

Negotiations between the Government and Italian company A2A that were supposed to be finished on June 30th, will be prolonged by a month, Pobjeda daily found out.

As it was confirmed by several Pobjeda's sources, both sides were about to reach an agreement. Possibility of extending the deadline for finishing negotiations was announced by the CEO of the A2A, Luca Valerio Camerano, at the beginning of June.

"An aim of the A2A is to sign the agreement on managing the Electric Power Company of Montenegro (EPCG) with the Government of Montenegro by the end of June, but, if needed, this term could be prolonged in order for a quality agreement to be reached," Camerano said then, adding that the dialogues were intensified after the meeting held at the 'Expo Milano 2015' exhibition.

The Italian company which owns 41.7% stake in the EPCG is negotiating with the Government of Montenegro on a new five-year agreement on management in the EPCG. The first deadline for reaching the agreement was March 31st, when a new, temporary three month agreement on management was reached. The agreement has been valid until June 30th.

The Italian company requires guarantee for required return on invested capital, management autonomy, security in terms of regulatory framework (price), finding a third partner for the Thermal Power Plant (TE) "Pljevlja" second block construction and the ability for the A2A to withdraw from the business after the first two years.

The Government insists on the TE second block construction, because resources of the existing block are expiring in six years. By the agreement that expired today, the A2A committed not to obstruct the TE second block project. Thus the Czech 'Skoda Praha' company was selected the winning bidder for the TE second block construction after it had offered to construct the power plant with output of 254 MW of electricity with an efficiency of 39.5 percent at a cost €338 million. Once the project is finished, Montenegro will become exporter of electric power. The "Skoda Praha" is obliged to provide a loan for an investor covering 85% of the necessary investment.

The Deputy Prime Minister Vujica Lazovic earlier said that if the Italians were not willing to participate in the TE second block construction, the EPCG would implement the project itself, since "it had available funds and could take out a loan as a profitable company".

He reminded that the A2A had required one of the models for the TE second block construction to be including a third partner in the financial construction.

Therefore, establishing a Special Purpose Vehicle (SPV) is planned which would include the Coal Mine "Pljevlja" and the TE "Pljevlja". The SPV would close the financial construction for the TE second block project.

Currently, the Government owns 57% of the EPCG stake, while the A2A owns 41.7%. The A2A also owns 39% shares of the Coal Mine “Pljevlja”. The other stakeholders in the Coal Mine are the Government owning 31% and Aco Djukanovic owning 11%.

Source; CDM