

According to Electric Power Company of Montenegro's (EPCG) public procurement plan for this year, the company plans to spend €12m for the construction of the Thermal Power Plant (TE) Pljevlja second block, although the contractor Skoda Praha has not found a creditor for the project yet. The project is expected to cost up to €324.5m, Dan newspaper writes. If all goes as planned, the €12m will be spent on hiring a revision committee, expert supervision, engineers for the project implementation, equipment procurement and installation and preparing supporting documentation.

Since the end of September, when the contract on the detailed design implementation and work contract were signed, the Czech company has not found the lenders, but it has managed to find partners in this business. It is General Electric, which is supposed to help it to find a bank willing to issue a loan for a coal power station, which is less built in Europe and the world. Therefore the CEZ Group, the owner of Skoda Praha, plans to sell a part or even full share in the company. An additional problem in finding lenders represents the fact that Skoda Praha operated unprofitably in 2014 and 2015.

As EPCG stated, the largest share of public procurement, amounting to €10.7m, refers to hiring a revision committee, expert supervision and engineers for the project implementation for a planned period of design and construction works.

"These procurements represent EPCG's legal and contractual duty, as well as adequate planning and implementation of the project by an EPCG's expert team. According to the agreements, Skoda Praha, as a so-called EPC contractor, is to design project, equipment and implement the very construction works on the second block," EPCG told Dan.

Under this agreement, as pointed out, it is envisaged that the project must be fully implemented in accordance with current legislation of Montenegro, as well as the strictest European standards in the field of environmental protection.

"Under the current law on Spatial Planning and Construction, the main project itself needs to be revised pursuant to Article 86 of the law by a revision committee which the investor, ie EPCG is obliged to appoint. A similar concept is related to performing the works - in accordance with Article 114 of the law, during construction the investor is obliged to appoint the expert supervision," EPCG said.

As EPCG stated, it is clear that the above mentioned activities are not Skoda Praha's obligations (as a designer, the equipment supplier and the contractor), but EPCG's.

"According to international practice, total costs of those activities... amount to three to five percent of the total project value," the energy company said.

The rest of the procurements to the amount of €12m refer to supporting activities related to connecting the new TE block to the power transmission system that will be implemented in cooperation with the national power grid operator CGES, then the purchase and installation of equipment and the preparation of supporting documentation.

"As for the time of implementation of the project, Skoda Praha is expected to submit final

offer related to the financial model of the project at the end of February. It will be implemented in cooperation with the General Electric Company. It is certainly possible to expect the works on the second block to begin during this year, immediately after the conclusion of the financing negotiations," EPCG said.

The Czech company has trouble finding lenders because there are less and less support for financing coal power plants. If the Czechs fail to find lenders, the government announced the possibility that EPCG itself finances and implements the project.

*Source: cdm*