

Workshop “Strengthening national capacity in applying sustainable energy policies and practices based on the recommendations of the Environmental Performance Reviews”

30 June 2021, Online
09:00 a.m. – 12:00 p.m. (CEST)

Montenegro - 3rd EPR

Report	No.	Topic	SDG	Recommendation (quote)	Implementation	Implementation updated
Part II	6.2 (a) (b) (c) (d)	Renewable energies; Infrastructures; Energy efficiency ; Market mechanisms	7.2, 9.4,	<p><i>The Ministry of Economy should:</i></p> <p><i>(a) Increase investments to reduce losses in the electricity transmission and distribution grid and ensure that grid improvements are in line with the targets and needs of a higher share of variable renewable energy, and urge the Montenegrin Electric Enterprise (EPCG) to elaborate and implement a grid modernization plan;</i></p> <p><i>(b) Further improve the conditions for investors in renewable electricity production by verifying and, if necessary, adapting requirements on grid connection to avoid exceeding connection costs;</i></p> <p><i>(c) Develop, in cooperation with the Ministry of Sustainable Development and Tourism, a national low interest loan programme to rehabilitate buildings to improve their energy performance and to waive legal fees for the regularization of illegal housing where the occupants have introduced energy-saving equipment;</i></p>	<p><i>The energy sector is the dominant source of GHG emissions. Available projections indicate an increase in GHG emissions from the energy sector, mainly due to the construction of the new lignite TPPs Maoče and Pljevlja II. Whether mitigation of GHGs will be successful depends strongly on whether the combustion of fossil fuels for generating electricity, heating purposes and transport can be reduced, and whether high electricity consumption can be reduced. Long-term scenarios looking for alternatives for additional power plants, which take into account higher renewable targets and reduced electricity consumption, are lacking.</i></p> <p><i>Montenegro has high potential for renewable energy. At present, only hydropower is used for electricity production in considerable quantity, as is biomass for heating purposes, though mostly in an ineffective way. Montenegro has undertaken several steps to increase renewable energy sources, but there are still obstacles to overcome. There is evidence that technical requirements for grid connection are unfavourable and cost intensive for</i></p>	<p>Ongoing.</p> <p>At present, hydropower and wind are used for electricity production in considerable quantity, several solar projects are under consideration as is biomass for heating purposes, though many households are using modern biomass (pellet) in recent years.</p> <p>Technical requirements for grid connection are still not so favourable and cost a lot for investors. The transmission and, especially, distribution grids are modernised and have to be even more to reduce the electricity losses. Further investments could be used to bring the grid in line with higher use of renewable energy. Several studies have been prepared for grid modernization plan taking into account a higher share of variable renewables.</p>

				<p><i>(d) Develop alternatives to lignite-fired power plants, by developing scenarios with high efficiency step-up technology and enhanced use of renewable energy, taking into account environmental impacts.</i></p>	<p><i>investors. The transmission and, especially, distribution grids are outdated and have to be modernized to reduce the technical electricity losses. Investments could be used to bring the grid in line with higher use of renewable energy. A modernization plan taking into account a higher share of variable renewables is lacking. Montenegro has potential for energy efficiency and energy savings and has undertaken steps to raise this potential in the construction sector, mainly for new buildings. Pilot projects show great potential for energy reduction in existing buildings with quite short amortisation periods. The process of legalization of illegal settlements can be used as a trigger for improving efficiency standards of existing buildings.</i></p>	
Annex I	7.1 (a) (b) (c) (d)	Energy efficiency; Market mechanisms; Support to vulnerable groups, awareness, access	7.1, 7.3	<p><i>The Government should strive to improve energy efficiency, in particular through</i></p> <p><i>(a) Phasing out subsidization of electricity prices to private households and large enterprises;</i></p> <p><i>(b) Increasing investments required to reduce losses in the electricity transmission and distribution systems</i></p> <p><i>(c) Improving the collection of electricity bills and introducing special support measures for those who cannot afford to pay full price;</i></p> <p><i>(d) Designing and implementing appropriate incentives for reducing electricity consumption in residential buildings.</i></p>	<p><i>(a) The recommendation was implemented. Cross-subsidies were eliminated in 2011. According to the Energy Regulatory Agency, tariffs are cost reflective, based on the tariff methodology for allowed revenues, notably, justified and efficient operating costs.</i></p> <p><i>(b) The recommendation was not implemented. Losses in electricity transmission and distribution systems have declined to a small extent, but are still very high, especially in the distribution system. Efforts are necessary to modernize the grid.</i></p> <p><i>(c) The recommendation was partially implemented. Data on bill collection rates are scarce and appear not to be accurate. The Government has introduced a system of subsidies to ensure affordability of electricity bills for vulnerable groups of persons, including low-income households.</i></p> <p><i>(d) The recommendation was partially implemented. There is funding (low interest loans) for installing solar heating systems for warm water generation and for installing modern biomass heating systems in buildings. However, the majority of existing buildings have low energy performance and there is a lot of potential to reduce</i></p>	<p>Ongoing.</p> <p>(a): The recommendation was implemented. Cross-subsidies were eliminated in 2011. According to the Energy Regulatory Agency, tariffs are cost reflective, based on the tariff methodology for allowed revenues, notably, justified and efficient operating costs.</p> <p>(b): The recommendation has been implemented. Losses in electricity transmission and distribution systems have declined to a certain extent, but are still high, especially in the distribution system. Efforts are necessary to modernize the grid.</p> <p>(c): The recommendation was partially implemented. The Government has introduced a system of subsidies to ensure affordability of electricity bills for vulnerable groups, including low-income households.</p> <p>(d): The recommendation was partially implemented. There is funding (zero interest loans) for installing building</p>

