

The purchase of 10% shares of Montenegro TSO grid company CGES by neighboring Serbian TSO Co EMS did not come as a surprise considering the fact that Montenegro is becoming an important regional electricity hub and connection with Italian market. Italian TERNA which is also a shareholder in CGES is constructing an underwater power cable which will connect Balkan and Italian electricity markets. The acquisition of EMS amounted 13MEUR and was performed under the approval of Serbian government as EMS is state controlled company.

The 10% of shares for 13MEUR gives EMS a seat on the CGES board of directors. According to local Serbian media reporting on the statements of Gov officials, EMS is expected to increase its profit thru CGES, but also its regional presence and interconnections.

The Montenegrin government is the biggest stakeholder in CGES with 55 per cent while Terna, the Italian transmission system operator, holds 22 per cent. Terna came to Montenegro in 2010 when it signed a deal on building a 775-million-euro cable that will run for 390km under the Adriatic Sea while an additional 25km is onshore. The Tivat-Pescara cable, a high-voltage electric interconnection, is supposed to connect Montenegro with Italy by 2017, with the aim of enabling Montenegro to export energy from renewable sources to Italy.

Beside TERNA, Italian A2A is also present in Montenegro as a shareholder of power utility EPCG, joint venture management contract negotiation is underway. A2A is not interested in new power plant unit Pljevlja TPP because it wants its investment return in a faster way and such a capital expenditure of EPCG will not make this job easier.

“This purchase is also significant because EMS began construction of the Trans-Balkan corridor for the transmission of electricity, which extends along Montenegro and continues via submarine cable to Italy, which brings great energy migration from north to southwest,” Nikola Petrovic, director of EMS, said. EU listed the cross border interconnection Serbia-Bosnia-Montenegro on the PECE list and possible financier will be EBRD.

Serbian EMS business development plans include the development of SERPEX power exchange which is under preparation for start up. Beside Serbia, EMS is hoping to attract SMM block countries Montenegro, Macedonia which are mostly the net electricity importers and Bosnia Republika Srpska which is one of the regional electricity exporters, transmits Serbia-energy.eu