat
- More reliable supply of Montenegrin coast
- Direct connection of Montenegro with the electricity market in the EU
- Very encouraging signal for new sources of electricity, especially for renewable missing Italy (over 80% of the electricity Energy is produced from thermal power plants)
- The project will have a significant encouraging impulse for investment in new production facilities

INVESTMENT PROJECTS

❑ Projects on construction of small hydropower plants (sHPP)

- 14 contracts, 41 sHPPs, installed power of around 73,022 MW, with planned annual production of around 246, 908 GWh
- Value of the investment **101 million €**
- **7 energy licenses** were issued for construction of sHPPs with installed power of up to 1MW



❑ Projects on construction of wind farms

- Agreements concluded for construction of wind farms at the locations of **Možura and Krnovo**
- Total installed power of **118 MW** and estimated annual production of **272 GWh/year**
- Value of the investment **155 million €**



INVESTMENT PROJECTS

❑ Hydropower Plants on the Moraca River (HPP Andrijevo, HPP Raslovići, HPP Milunovići and HPP Zlatica)

- Total installed capacity 238 MW
- Annual production 721 GWh
- Construction costs 540 million €



HE Zlatica



HE Raslovići



HE Milunovići



HE Andrijevo

❑ HPP Komarnica

- Total installed capacity 168 MW
- Annual production of 232 GWh)
- Construction costs 182,8 million €



INVESTMENT PROJECTS

❑ SECOND BLOCK OF TERMO POWER PLANT

❑ Czech company Skoda Praha will building the second block

❑ The second block is expected to be built using modern technology and in line with the latest environmental requirements of the EU and Montenegro's environmental regulations

- Installed capacity 254 MW
- electric net efficiency of 39.5 percent while the annual production of electricity was 1.600GWh





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THANK YOU FOR YOUR ATTENTION

For all other questions:
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