

However, with the seven old small power plants owned by state power utility company EPCG and the Norwegian company NTE, since last year just one more small hpp “Jezerstica” on the river Bistrica in municipality of Berane is operational.

After four years of tender procedures needed to attract investment in the electricity production from renewable sources, Montenegro only received one small hydropower plant (SHPP).

The Government had earlier sent the optimistic forecasts on the first kilowatt-hours from SHPP, which will be built. Thus, small hydropower plants, with whose constructors it was signed a concession agreement in 2008<sup>th</sup>, for combined DBOT arrangement to build-use and return to the state after 30 years, were announced in two or three years. This would mean that eight power plants should be in operation three years ago.

Montenegro give incentives for energy production from renewable sources (and it also includes hydropower) by paying contribution through electricity bills, but the question is why the state does not “push” these important projects. We have not received the answer to this question from the Ministry of Economy, which manages the process. However ministry replied to Serbia Energy to some other questions and indirectly revealed the open topics with investors.

In the final report to the Government this department stated that the 21 concession contracts for the construction of 41 SHPP were included in “implementation process”.

“First SHPP was put into operation in March last year, and number of construction projects for small power plants are now in the final stages of implementation. Therefore, the implementation of the concession agreement with the first two tenders, after the conditions for obtaining a permit have been met, has been taking by planned dynamics”, said in the Ministry.

Concession agreements with third tender and on the basis of self-initiative, as they added, were concluded earlier this year and the provision of documentation for obtaining urban-technical conditions is underway.

More concessionaires, appealed to the Government to a number of problems that interfere with the construction of power plants, but are not ready to speak publicly about it.

“We have been informed in the constant communication with concessionaires that some of them face with the problem of unavailability of credit facilities or financial resources, but that these and similar problem succeed to promptly resolve”, stated the Ministry.

The state has guaranteed by Law the electricity purchase generated from SHP, the purchase price, including the time of purchase for a period of 12 years.

In the information recently forwarded to the Government the Ministry of Economy has stated that there were problems with building permits and suggested that it influenced at the Ministry of Sustainable Development and Tourism, responsible for such licenses, in order to speed up the procedure, because the deadline for issuing was reduced by law

changes.

In the Ministry says that three realization phases that last three and a half years were clearly defined by the concession agreements.

### **Construction of small power plants is worth about 110 MEUR**

Asked how much it will cost to build small hydro-power plants, in the Ministry of Economy say that it is a sum of about 110 MEUR.

“These are rough estimates and results may vary depending on the equipment, solutions of facility connection to the electric distribution network, as well as ways of dealing with property rights. On the basis of the information provided by the investor, the greatest value has the investment for the project of SHPP construction on the river Bistrica and amounted to 13.3 MEUR”, writes in the Ministry answer to Serbia Energy.

They explained that one of the concessionaire obligations also is the submission of the bank guarantee as a guarantee for the well completed contract obligations.

“Accordingly, all concessionaires provided bank guarantees, because their absence means starting the procedure termination. Currently, the biggest amount of the bank guarantee secured by a concession contract is 200,000 EUR, but this value varies depending on the investment value for a period defined by the contract”, said in the Ministry.

### **Concessionaires are obliged to build the infrastructure**

Small hydropower plants are usually built in underdeveloped regions, where both undeveloped are road and electricity infrastructure, and besides the obligation on the structure construction to the concessionaires also is imposed the responsibility of the infrastructure building, writes in the information on the implementation of projects of SHPP construction, which the Government considered at the meeting on September 18<sup>th</sup>.

“Property-legal relations on the land on which is envisaged the construction of the connection to the existing power supply network is addressed after the concession was obtained, depending on the received power requirements of EPCG”, writes in the information.

They state that the Energy Law stipulates that if due to technical limitations it is not possible the facility connection of system users to the transmission or distribution system and in the event that the construction of the necessary infrastructure is not anticipated by the system development plan or it is not planned for a later period, the system user or investor can build infrastructure for the connection on its own expensive.