

The state will increase the proportion of state power utility EPCG with 55 percent, and Italy A2A gives up the rights to the majority ownership which has by the contract. The Government and the Italian company A2A will continue to cooperate in the Electric Power Enterprise (EPCG) also after the current five-year contract expires at the end of the year. It is the result of two days of talks in Podgorica.

From the office of Prime Minister Milo Djukanovic, who spoke to the Director General of A2A Renato Ravanelli announced that it was agreed to continue communication on the extension of cooperation after the expiration of the management agreement.

It is not yet specified what kind of responsibilities will include the annex to the agreement of both parties. A2A paid about 430 million euros for the stake in EPCG and problems with non-payment of the Aluminium Plant burdened the company.

From the contract, however, are not fulfilled obligations on improving the supply of users, collection of debts, profit, and they can not be proud of no redirect investments in EPCG, except the project of smart meters that are found.

On the disputed issue—the supply of KAP and electricity prices for the company, it remained that Italians decide what is acceptable.

“Partners will endeavor to provide electricity for KAP at a price of 38 euros per megawatt-hour with a decent profit of EPCG. A2A need to measure the cost, or to see which would be the optimum price”, said several participants of the negotiations with A2A.

The second tender is under way for the sale of KAP in bankruptcy according to a price that suits Niksic Uniprom, who had previously offered to pay for electricity so much.

From Djukanovic’s cabinet they pointed out that they were talking about the conditions of supply of KAP of 84 megawatts how much it spends now, necessary for the production of 50,000 tons of aluminum per year, and “talks will be resumed.”

“We continue to cooperate. State will increase ownership in EPCG with 55 percent, and A2A gives up the rights to the majority ownership which has according to the contract. Italians will get a new period for the executive management of EPCG”, the negotiating team of the Government confirmed to Serbia Energy.

More participants in the meetings claim that “there is no ultimatum or threatened arbitration partner”, which is mentioned as an unofficial threat due to problems with KAP.

“The importance of strengthening partnership is emphasized by the positive results of operations and development projects of mutual interest”, announced the Government’s Bureau of Public Affairs.

They add that it is particularly highlighted the importance of the development projects in the energy sector, especially the construction of the second thermal power plant Pljevlja, as well as the construction of HPPs. The story of the Moraca HPP again actualized, and it is an interesting project to Italians because of under water power cable.

“A2A will support the construction of second block of TPP with the certificate that it is a

profitable investment," it is said to "Vijesti". The project will cost from 269 to 330 million, if the partners choose Chinese Power China or the Czech Skoda, which are valid for the main competition among the bidders. It is possible that the EPCG finances the project, and its partner in the business would get the equipment and installed it in Pljevlje.

In two days of talks with A2A participated Deputy Prime Minister Vujica Lazovic, ministers of finance and economy Radoje Zujic and Vladimir Kavacic, with advisers. A2A represented Ravanelli Managing Director, Director of A2A Montenegro Emilio Maiandi, a member of the Board of Directors of EPCG Miljo and CEO of the company Stefano Pastori. In front of EPCG was president of the board of Srdjan Kovacevic.

**Government: The problems should end**

Djukanovic spoke with Ravanelli on the current and future business of EPCG and cooperation with the government.

It has been estimated that "good partnerships should be improved in order to overcome challenges and focus on the further development and new development projects."

"Special attention is given to issues that burdened the partnership and business in the past with the commitment of both parties to put an end to the problems", according to the government's Bureau of Public Affairs.

From the Bureau it was announced that they discussed recent results and plans for future business of EPCG, in the context of partnership relations between the Government and A2A. They pointed out that it is considered the rationalization of operations by reducing costs and losses on the network, and increase the collection rate for electricity.

These are obligations of A2A from the contract, and majority is not met.

Source; Serbia Energy See Desk