

Montenegro: Gov talks with A2A over power utility EPCG ongoing

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The discussion on the information on the results of negotiations with the Italian company A2A regarding the management of Montenegrin power utility EPCG, which was on the agenda of yesterday's Government session, was postponed for the next session at the request of several Ministers. The Government's Bureau for Public Relations briefly informed that the discussion was postponed for the next session due to late delivery of materials related to this matter.

According to the draft agreement, A2A will remain in EPCG for another five years and that will not in any way endanger the project for the construction of second unit at TPP Pljevlja. An integral part of the new agreement will be the option in which the Italians, under certain circumstances, could leave EPCG and sell its stake to Montenegrin Government for 250 million euros, payable in seven annual installments. This option could be activated under certain circumstances, such as inputs from external markets, extremely bad weather or droughts. According to unofficial sources, A2A waived its right for arbitration in case of termination of the contract due to this option.

Last year, the Government selected the offer of Czech company Skoda Praha as the best on public tender for the construction of the second unit at TPP Pljevlja. Skoda Praha offered to build 254 MW unit for 338.5 million euros, and to secure a loan for 85 % of the required investment. In negotiations with Skoda Praha, the Government managed to lower design costs to 9.89 million euros, which is significantly less than initial 16.92 million euros proposed by Skoda Praha.

The only remaining element in negotiations with the Czech company is the final cost of the project. The initial cost of 338.5 million euros was recently lowered to 324.9 million euros, but experts from the Montenegrin negotiation team consider that final cost should be 321.7 million euros.

A2A currently holds 41.7 % stake in EPCG, while Montenegrin Government owns 57 % of the share capital. In 2009, the company paid 435 million euros for its stake in EPCG, transmits [Serbia-energy.eu](https://serbia-energy.eu)