

According to Montenegrin state-owned power utility EPCG, who is developing the HPP Komarnica project, the estimated rate of internal return on investment ranges between 6 and 12 %, depending on the scenario, and its strong interdependence with the effects on the operation of the existing HPP Piva indicates that this project is financially viable. The amount of the concession fee is set at one % of the income from the sale of electricity. In addition to numerous economic benefits and importance for the development of the Montenegrin economy, the financial parameters also indicate the moderate financial attractiveness of the Komarnica hydropower plant project.

The conclusion is that the project can be considered economically and financially feasible and attractive because of the economic benefits for the community, but primarily because of the ability to accelerate the energy transition to renewable energy sources by creating preconditions for faster integration of new solar and wind farms.

Last month, Montenegrin Government has awarded a concession for the construction of 172 MW hydropower plant Komarnica to state-owned power utility EPCG. According to the previous statement from the Government, this will be the only concession for the construction of hydropower plants awarded in 2020. It was previously agreed that the concession will be awarded directly to EPCG, which will decide whether it will build HPP Komarnica by itself or in partnership, as well as whether it will finance the project by itself or through a loan. In early 2020, the Government adopted the detailed spatial plan for the area where the plant should be built. The new version envisages that HPP Komarnica will have installed capacity of around 170 MW, with estimated annual electricity production of 209 GWh, however with a lower elevation of the accumulation compared to the most profitable option. This means that the project will not be as cost effective as it could be, but this version is more environmentally acceptable. The cost of the project has also been increased to 246.5 million euros, significantly higher than the valuation of 185 million euros from 2018. EPCG claims that the initial cost was based on an obsolete study dating from 1988. HPP Komarnica is envisaged as a upstream step of existing HPP Piva, and will use the hydro potential of the Komarnica river, located some 45 kilometers from HPP Piva. It is estimated that the plant could be built in five years.