

It was never likely that this week's roundtable in Podgorica on the planned 254 MW Pljevlja II lignite power plant would end in agreement between NGOs and the representatives of Montenegrin electricity company Elektroprivreda Crna Gora (EPCG). Even the main two shareholders in EPCG - the Montenegrin government and Italy's A2A - don't agree about the project, with the Montenegrin government pushing it like their lives depended on it and A2A trying to stay as far away from it as possible.

The high profile roundtable, organised by MANS and Green Home, came hot on the heels of a revealing report by MANS [pdf] that shows just how shaky the foundations of this controversial project are.

But what surprised me most was that after almost four hours of debate, and at least 3-4 years of project preparation, the representatives of Elektroprivreda Crne Gore (EPCG) and the Pljevlja coal mine did not come up with answers to the crucial questions of how much the electricity generation cost from the new unit will be and what the sales price projections are.

These questions are particularly salient given that even the existing unit at Pljevlja is currently turned off, partly due to low electricity prices on the market. Whatever a new plant might gain from greater efficiency would be more than offset by higher costs due to loan repayments, so how it would be more economic to run is far from clear.

What EPCG did disclose is that together with the costs of financing, the costs of Pljevlja II could go up to around EUR 450 million, rather than the EUR 338-366 million figure solely for construction that is usually used in public.

Apparently a new feasibility study is due to be carried out soon, after a consultant has been selected, to update the project on the basis of the preferred bid by the Czech Republic's Skoda Praha. Let's hope the public will be able to see it once it is done.

Tens of questions remain unanswered about costs related to the new unit and plans for state aid, and there are serious unexplained discrepancies between different official sources for costs of opening new mines, rehabilitating old ones, the cost of coal, and the cost and location of a new ash dump. With the Prime Minister's brother being the third largest single shareholder in the Pljevlja coal mine, the risk of corruption and data manipulation in this project is extremely high.

Sostanj 6 in Slovenia has shown us where the route of secrecy, shaky data and corruption can lead, so it's encouraging that Pljevlja II is attracting a high level of public scrutiny before the contracts are signed. It might be the only way to prevent Montenegro from making an expensive mistake.

source: banwatch.org