MANS has prepared general comments on the proposed amendments to the methodology for calculating the price of electricity, which the Energy Regulatory Agency (RAE) recently announced, and by doing so did not even offer a fundamental explanation for new solutions and whether they will lead to a new electricity prices increase what would undoubtedly be a further attack to the citizens' living standards.

The main objection from MANS concerns the allowable rate of technical losses in the distribution network which consumers pay, and it was suggested that it amounts to a maximum of 3 percent. In fact, consumers are paying for years huge losses incurred because of National Electric Company of Montenegro (EPCG) does not invests in the modernization of the network, and maintaining the existing loss rate of 9 percent would not stimulate those responsible to reduce their level, because they know that they will be paid by the customers.

As an additional argument for the proposed solution, MANS has pointed to the fact that consumers do not have any benefit from the enormous profits that EPCG gains from export of electricity, since electricity production is not regulated activity and, consequently, is not fair that millions of losses in distribution are their burden, since they do not share with the energy company the benefits from electricity exports.

Also, MANS proposed deletion of the provision of methodology that allow to the energy companies increase of the amount for the so-called operating costs which can be controlled (wages, cost of materials, banking and postal services), in a situation when they are realized in a smaller amount than the regulator has approved them. There is no justifiable reason for such favoring of energy companies to the detriment of customers, and their costs should be recognized only to the level that they actually make.

In connection to this, it was suggested and the deletion of the regulation on which basis the RAE has the discretion to set its own additional costs, because it opens up enormous potential for abuse of regulators and approval of additional revenues to the energy companies. This is all important because until now the regulator so many times arbitrarily determined variety of costs, which expanded the electricity bills and almost always, as a rule, have been at the expense of citizens.

One of the proposals is to abolish the model of multi-year regulatory period and to be defined annually, which is primarily motivated by the negative experience we had with the current practice of the three-year calculation. The RAE based on incorrect assessments on consumption and transmission of electricity, as well as operating costs and announced investments, pre-enabled to the energy companies to gain huge profits, while those on the other side have not implemented the planned investment, but rather they accumulate the

money in private banks.
Public debate on methodologies ends on Monday, but it stayed unclear why the RAE now hurried to change them, although representatives of the civil sector earlier repeatedly called for their change, constantly pointing out that they are designed to favor energy companies to the detriment of final consumers .
At yesterday's round table representatives of RAE offered eternal explanations that methodologies are changing because of recent amendments to the Law on Energy, and in particular it was hypocritical assertion that this is necessary because of a completely new Law on Energy, which would soon be adopted. This draft law was passed last year a public hearing, but not only had not yet arrived in the parliamentary procedure, but also the Government has not adopted it yet.
However, such conduct of RAE representatives should not be surprising when one bears in mind that they thrown laws under the feet for a long time, and many times demonstrated servility to the Government, degrading the reputation of regulators in every respect, and on the other hand, forcing consumers to pay tribute to the monopolistic energy companies.
Source: MANS Montenegro