

Montenegro: A2A submitted business report for EPCG claiming it fulfilled all obligations toward Gov

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Date : March 4, 2015

The management of the Italian company A2A believes that it has fulfilled the requirements of management with Electric Power Industry of Montenegro when taking into account the financial problems of EPCG for non-payment of electricity bills of the Aluminum Plant and regulatory framework for pricing. It is the position in the draft report with an opinion on compliance with indicators of a five-year contract for EPCG, which the Italians provided to Government.

A2A refers to the fact that two-year decline in the price of electricity have made their work more difficult, when they took over management of EPCG. Prices are rising and the last three years. KAP is owed about 45 million euros, the claim in bankruptcy. They can charge only a negligible fraction of that amount and only if the new owner of KAP pays property. Previous Italian management did not prevent non-payment of KAP electricity.

A2A is contractually obligated to deliver a report by the middle of this month, which they did on February 13th, describing his work as positive. The Government should be determined according to paragraph partner, and it was recently indicated that it did not fulfill contractual obligations. By the end of March we will know whether there will be the continued cooperation for majority state EPCG, in which A2A has a nearly 42 percent of stake.

"On the basis of this report we will ultimately decide what the Government's policy on further agreement with A2A is. We can safely conclude that the expected predictions have not been realized, although EPCG now is in a better position than it was at the time of entering into partnership with A2A", said Deputy Prime Minister Vujica Lazovic in October 2014th.

Head of EPCG Board of Directors, Srdjan Kovacevic said at the time that there were certain movements, but they have not realized the extent indicators as required.

Italians cannot boast of investments in the power grid, because they did not improve the supply of consumers. There even was not met the requirement of profit, degree of debt collection, reduction of losses in the network, which cost consumers a lot...

The negotiating teams of the Government and A2A did not come to the stage where one could say whether there will be continued cooperation of EPCG. The problem is that A2A will not finance the construction of thermal power plant in Pljevlja, but to investors for the project. The government is expected to propose partner for TPP.