

Montenegro: A2A President Valotti rethinks exit from power utility EPCG as Italy might won't need the electricity from Balkans?

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The President of the Italian company A2A, Giovanni Valotti, said that "very complicated" negotiations are in progress with the Montenegrin Government about staying in the Electric Power Industry of Montenegro.

Valotti is also skeptical over whether Italy will actually need the energy from the Balkans in the following years, according to the article.

"Montenegro is an operation passed on us by the previous management, which five years ago invested around 470 million euros in exchange for 46 percent of EPCG, with the purpose to transfer the energy from the Balkans," said Valotti during the meeting in the Municipality of Milan, which together with the Municipality of Brescia is the major A2A shareholder. Shares of EPCG were purchased for around 430 million euros.

He recalled that the investment in EPCG was related to the construction of Terna's undersea cable. "The cable should be ready in two years, but I can't tell whether Italy will still need the energy from Montenegro in two years," said Valot.

The text states that A2A intends to renew the contract with Montenegro, i.e. with EPCG for another five years, and that Valotti hinted that there could be a further delay of final agreement which was planned for the end of March. Valotti pointed out that A2A has set clear but demanding requirements which the Montenegrin Government did not reject. Italians insist on stable business conditions in terms of legislation and regulations for electricity prices.

By the end of March, according to the contract on management, the negotiations on possible further partnership in EPCG must be completed. Vice Prime Minister Vujica Lazovic said that if by March 31 the agreement with A2A is not reached, the contract on management will no longer be valid. "In this case, the executive management in accordance with the Law on Enterprises will devolve to the Montenegrin government, i.e. to the state," explained Lazovic.

The Government's condition is the continuation of the construction of the second block of the thermal power plant in Pljevlja, which A2A now considers as unprofitable. Italians cannot laud themselves with investments in the power grid because the supply of final consumers is not improved. Also weren't met the requirements about profit, the level of debt collection, the reduction of grid losses that represents the cost for consumers.