

# Montenegro: Second unit at TPP Pljevlja will not be built

**Categories :** [SEE Energy News](#)

**Date :** September 22, 2019

Montenegrin Prime Minister Dusko Markovic said that state-owned power utility EPCG has decided not to build a second unit at the country's sole coal-fired thermal power plant Pljevlja.

PM Markovic stressed that the country renounced the usage of a large coalmine in the Pljevlja area and the construction of another thermal power plant, although it is a great investment which could bring many jobs. Instead, Montenegro will build something that is in the spirit of its economic policy, sustainable development and environmental protection. In late December 2017, the Montenegrin Government has terminated the agreement signed with Czech company Skoda Praha on the construction of second unit at coal-fired thermal power plant Pljevlja. In September 2016, a contract for the construction of second unit at TPP Pljevlja worth 324.5 million euros between Montenegrin power utility EPCG and Czech company Skoda Praha has been signed. It marked the completion of a two-year period of negotiations and this will be the first major energy facility to built in Montenegro in the last 35 years. Last year, the Government selected the offer of Czech company Skoda Praha as the best on public tender for the construction of the second unit at TPP Pljevlja. Skoda Praha offered to build 254 MW unit for 338.5 million euros, and to secure a loan for 85 % of the required investment. However, due to the request for additional works, the cost offered by the Czech company increased to 359.4 million euros, but the Government managed to lower the price by some 25 million euros through the negotiations, so the final price is 324.5 million euros.

However, in October same year, Czech Export Bank (CEB) informed the representatives of Montenegrin power utility EPCG and the company Skoda Praha that the bank is having trouble providing financing for the project for the construction of second unit at TPP Pljevlja. The bank cited difficulties in obtaining Government guarantees as the main problem, because the Government previously refused the bank's request that the state should be a guarantor for the loan that should be used for financing the project. Czech Export Bank insisted on obtaining guarantees from both the state and EPCG during negotiations, but the state refused to provide any guarantees since it was not a requirement in the public tender in 2013.

In the meantime, EPCG has launched the public tender for selection of the contractor for the environmental reconstruction of TPP Pljevlja. Estimated value of the investment is set at 45 million euros (without VAT) and a large number of renowned global companies experienced in implementation of similar projects is expected to participate. It is planned that the contract should be signed by the end of the this year. The preliminary design for the environmental reconstruction was prepared by German company STEAG Energy, through cooperation with the management of the plant.