

If they should withdraw from the Electric Power Industry, the Italian company A2A would not withdraw partially, and should they stay, they would stay in it with determination, said the General Manager of A2A Giovanni Valotti.

In his statement he reminded that the Montenegrin Government, which was the majority owner of the EPCG, had priority over the shares of the electric power company, emphasizing that A2A was working on the creation of conditions for staying in Montenegro. "If the negotiations with the Government do not fail, we will stay", Valotti added.

According to the information obtained by "Vijesti", so far, the Italians have not provided the Government with the analysis of performance of A2A's five-year management in the EPCG, on the basis of which they should pronounce on further cooperation with the partner. The Government has recently admitted that A2A has not fulfilled the majority of stipulated obligations.

Commenting on Valotti's statement, the Italian newspapers stated that there was a possibility of A2A renouncing their share in Montenegro so as to further reduce their debts, too. According to the contract between the state and A2A, there is a possibility of the Government's buying back of the Italian company's shares, but this would only bring the over-indebted state coffers in an even worse situation.

This condition, as well as other conditions of future cooperation, is being considered by the expert teams of the Government and A2A, because the contract, signed in September 2009, expires at the end of December. Yesterday, it was not possible to obtain any new information on the progress of negotiations between the two parties.

On the basis of the 2009 contract, A2A is a joint owner of the Electric Power Industry of Montenegro (EPCG) with 41.7 percent and they manage this company, whereas the state controls the majority package of 57 percent of shares and, on the basis of this, it has the majority of members in the Board of Directors.

A2A is controlled by the municipalities of Milano and Brescia, and it has a total debt of 3.4 billion euros, which is 408 million less than in December last year.

The option of reducing the production capacities in Italy by 2.000 megawatts is also being considered, due to a general decrease in demand and a greater competitiveness of renewable energy, about which more details will be known at the beginning of next year after the company's industrial plan has been presented.

Last week, Valotti said that the agreement with the Montenegrin Government would be renewed only if the requirements set by the Italian party were granted.

"We are considering the possibility of renewing the agreement for five more years, possibly, but we have set three conditions: that the profitability of invested capital be ensured, that the autonomy with respect to company management be ensured and that there should be warranties with respect to the regulatory framework. We will return to Montenegro before the year ends with the intention to renew the agreement, but if we do not obtain a

satisfactory reply, there is a possibility of us ceding our share to the Government”, said Valotti.

A2A is not satisfied with having had to pay 430 million euros for the minority package of the EPCG shares, which are not worth this much on the market now. A favourable regulatory framework has not been helpful in this respect either, considering the permission for increasing the electricity prices in the recent years.

Does EPCG need the partner who has not fulfilled stipulated obligations

The Deputy Prime Minister Vujica Lazović promised that the continuation of cooperation with A2A would depend on the assessment of the way they had managed the EPCG until then. The Italians have not succeeded in achieving the objectives mapped out in 2009.

They cannot boast about the investments in energy network, because they have not improved the consumer supply quality, and the conditions related to the profit, the level of debt collection, the reduction of grid losses have not been fulfilled either, which is all going to be paid by the consumers in the end.

The “stumbling block” in the negotiations is also the construction of the second block of the TPP Pljevlja, on which the Government insists whereas the Italians would prefer to postpone this investment for “happier times”. The Italians would not give a lower electricity price for the Aluminium Plant Podgorica either, which the Government would like.