

Until 2020, Montenegro was the only country in the region that had a chance to maintain compliance with the Large Combustion Plant Directive. However, the situation changed quickly and in April 2021, the Secretariat of the Energy Community initiated proceedings against Montenegro to resolve the dispute.

The Pljevlja I lignite power plant, with a capacity of 225 Mwe, has only one unit, and therefore cannot be the subject of a National Emission Reduction Plan. Since the plant produces about 40 percent of Montenegro's electricity, closure was not an attractive option. Instead of harmonizing the plant with LCPD by 2018, the government and the power plant operator, Elektroprivreda Crne Gore (EPCG), lost several years concentrating on the construction of the now canceled Pljevlja II thermal power plant project, and did not pay enough attention to solving the pollution of Pljevlja I.

Therefore, the "opt-out" option was chosen, according to which Pljevlja I could work a total of 20,000 hours in the period from January 1, 2018 to December 31, 2023. After that, the power plant must be closed or adjusted to the emission values for new plants.

In March 2018, the Montenegrin Environmental Protection Agency finally issued an integrated environmental permit for Pljevlja I, which stipulates that it must comply with the 2017 EU LCP BREF standards by 2023. It is the first existing power plant in the region to be required to do so.

However, instead of evenly distributing the available 20,000 hours for the entire period from 2018 to 2023, the management of EPCG used them as soon as possible. The coal-fired power plant operated for 7,194 hours in 2020. In combination with the working hours in 2018 and 2019, which totaled 13,809, the plant far exceeded the allowed number of working hours.

When the new government in Montenegro was elected in December 2020, one of the first problems that awaited was the question of what to do with the Pljevlja power plant. At that time, it was already suspected that she had spent all the allowed hours, but that has not been confirmed yet, and EPCG was not cooperative in clarifying the situation. It was only in March 2021 that Montenegro had to report its operational data to the European Environment Agency under the Energy Community Treaty - then the violation was confirmed, but the power plant continued to operate.

### **Shows in 2020**

Sulfur dioxide emissions at TPP Pljevlja amounted to 63,922 tons in 2020 - similar to their total amount in 2018 and significantly more than in 2019. The reason for such large variations is unclear and cannot be fully attributed to differences in working hours in different years.

NOx emissions decreased significantly between 2018 and 2020, but are still very high. Emissions in 2020 were comparable to emissions in Kostolac B1 and B2 - a plant three times larger than TPP Pljevlja.

## Montenegro: The thermal power plant in Pljevlja has far exceeded the allowed number of working hours

In the meantime, dust emissions in Pljevlja increased between 2018 and 2020. As a result of emissions from the Pljevlja plant, Montenegro and other countries incurred health costs of over 1.3 billion euros. The estimated 625 deaths in 2020 make up almost 95 percent of these costs, while the estimated 1,162 cases of bronchitis in children due to PM10 amount to just over 0.4 million euros.

### **Current investments**

In June 2020, the Montenegrin government signed an agreement with a consortium led by China's Dongfang (DEC International) for retrofitting plants to align it with the 2017 EU LCP BREF.

However, EPCG has never publicly proven that such an investment is economically justified, nor that the planned investments would enable the harmonization of the power plant. At the time of signing, it was also claimed that this investment would extend the service life of the plant by 30 years, which seems unlikely. The plant is too old to be able to operate for so long in its current state, and the planned works do not include the reconstruction of the main parts of the plant, such as the boiler.

The prices of the bids for modernization varied widely, which led both the media and one of the bidders, Hamon Rudis, to the question of whether the winner offered an inferior technological solution. Hamon Rudis requested that the selection committee check the compliance of Dongfang's bid with the technical specifications in the tender documentation due to its significantly lower price compared to the other two bids.

However, it was not possible to check the technical specifications of the bids, which is very convenient, because it was enough for the bidders to submit only statements that their bid complied with certain parameters. This leaves little data on which to base the technical quality of the winning bid and raises serious doubts about the quality of the project.

Another issue is that the winning consortium includes BB Solar, a company co-owned by the son of Montenegrin President Blazo Djukanovic, which, as the name suggests, specializes in solar and not coal-fired power plants.

Therefore, in early April 2021, the Ministry of Capital Investments asked the public prosecutor to examine the tender procedure, as well as the fact that EPCG spent all its hours over three years instead of allocating them until the modernization project was ready. The government has made it clear that the plant should continue to operate.

Source: [bankwatch.org](http://bankwatch.org)