

The agreement between the Government and A2A which is co-owner of Power utility EPCG on the construction of second unit thermal power plant is not yet in sight. That is the reason why it was postponed general meeting, scheduled for July 30th, at which it should have to be decided on the construction method of the second unit, which was the only item on the agenda.

For both sides, it is indisputable that the second unit should be built. What is questionable, however, is how. Italians insist to find a third partner who will participate in the financing of the energy facility. The problem is that nobody has expressed interest as an investor in this project.

The Government on its part tries that the second unit construction starts as soon as possible because the existing resources stand out for six years, when it will finally be sent into retirement. If this happens, and second unit is not built, Montenegro will remain without half of current capacity for the electricity production. The construction of the second unit will last for three years and hence the Government's insistence on the initiation of this investment. In spite of these disagreements, the Government and A2A have signed a three-month contract on management of EPCG, which expired on July 31^s.

The previous agreement expired on March 30th and since then the negotiations about new five-year contract on management in the Electric Power Industry have begun. Chairman of A2A Board Giovanni Valoti and executive director of company Luka Valerio Camerano announced last month that the negotiations should be extended even after July 31st. They suggested, moreover, that A2A, which paid 430 MEUR for 41.7 percent of its share capital, could address to the international arbitration if it also was not satisfied with the negotiations. The Prime Minister and Deputy Prime Minister Milo Djukanovic and Vujica Lazovic had previously sent a message that if the Italian side was not in the mood, EPCG would build the second unit, which has a "significant amount of available funds and that it can credit indebtedness, as a profitable company".

As according to the latest contract, which expires at the end of July, A2A pledged not to hamper the work related to the second unit, as the best offer it was selected the Czech Skoda Praha, which includes the construction of a thermal power plant of 254 megawatts in the amount of 338.5 MEUR and an annual output of 1, 6 gigawatt-hours of electricity. Skoda Praha is obliged to provide to the investor a loan for 85 percent of its investments. The inclusion of a third partner implies the establishment of SPV company (special purpose vehicle), in which would enter then the Coal Mine and Thermal Power Plant,, Pljevlja ", which would close the financial structure for the construction of the second unit. The Government currently has a 57 percent stake in EPCG and 31 in Coal mine, in which A2A has a 39 percent stake. , transmits Serbia-energy.eu