



Montenegro

A DECADE
OF INDEPENDENCE
A MILLENNIUM
OF STATEHOOD
MONTENEGRO
2016



May Montenegro live forever

Ministry of Economy

Italy & Montenegro building together



Podgorica, 22 September 2016

ABOUT MONTENEGRO (I)

1. Politically stabile
2. EU candidate country
3. In the process of joining NATO
4. No open issues with neighbors
5. Member of WTO
6. Member of the Energy Community Treaty
7. Member of the Energy Charter Treaty



ABOUT MONTENEGRO (II)

NATIONAL TREATMENT

Foreign investor can, at the territory of Montenegro, establish a company and invest in a company, under procedures and conditions under which local nationals can establish companies, or invest assets in companies.

There is no limit in terms of invested capital.

Foreign investors are allowed to invest in any branch of industry and freely transfer of financial and other resources, including profits and dividends.

Taxation Policy

TAX	TAX RATE
VAT	Standard rate – 19 % Lower rate – 7 %
Corporate Profit Tax	Flat rate – 9 %
Personal Income Tax	Flat rate – 15 %
Property Tax	Proportional tax ranging between 0.1 % - 1% of the immovable property's market value

GENERAL POLICY

Priorities of energy sector are defined through the Energy Policy until 2030 and they are:

- security of supply
- competitive energy market and
- sustainable energy development.

Priorities of the Energy Development Strategy until 2030 are:

- increase energy efficiency;
- greater use of renewable energy sources;
- rehabilitation of existing and construction of new power plants;
- achieving balance between energy development and environmental protection.



ENERGY LEGISLATION

- Law on Ratification of the Treaty establishing the Energy Community between the European Community and the Republic of Montenegro, 2006
- Energy Law, 2015
- Law on Cross-Border Exchange of Electricity and Natural Gas, 2016
- Law on Efficient Use of Energy, 2014
- Law on Exploration and Production of Hydrocarbons, 2010
- Law on Concessions, 2009



RESPONSIBILITY FOR ENERGY POLICY

The key stakeholders in Energy Sector of Montenegro are:

- The Ministry of Economy as the Ministry responsible for energy
- Directorate for Energy, Directorate for Energy Efficiency and Directorate for Mining and Geological Explorations
- Energy Regulatory Agency (ERA) was established in 2004 as autonomous, functionally independent non-profit organization that carries out its public authorizations in the Energy Sector in accordance with the Energy Law

INVESTMENTS OPPORTUNITIES

	Sector /Programme / Project	By 2021	2022-2030	Total
1	Coal Sector	106.610	15.000	121.610
	1.1) <u>Pljevlja</u> basin	104.610	15.000	119.610
	1.3) <u>Berane</u> basin	2.000	0.000	2.000
2	Oil and Gas Sector	403.082	156.812	559.894
	2.1) Ionian-Adriatic pipeline	60.000	0.000	60.000
	2.2) Distribution gas system	0.000	21.760	21.760
	2.3) 90-day reserves of petroleum products	124.082	25.552	149.634
	2.4) Exploration of oil and gas	219.000	109.500	328.500
3	Electricity sector	1,679.675	276.290	1,955.965
	3.1) Electricity generation (large HPP and TPP)	1,160.710	0.000	1,160.710
	3.2) Electricity transmission	228.965	16.290	245.255
	3.3) Electricity distribution	290.000	260.000	550.000
4	District heating	18.560	13.360	31.920
	4.1) Heating plant on biomass in <u>Pljevlja</u> - 18 MW _{th}	7.200	0.000	7.200
	4.2) Distribution system for district heating in <u>Pljevlja</u>	10.000	10.000	20.000
	4.3) <u>Other</u> heating plants on biomass	1.360	3.360	4.720
5	Energy efficiency	348.720	439.390	788.110
6	Renewable energy sources	517.296	211.231	728.527
	6.1) Small HPPs	148.825	62.600	211.425
	6.2) Wind	194.840	46.200	241.040
	6.3) Solar	24.000	44.000	68.000
	6.4) Biomass	67.365	58.365	125.730
	6.5) Biomass cogeneration	2.266	0.066	2.332
	6.6) Municipality waste incineration	80.000	0.000	80.000
7	Other	3.500	1.500	5.000
	7.1) IT infrastructure for market development	3.500	1.500	5.000
	TOTAL (1-7)	3,077.443	1,113.583	4,191.026

HYDRO POWER PLANT ON KOMARNICA RIVER

Possibilities for investment in two power generators of 168 MW, with annual production of 232 GWh (231,8 GWh).

Total investment is around 182,8 milion € in 6 years.



HYDRO-POWER PLANTS ON MORACA RIVER

Basic Technical Design envisaging construction of four hydro-power plants with total installed power of 238.4 MW and average annual generated electric power of 721 GWh, with maximum level of the HPP Andrijevo reservoir at 285 meters ASL (above sea level) and reservoir accumulation of 250 hm³.

In the second half of 2015, in terms of construction of HPPs Moraca and Komarnica, two MOUs were signed between Government of Montenegro and:

- Chinese company Norinco and
- Turkish company Bereket Enerji.

MOU between Ministry of Economy of Montenegro, Ministry of Foreign Affairs of Slovenia and Ministry of Forestry of Turkey was signed in October 2015 in terms of hydro energy development in Montenegro.



SMALL HYDRO-POWER PLANTS

First new small hydro power plant has been put into operation in March 2013, while during 2014 and 2015 construction of 7 other SHPPs has been finished. Total capacity of finished new SHPPs amounts 11.8MW.

