

Montenegrin electricity transmission system operator CGES said that it will cut electricity supply to aluminium manufacturer KAP on 31 December if the agreement with power utility EPCG over electricity supply is not reached.

The statement from the operator said that in accordance with the applicable regulations, if the contract for the supply of electricity to KAP in 2022 is not signed by 25 December, it will be obliged to issue an order to completely suspend the delivery of electricity via the transmission system on 31 December. Uniprom, the owner of KAP, is not entitled to any compensation by CGES on the basis of possible damage to the technological process at KAP caused by the suspension of electricity supply to the electrolytic cells at the aluminium smelter.

Last week, Uniprom has proposed to EPCG to take over the production of aluminium free of charge for a year starting on 1 January 2022, in order to avoid the closure of the smelter. Uniprom CEO Veselin Pejovic said that if EPCG rejects this proposal, the gradual closure of KAP will commence on 15 December. KAP said earlier that it will not be able to maintain production with new electricity prices proposed by EPCG for 2022 supply. Namely, KAP paid 45 euros/MWh during 2021, while new price for 2022 proposed by EPCG amounts to 127 euros/MWh.

On the other hand, Montenegrin Government as the largest shareholder of EPCG, proposed to KAP to decrease the production to an absolute minimum during the energy crisis and it could continue to receive electricity at the price of 45 euros/MWh.

KAP is the largest single electricity consumer in Montenegro and is responsible for about 20 % of the country's exports.