

Montenegrin Ministry of Capital Investments said that the Government is planning to abandon the project for environmentally-oriented reconstruction of the country's sole coal-fired thermal power plant Pljevlja and use that financing to invest in renewable energy projects.

The statement from the Ministry said that, in cooperation with European partners, the Government will define a strategy that would, for a limited time, extend the operation of TPP Pljevlja under the current regime and in the meantime invest the funds planned for the reconstruction in RES projects. The Ministry added that the winning consortium informed the Government that 54 million euros earmarked for the reconstruction will not be enough to meet the environmental standards set by the EU. Also, the price of CO2 emissions rose over 60 euros per ton, making electricity generation at TPP Pljevlja financially unsustainable.

On 20 April, the Energy Community Secretariat sent an Opening Letter to Montenegro to address its breach of the Large Combustion Plants Directive. In particular, the country's sole thermal power plant Pljevlja, continues to operate despite the expiry of the limited lifetime derogation period of the plant.

Following a written declaration not to operate a plant for more than 20,000 hours after 1 January 2018, the limited lifetime derogation (also known as opt-out) was granted to selected installations by the Energy Community Ministerial Council. It is an implementation alternative to complying with the maximum emission limits set by the Large Combustion Plants Directive. Following the expiry of the 20,000 hours, the plants can only remain in operation if they meet the (stricter) standards of the Industrial Emissions Directive. This is not the case for TPP Pljevlja.

In June 2020, EPCG signed a contract for the reconstruction of coal-based thermal power plant Pljevlja with a consortium led by Chinese Dongfang Electric Company (DEC). The deadline for the completion of works is 39 months for the date of signing the contract. The selected consortium offer to perform the reconstruction for around 54.4 million euros including VAT.

Project implementation was scheduled to take place in the period 2019-2021, after which the operation of TPP Pljevlja will be enabled to continue for at least 20 years.

Reconstruction will assure compliance with the requirements and adherence to the strictest environmental protection parameters as envisaged under the latest EU Decision 2017/1442.