

# Montenegro: Power utility EPCG accused for bad grid maintenance and cost coverage thru increase the electricity price

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Consumers have been paying for years huge losses incurred because the Electric Power Industry of Montenegro (EPCG) does not invest in the network modernization, so maintaining the existing loss rate of 9 percent would not stimulate the responsible ones in the energy company to reduce their level, because they know that customers will continue to pay them.

The main MANS objection concerns the allowable rate of technical losses in the distribution network that consumers pay, so it was suggested that it amounts to a maximum of 3 percent.

MANS has prepared general comments on the proposed amendments to the methodology for calculating the electricity price, which the Energy Regulatory Agency (RAE) has recently announced.

"Besides RAE did not offer a fundamental explanation for new solutions and whether it will lead to new increase in electricity prices, which would undoubtedly be a further blow to the living standards of citizens", said in the statement.

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MANS proposed deleting the methodology provisions which approved increased amount to the energy companies for the so-called operating costs which can be controlled (wages, cost of materials, banking and postal services), and in a situation when they are realized in a smaller amount than have the regulator approved.

"There is no legitimate reason for such favoring energy companies to the customers' detriment, but their costs should be recognized only to the level that actually achieved. In this regard, it was suggested to delete the provision under which RAE has the discretion to

set its own additional business costs, because it opens up enormous potential for abuse regulators and approval of additional revenues of energy companies. All the more this is because the regulator found a lump sum different costs so many times, which expanded the bills and almost always been at the expense of citizens".

One of the proposals is to abolish the model of multi-year regulatory period and that it defines the year.

"The public debate on methodologies ends on Monday, but it was unclear why RAE is now in a hurry to change them, although representatives of the civil sector have also earlier repeatedly called for their change, constantly pointing out that are designed to favor energy companies to the detriment of end consumers. At yesterday's round table RAE representatives offered eternal explanations that methodologies are changing because of recent amendments to the Law on Energy, and in particular it was hypocritical assertion that this is necessary because of a completely new law on energy, which would be adopted soon. This draft law passed a public debate last year, but not only it had not yet arrived in the parliamentary procedure, but the Government has not adopted it yet", said in the statement.

MANS adds that such conduct of RAE representatives should not be surprising when one takes into account that have long been "thrown under the laws of the feet and many times demonstrated servility to the Government, degrading and degrading the reputation of regulators in every respect, and on the other by forcing consumers to pay tribute monopolistic energy companies".