

## Why is the start of construction of the Briska Gora solar power plant in Montenegro delayed?

The construction of the Briska Gora solar power plant in Ulcinj, although made official at the end of 2018 with the signing of a contract with a selected consortium of the Montenegrin Electric Power Industry and the Finnish Fortum, did not begin, nor was any progress visible in that project. The Government is only moving the deadlines for the start of construction, and the new one is at the end of this year.

The contract, as well as the entire tender procedure, was classified by the Ministry of Economy internally, so for now there is no official information on how much Fortum's share in the project could cost and whether it would be paid for with money or possibly with EPCG shares. By the way, as previously reported by the media, Fortum was interested in buying a stake in EPCG.

There are no clear answers as to why the project is late, whether it is due to the lack of infrastructure needed for its connection to the electricity system or due to secret contract conditions. It is not clear from the answers of the participants in the project whether Fortum, in the meantime, talked with the representatives of the Government about the way of possible exit from this project through the so-called way option.

In the consortium that won the tender, but which has still not been turned into a joint firm, EPCG and Fortum would each have 49 percent and the Indian company Sterling and Wilson a share of two percent. The Finnish Fortum is majority state-owned, while Sterling and Wilson is part of the Shapoorji Pallonji Group, owned by the Indian Pallonji family. Fortum told Vijesti that in 2018 they informed the market about their role in the potential development of solar energy in Montenegro, when, in a consortium with EPCG, they signed a conditional agreement with the Government of Montenegro on the construction of a solar power plant.

"Since then, we have not disclosed any details, but we will inform the market if and when it is appropriate," said Fortum, answering questions from Vijesti whether they signed a final agreement with the Government of Montenegro or whether the conditional agreement is still in force and when the construction of the solar power plant will begin. Fortum reminded of the announcement they published on December 28, 2018.

"The consortium signed a conditional agreement with the state of Montenegro on the construction of a 250 MW solar power plant in Ulcinj, Montenegro. The contract contains certain conditions that need to be met before the project can be launched, "the statement reads.

EPCG announced two days ago that in the period 2020-2024. through two phases in cooperation with partners from the consortium to build a solar power plant Briska Gora with a total capacity of 250 MW, expected annual production of 450 GWh.

## Why is the start of construction of the Briska Gora solar power plant in Montenegro delayed?

When asked by Vijesti why a conditional agreement was signed with the partners on the construction of the Briska Gora solar power plant, which is still in force, the Ministry of Economy headed by Dragica Sekulić answered that “every contractual relationship implies conditions that the contracting parties must fulfill.”

“In that sense, insisting on the term ‘conditional contract’ may lead to a wrong impression of the essence of the contract, which is being realized according to the planned dynamics and which will be in force for 30 years, as prescribed by the public invitation for land lease. The conditions stipulated in this contract are common practice and imply that the investor establishes a project company, designs, builds and manages the power plant in accordance with the regulations of Montenegro, pays the rent properly, creates a minimum of 226 new jobs, submits a bank guarantee during the entire lease period. with the purpose from the spatial planning documentation, etc.... On the other hand, the obligations of the state primarily relate to the adoption of spatial planning documentation for the construction of the power plant, as well as the obligation to give the leased land to the investor for use. So, a classic contractual relationship, with the rights and obligations of the two parties and the conditions under which it is realized “, stated the Ministry.

And, when asked whether negotiations on the option path are underway with Fortum, whether the option path implies the entry of Finns into the ownership structure of EPCG and whether the Finns are ready to leave the project for a share in EPCG (and how much?) EPCG, the Ministry replied briefly: “No.”

According to Minister Sekulic’s office, the contract is being implemented “in accordance with the contract dynamics, and the Ministry is convinced that concrete physical works in the field will begin immediately after the adoption of planning documentation, and by the end of this year at the latest.”

It was announced earlier that it would happen in April this year. According to the announcements, the power plant would open 226 new workers. The investment would be worth 178 million euros, of which at least 20 million would be contracted with domestic contractors.

### **New transmission lines to Ulcinj are also needed for the power plant to work**

When asked why the plan for the construction of a new solar power plant at this location did not take into account the existing transmission line structure of CGES and whether it is true that additional works will be necessary to connect the future solar power plant to the CGES system, the Ministry answered:

“The plan for the construction of a new solar power plant absolutely had in mind the

## Why is the start of construction of the Briska Gora solar power plant in Montenegro delayed?

existing and planned transmission line infrastructure in the mentioned area.” The infrastructure needed to connect the new power plant has been planned for decades, due to the need to ensure the prescribed level of quality of electricity supply to consumers in the area of Ulcinj. Namely, along with the part of Podgorica, whose two-way power supply from the transmission network is coming to an end these days, the municipality of Ulcinj is the only point of the transmission system that still does not have a two-way power supply. In that sense, the mentioned infrastructure would be built without SE Briska Gora within the same deadline. The existence of a new user will only make this infrastructure cheaper, because its use will be paid for by the new electricity producer, which will reduce the cost of existing consumers. ”

Source: vijesti.me