

The construction of the submarine cable from Pescara to Tivat, as announced by the Montenegrin media, should have started a few days ago. The preparation of the construction site for the cable has been done, as well as for the converter and substation at the beach Vilado Alcione, near the point where the small river Foso Valelunga merges with the Adriatic Sea.

The cable, worth 775 million Euros, is to be built by the Italian company Terna. Italy should solve the power deficit issue by this project, and Montenegro will have annual income from the fees, amounting to 10 to 40 million Euros.

Power transmission system of Montenegro says that this year TSO company CGES will invest app. 15 million euros in the project. It is planned for the entire job to be completed by 2017.

The Agreement on establishing submarine interconnection between Montenegro and Italy was signed on November 23rd, 2010 by the representatives of Montenegro Government, Montenegro power transmission system and the Italian company Terna. It is stipulated by the Agreement that the income from the cable construction shall be shared for 40 years, in a way that Terna has 80% and Montenegro power transmission system 20%. CGES participates in the cable construction with 20%, and the majority of funds are secured through the loan arrangements with German development bank and European bank for reconstruction and development.

Upon the expiry of agreed deadline, the division of income will be decided by the Governments of Montenegro and Italy, whose ministries of economy signed a Memorandum on investments in the power system in 2009, worth between four and five billion euros. Three years later, the Council of Montenegro and Italy was founded.

A detailed urban plan for the corridor of the submarine 500 KV cable from Pescara to Tivat was adopted in July 2011. The long distance transmission line of 400 kV from Tivat to Pljevlja, worth 100 million euros will be built in Montenegro.

As stated in the company Terna press release, this project will not have an adverse impact on the environment, and the electromagnetic field radiation is equally natural phenomena, so that that risk can be eliminated.

The neighboring Croatia has opposed to the commencement of the submarine power cable construction, which caused a delay in starting the project. They have not given permission for passing through the Croatian territorial waters. The negotiations with Croatia lasted until 26th September last year, when the alternative route was agreed to enter 12 kilometers into the continental shelf, instead of 128km. Croatia has conditioned the route by demanding that in case of discovery of commercial oil and gas reserves, the cable must be replaced at the expense of Terna and must bypass the boundaries of the future established hydrocarbon deposits. According to the preliminary calculations, if the route had to be changed it would cost an additional 100 million euros.

Terna has recapitalized CGES with 34 million euros, so they own 22% of the shares, while Montenegro has 55% of the shares in that company.

The power cable between Montenegro and Italy is one of the largest and most significant investments in the power sector of that country in recent years. Thus, the Italian company will gain the access to energy in the Balkans. For the past few years, the Government of Montenegro has been claiming that this project would make Montenegro the important hub of the region with a strong transmission network. The power cable will be 300 km long under the sea and 100km on land.