

As in other countries in the region, electricity is dominantly produced in hydroelectric power plants and thermal power plants using coal. Their ratio has significantly changed in the period between 2006 and 2012. The ratio of coal and hydro potential in 2006 was 35 to 65 percent, while in 2012 the share of coal increased to 49 percent.

The capacities for the production of electricity are thermal power plant using lignite Pljevlja (210 MW) and two hydroelectric power plants Piva (360 MW) and Perućica (307MW). For years, these plants cannot meet the growing demand, which leads to the fact that 35 percent of domestic demand is satisfied with imported electricity from adjacent countries. For the first time since 2010, Montenegro in 2013 exported more electricity than it imported, primarily owing it to the breakdown of aluminum factory KAP, which is a major consumer. In the future, energy strategy commits KAP to work with half of its capacity. Montenegro plans to reduce its energy dependency by 2020, by increasing the share of coal and hydro capacity, by gas infrastructure development and by increasing the share of renewable sources in overall energy consumption to 33 percent. However, there is a significant difference between the plan and reality, especially in terms of finance. The new thermal power plant, with power of 220-250 MW (investment worth 300 to 350 million dollars) should be built in Pljevlja, while 710 million dollars will be invested in hydroelectric power plants. When it comes to gas, the government plans to invest in interconnections, primarily in Ionian-Adriatic branch of TAP pipeline.

In order to realize the ambitious plan for renewable energy sources, in progress is the development of 35 small hydroelectric power plants, one wind farm with capacity of 97 MW, which is expected to start working soon, and on the horizon are investment worth 20 million euros in solar and geothermal energy. In accordance with the Energy Strategy, energy from the waste from wood processing industry is equivalent to 204 GWh per year and in 2030 is projected to be 330 GWh per year.

It's difficult to say whether it is possible for the projected goals to be achieved, considering that there are bottlenecks associated with the issuance of permits and estimates of hydro potential.

The Plan for Energy Efficiency 2013 - 2015, set a target of 9 per cent by 2018, which should be achieved through the implementation of the Law on Energy Efficiency, by applying best practices in energy saving, by the introduction of taxes and mobilization of "significant financial resources". The government plans further liberalization of the energy market and promotion of public-private partnerships in the field of energy efficiency.

The total CO₂ emission in 2012 was 1.3 million tons. Alignment with the Directive on industrial emissions will require investments worth 50.9 million euros. Montenegro is unlikely to achieve the projected target in the field of renewable energy sources, due to administrative bottlenecks, inefficient implementation of existing legislation and the concentration of large power plants in sensitive locations with questionable profitability,

such as, for example, investment on Moraca. Reducing of network losses can save 22 million euros, the report concludes.