

## Montenegro: New TPP Pljevlja unit contractor CEZ under NGO critics

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Bulgarian regulator fined CEZ and two foreign electricity distributors Austrian EVN and Energo-Pro from the Czech Republic because they misused access to the low voltage network, by which "hindered competition and jeopardize consumers' rights".

Selected partner of state-owned Electric Power Industry for building the second unit of TPP Pljevlja, Czech energy giant CEZ in Bulgaria was fined for violating the energy laws and it has to pay 285 thousand EUR. From CEZ denied the accusations and announced an appeal.

Bulgarian media reported that the operations of foreign electricity distributors, in particular CEZ, either under the veil of controversy since 2013<sup>th</sup>, when mass protests because of expensive electricity, corruption and other problems led to the dismissal of former government.

That February, the state financial inspection has accused the company CEZ in Bulgaria for violation of the law on public procurement during their dealings with subcontractors. Before leaving the post of Prime Minister, Bojko Borisov has asked the license revocation to CEZ' companies, but the Czech company avoid that scenario because the European Commission has adopted its appeal.

From the Network for Affirmation of NGO Sector (MANS), which follows the procedure regarding the tender for the second unit construction, state that the Bulgarian case is just the latest in a series of cases of law violations to which CEZ is more than inclined.

"Unfortunately, this case opens up a number of questions about how the company will act in Montenegro is if the state, however, decides to entrust them construction of TPP Pljevlja. The experience that we have had with the first large 'strategic' partner in the energy sector, the Italian company A2A, shows that the state has no interest to sanction the violations of laws and contracts, but rather takes the side of such a partner, to the detriment of the public interest", said the director of the research center MANS Dejan Milovac.

The Board of Directors of Electric Power Industry, in late April, chose CEZ to build TPP in Pljevlja.

Czech offer was 12.5 MEUR more expensive than the only competitor China CNEC and amounted to 338.5 MEUR. Since the negotiations of the Government and A2A, which should be completed by July, will depend on which model TPP will be financed. Government asks that EPCG pays it by its money and credit. A2A proposes partner for the job, where EPCG would participate with 49 percent, but that is not the main funder. Citizens would pay off the investment through electricity bills.

MANS: RAE has not protected the public interest also up to now

Milovac said that the current practice and the capacity of Montenegro's Energy Regulatory Agency, which "only promotes the interests of producers and distributors, to the detriment of the public interest", indicate that "Bulgarian" scenario would not be realistic in this case, where, however autocracy of power companies is put under state control.

"I think it is because of poor law application in the area of penal policy and maximum tolerance of trampling the public interest at the expense of private one, Montenegro is still an attractive destination for the companies profile whose based its operations partly on the law violations", Milovac said. He said that the Montenegrin public had reason for concern how the company immune on the law breaking would manage this project.