At the moment, concession contracts are signed for 21 rivers with envisaged construction of 37 SHPPs with total installed capacity of 73MW and annual electricity generation of 231GWh. Total investment for these SHPPs is envisaged to 122 mil. €.

We also expect to finalize the construction of number of small hydropower plants in the forthcoming period.



WIND POWER PLANTS



Agreements on construction of wind power plants have been concluded for following locations:

- Krnovo (installed capacity 72 MW), Municipality of Nikšić, Šavnik and Plužine and
- Možura (installed capacity 46 MW), Municipality of Ulcinj and Bar.

INCENTIVE PRICES FOR RENEWABLES

Incentive prices for electricity generated in plants using renewable energy sources

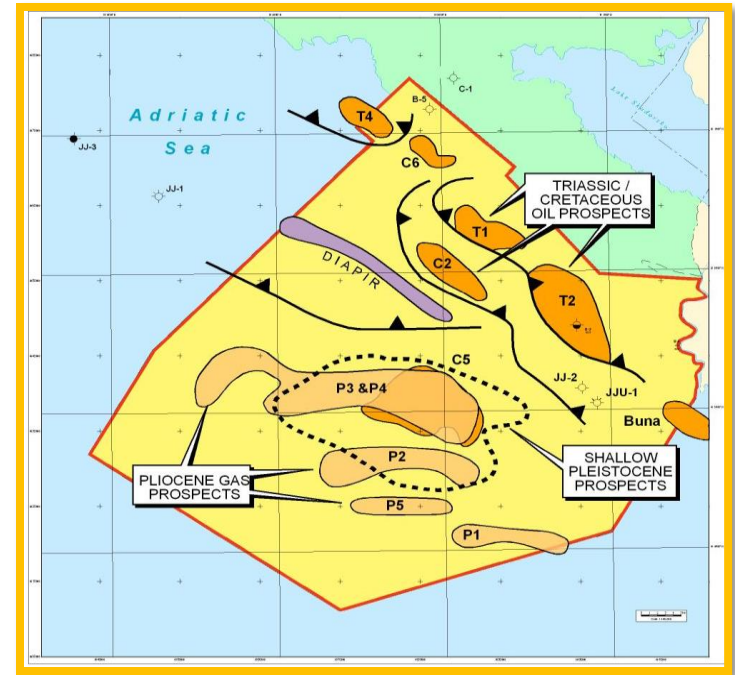
Wind power plants	9,60
Power plants using solid biomass	
from forestry and agriculture	13,71
from wood-processing industry	12,31
Power plants using solar energy	
on buildings and engineering constructions	12,00
Power plants using solid waste	9,00
Power plants using waste gas	8,00
Power plants using biogas	15,00

Incentive prices for electricity generated in small hydropower plants

Net power output of power plant [MW]	Group	Incentive prices [c€/kWh]
net power output of power plant $P_{pe} < 1$ MW	1	10.44
net power output of power plant $1 \leq P_{pe} < 3$ MW	2	$10.44 - 0.7 \cdot P_{pe}$
net power output of power plant $3 \leq P_{pe} < 5$ MW	3	$8.87 - 0.24 \cdot P_{pe}$
net power output of power plant $5 \leq P_{pe} < 8$ MW	4	$8.35 - 0.18 \cdot P_{pe}$
net power output of power plant $8 \leq P_{pe} \leq 10$ MW	5	6.8

OIL AND GAS

- › The Law envisages the possibility of getting two types of concession contract: Exploration Concession Contract and Production Concession Contract.
- › The tender was announced by Government of Montenegro in 2013.
- › Contract for Hydrocarbons Production Concession for Offshore Montenegro was signed on 14 September 2016 with Italian-Russian consortium "Eni-Novatek".
- › The concession applies to explore 4 blocks close to the municipality of Ulcinj.



Concession System

- the oil company has exclusive rights to the exploration and production at its own risk and cost
- the oil company owns the production
- the oil company pays fees and area rental fees to the Government
- the oil company pays taxes on profits
- the oil company owns the equipment
- the oil company has the right to export hydrocarbons



SECOND BLOCK OF THERMO POWER PLANT

Government of Montenegro made the decision about the development of the master plan for the thermo power plant Pljevlja. This plan is the basis for the use of resources, sustainable development, conservation, protection and improvement of the thermo power plant complex.

Skoda Praha has submitted the most favorable bid for construction of II Block of TPP Pljevlja. Elements of proposal are as follows:

- 254MW of installed capacity
- Efficiency of 39.5%
- Annual generation of 1600 GWh and
- Price which amounts 324.5 mil. €.

The II Block of TPP Pljevlja will be constructed in line with all EU standards in terms of environmental protection and District heating system will be developed for town of Pljevlja.



TRANSMISSION ELECTRICITY NETWORK

Undersea Interconnection Line Italy – Montenegro



- 140 km of undersea cable already laid down
- 1000 MW capacity
- HVDC bipolar cable, 2x500 MW
- Investment cca 900 million €
- CGES investment - approximately 105M€
- Project is developed in cooperation with Terna (Italy) and CGES, Agreement on Project Completion was signed in November 2010
- Start of operation – 2018

OTHER ACTIVITIES

-Cooperation in the framework of the European Union Strategy for the Adriatic and Ionian Region

- Participating countries:
 - four EU Member States (Italy, Greece, Slovenia and Croatia)
 - four countries that are not members of the EU: Albania, Bosnia and Herzegovina, Montenegro and Serbia
- Pillar 2 "Connecting the Region": Energy networks

-Cooperation in the framework of the Project of Offshore Wind Energy: Research, Experimentation, Development – POWERED

- Development of the off-shore wind energy in all the Countries overlooking the Adriatic Sea

THANK YOU FOR YOUR ATTENTION !

