

Montenegro: Gov sets new rules to boost investments; Exploitation for small HPPs is 30 years, concession compensation is 6,5% of produced electricity yearly

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Ministry of Economy has published Concession Act for issuance of concessions for construction of small HPPs on 8 water streams in accordance with that who has concession deadline defined to 30 years and the height of compensation that concessioner pays to the state amounts 6,5% of produced electricity. Publishing the concession act made all legal presumptions for realization of small HPPs' construction.

-The height of concession compensation is fixed and it amounts 6,5% of planned annual production from the bidder offer's ideological solution. If achieved annual production of electricity is higher than it was planned, concessioner pays for compensation in amount of 6,5% of achieved production in small HPPs yearly. Mentioned percentage is being recalculated in amount according to the current price of electricity produced in small HPPs and it is being distributed to the state and local budgets in the way defined by law. Buyout price is being recalculated on the base of the height which is used like monthly amount for given facility in the next year- it is written in concession act.

Expire date of concession is fixed for all known water streams and it amounts 30 years. Mentioned deadline is being calculated from the day of making necessary conditions for issuance of urban-technical conditions. Expire date of concession will be contained part of the contract and concessioner is obligated to harmonize his project with this deadline.

Concession subject is projecting, construction, use and maintenance of small HPPs on 8 watercourses. Bidder delivers offers for individual watercourses and it is for three watercourses mostly.

Watercourse selection is done on basis of hydrology measuring and research on certain micro locations of watercourses done by "Hidrometeoroloski Zavod Crne Gore" (HMZCG). According to hydrology measuring and research, the biggest possible installed power on watercourses is 12,3 MW with estimated total annual electricity production of 54,8 GWH.

Buyout price for market price is electricity price from domestic sources for third year of regulatory period (01.08.2014.-31.07.2015) in amount of 40,7231 MWH determined in Decision for Approval of Regulatory Allowed Income of Elektroprivreda Crne Gore AD Niksic for public supplier in period 01.08.2012.-31.07.2015 adopted on the session of Regulatory Agency Board for Energy held on 27 June and 2 July in 2012.

The most important criterion for bidders is former experience in managing hydro power objects where 30 points is being gained, financial ability also 30 points while technical solution 25 points. 5 of 8 offered watercourses is placed in the basin Lim-Bistrica, Krastica,

Velicka Rijeka, Djuricka Rijeka, Kaludarska Rijeka, two watercourses are tributaries to Komarnica-Bijela and Bukovica and Vrbnica that are flowing in Pivsko lake.

Source; Serbia Energy See desk/Montenegro Gov