					<i>energy/electricity consumption. The Government introduced mandatory efficiency standards for new buildings and also for major rehabilitations.</i>	envelope in households, for installing modern biomass heating systems in buildings and installing solar power plants on buildings roofs (prosumers). However, still many of existing buildings have low energy performance and there is a lot of potential to reduce energy/electricity consumption. The Government introduced mandatory efficiency standards for new buildings and also for major rehabilitations.
7.2 (a) (b)	Renewable energies; Legal, Policy and Institutional framework	7.2	<p><i>(a) The Ministry for Economic Development and the Ministry of Tourism and Environment should ensure the development of renewable energy sources (hydropower, solar and wind power, and biomass) in accordance with the goals of the National Strategy for Sustainable Development (NSDS). Various scenarios should be developed and discussed in forums with a high level of public participation. Targets for renewable energy sources should be adopted by the Government within the framework of the general energy policy, NSDS and relevant spatial plans;</i></p> <p><i>(b) The Government should encourage the Electric Power Company of Montenegro (EPCG) and private domestic and foreign investors, and seek foreign assistance, to support the implementation of renewable energy projects.</i></p>	<p><i>(a) The recommendation is partly implemented. Progress in installing renewable energy plants has been small and realization is far behind the plans in the Energy Development Strategy of Montenegro until 2025. In recent years, Montenegro has introduced a feed-in tariff and other secondary regulations and simplified procedures; success has yet to be achieved. There are different scenarios for future energy development in the energy development strategy until 2030, but they do not vary much in renewable energy contribution. According to the 2012 decision of the 10th Ministerial Council of the Energy Community on the promotion of renewable energy, Montenegro's target for renewable energy sources as a proportion of gross final consumption of energy is 33 per cent by 2020.</i></p> <p><i>(b) The recommendation is not implemented. The relations between EPCG and private investors are reported as rather difficult when it comes to connection consent. In general, the situation for investors is described as rather difficult and some neighbouring countries offer better conditions. It has yet to be demonstrated that the simplification of permission procedures shows results.</i></p>	<p>Ongoing.</p> <p>(a): The recommendation is partly implemented. Progress in installing renewable energy plants has been enhanced. Montenegro has banned introduction of a feed-in tariff. The different scenarios for future energy development are under consideration within the National Energy and Climate Plan (NECP) 2030. The NECP will also define target for renewable energy sources by 2030.</p> <p>In 2017 the 72 MW EBRD-financed Krnovo wind farm came online – the first in the country. It was followed in 2019 by the 46 MW Možura. Montenegro has so far made little use of its solar potential, but in 2018 a tender for a 200 MW solar farm was completed.</p> <p>(b): The relations between EPCG and private investors has been improved. As a result, a contract was signed on the construction of the Briska Gora solar power plant in 2019, there are more initiatives, e.g. for the second phase of the Krnovo wind farm, and from Germany's WPD, for the</p>	

						construction of a wind farm at the Brajići locality.
7.3 (a) (b) (c)	Compliance with international laws, regulations, standards	7.a, 12.6	<p><i>The Ministry for Economic Development, in cooperation with the Ministry of Tourism and Environment, should:</i></p> <p><i>(a) Ensure that the existing first block of the Pljevlja coal-fired power plant complies with Best Available Techniques (BAT) within ten years at most;</i></p> <p><i>(b) Ensure that, if built, the next block meets BAT standards;</i></p> <p><i>(c) Consider alternatives to the Pljevlja coal-fired power plant, by developing a plan for a combined heating and power plant which complies with BAT.</i></p>	<p><i>(a) The recommendation is partly implemented. TPP Pljevlja went through a general overhaul in 2009, during which an electrostatic precipitator and low NOx burner were installed. TPP Pljevlja does not comply with BAT due to sulphur emissions.</i></p> <p><i>(b) The implementation cannot be assessed yet. The tender for the second block has been finished. The operators reckon that the new block will meet all required standards to get IPPC permit.</i></p> <p><i>(c) The recommendation is not implemented. Alternatives for the Pljevlja coal-fired power plant have not been considered.</i></p>	<p>Ongoing.</p> <p>(a): The recommendation will be implemented. TPP Pljevlja signed the contract for de-SOx and de-NOx installation, in line with the BAT requirements. Reconstruction works should start in 2022.</p> <p>(b): The instalment of the new block of TPP Pljevlja is not an option anymore, so it should not be considered.</p> <p>(c): As mentioned above, TPP Pljevlja is in the process of modernisation which will allow compliance with BAT. Contract for installation of de-NoX and de-Sox abatement equipment is signed and start of works is expected in 2022. The reconstructed plant will provide the source of heating for Pljevlja municipality.</p>	