

The small town of Pljevlja in Montenegro was once known for its fertile lands and cheese production, but since the lignite mine and power plant opened forty years ago, it has been held captive by pollution and its economy has become a monoculture.

Despite its relatively small capacity, the 254 MW Pljevlja coal power plant produces around 40 per cent of the country's electricity, but also inflicts considerable damage on residents' health and the environment. In 2020 alone, the coal plant's pollution was responsible for 625 deaths in Montenegro and neighbouring countries.

Since late 2020 the plant has been operating illegally, after having exhausted its 20,000 operating hours granted as derogation under the Large Combustion Plants Directive, which should have lasted it until the end of 2023. As such, Montenegro is now subject to an infringement procedure by the Energy Community for this breach.

Montenegro, however, has only committed to a coal phase out date by 2035. The economic reality will almost certainly force it to happen sooner, due to ever increasing production costs, depletion of lignite mines and upcoming taxes on CO₂ in the electricity sector. But the government's plans don't quite align with those of state-owned electricity company Elektroprivreda Crne Gore (EPCG), which plans to open a new lignite mine - in spite of local opposition. EPCG is also pursuing a 40-year-old idea of building an almost entirely new district heating network connected to the power plant.

But it makes very little economic sense to create a heating network from scratch which would use the coal plant as a heat supply for a maximum of ten years before having to close. Rather, with additional support from the government, a diversified approach, involving technologies such as large-scale solar thermal with seasonal storage and heat pumps is a preferable way forward for Pljevlja and is possible to develop at a moderate cost for consumers and the town.

It is not just the heating sector, though. As the coal industry will inevitably shut down and leave the town without the one resource that has dominated it for decades, there is a need to diversify the local economy. Over 1000 workers will be directly affected by the economic transition from coal - over 800 in the Pljevlja coal mine and some 200 workers at the power plant.

The sooner the planning of a just transition process takes place, the higher chances of its success and greater public acceptance. Local decision makers, government representatives and the energy company need to listen to the needs of the community and engage in a participatory process of designing local development without lignite. No one knows better than the locals what their future should look like and their voices must be heard, Just Transition writes.