



# Montenegro

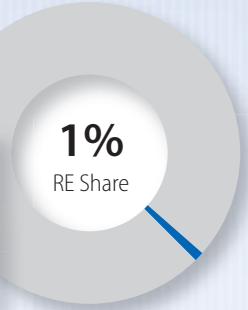
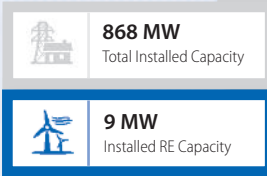
*Empowered lives.  
Resilient nations.*



## General Country Information

Population: 621,081  
 Surface Area: 13,810 km<sup>2</sup>  
 Capital City: Podgorica  
 GDP (2012): \$ 4.2 billion  
 GDP Per Capita (2012): \$ 6,813  
 WB Ease of Doing Business: 44

## Electricity Generating Capacity 2012



- Biomass**
- Solar PV**
- Wind**
- Small Hydro**

## Installed Renewable Electricity Capacity 2012 in MW

## Technical Potential for Installed Renewable Electricity Capacity in MW

<b>0</b>	<b>&lt; 1</b>	<b>&lt; 1</b>	<b>8.7</b>
<b>600</b>	<b>12,800</b>	<b>400</b>	<b>200</b>

Sources: Kovacevic (2010); Ministry of Economy (2012); World Bank (2014); UNDP (2012); Italian Ministry of Environment, Land and Sea (2007); EIA (2010); EIA (2013); Renewable Facts (2013); Hoogwijk and Graus (2008); Hoogwijk (2004); JRC (2011); and UNDP calculations.

## Key information about renewable energy in Montenegro

Montenegro is currently a net energy importer, but seeks to export energy in the nearer future. An example is the planned €100 million transmission line Lastva-Pljevlja between Montenegro and Italy, which will be constructed by Italian Transmission Company Terna and was approved funding from the European Bank for Reconstruction and Development of €65 million in April 2013. The transmission line aims to connect several hydropower plants and a wind farm in Montenegro to the Italian grid (SECN, 2013). With technical assistance from UNDP-GEF's Promoting Renewable Energy Sources project, the Government of Montenegro developed the Energy Law and other related bylaws regulating rights and obligations of entitled renewable energy producers, including the introduction of power purchase obligations valid for 12 years, in combination with feed-in tariffs:

**Feed-in tariffs in Montenegro**

Eligible technologies	Additional condition	Tariff granted in €/MW-h
<b>Wind</b>	-	<b>96.10</b>
<b>Solar</b>	For buildings and engineering constructions	<b>150.00</b>
<b>Hydro</b>	produced electricity up to 3.0 GW-h	<b>104.40</b>
	produced electricity between 3.0 - 15 GW-h	<b>74.40</b>
	produced electricity exceeding 15 GW-h	<b>50.40</b>
<b>Biomass</b>	Forestry and Agriculture	<b>137.10</b>
	Wood	<b>123.10</b>

Source: Government of Montenegro (2011)

Despite the introduction of feed-in tariffs, the share of installed renewable energy capacity in the total installed electricity capacity is stagnant at around 1 percent. However, the country was ranked in 44<sup>th</sup> spot in the World Bank’s Ease of Doing Business index, which represents a rise of six places over the previous year. Its rankings in the sub-indicators, Dealing with Construction Permits (106) and Registration of Property (98) have increased significantly by 68 and 16 places respectively (IFC & World Bank, 2014).

**Legislation and policy**

In line with EU Directive 2009/28/EC, Montenegro committed itself to a national binding target of 33 percent share of renewable energy sources in gross final energy consumption by 2020 (EC, 2012). In accordance with the Energy Law, an ‘Energy Development Strategy by 2025’ has been developed. There is also a final draft green paper for the ‘Energy Development Strategy by 2030’. The latter specifies electricity generation targets from renewable sources by 2030, e.g. 436.3 GW-h/year for electricity production from wind power plants, and 52 GW-h/year from solar power plants (Ministry of Economy, 2012). The Energy Law is the energy sector’s general policy paper. Together with the Law on Concession, the Law on Energy Efficiency, and regulations such as the Decree on the Tariff System for Determining the Incentive Prices for Electricity produced from Renewable Sources, and the Rulebook on Criteria for Issuance of Energy Licence, this is the foundation for Montenegro’s renewable energy legislation. In addition to the feed-in tariffs for eligible renewable energy producers, there are other incentives for project developers investing in renewable energy in Montenegro. The feed-in tariff is adjusted annually for inflation and also applies (with certain conditions) to reconstructed plants. Corporate profit tax rate is low at 9 percent. Foreign investors enjoy tax exemption with certain conditions (MIPA, 2013). Renewable energy power plants with an installed capacity up to 30 kW have the right to electricity exchange within the system, while plants above that limit are granted non-discriminatory access to the power grid (Energy Law, Articles 90 & 101). Energy generation is subject to licencing by the Energy Regulatory Agency. A concession for the usage and construction of energy-related structures used to generate, transmit or distribute electricity is also required (Law on Concessions, Article 6 (8)). The UNDP-GEF project, Promotion of Renewable Energy Sources, supported the Government in developing the renewable energy legislation and improving the tender process. Since 2008, 13 concessions with a total installed capacity of 97 MW for small hydropower plants and two wind power concessions with a total installed capacity of 96 MW were granted to investors (Vener, 2013). As a result of this project, in 2013 the Ministry of Economy announced tender calls for seven small hydropower concessions in Montenegro (Ministry of Economy, 2013).<sup>1</sup>

<sup>1</sup> More information regarding the latest small hydropower stations tenders is available at: [www.mek.gov.me/en/library/tenderi](http://www.mek.gov.me/en/library/tenderi)

## Institutions

Organization	Responsibility	Website
<b>Ministry of Economy</b>	- Responsible for shaping the state's energy policy and strategy, and for preparing laws and key bylaws	<a href="http://www.mek.gov.me/">www.mek.gov.me/</a>
<b>Energy Regulatory Agency</b>	- Responsible for issuing licences for energy activities - Issues guarantees of origin to confirm renewable energy sources - Approves the status of privileged renewable energy producers	<a href="http://www.regagen.co.me/">www.regagen.co.me/</a>
<b>Crnogorski Elektroprenosni Sistem (CGES)</b>	- As transmission system operator responsible for operation, development and maintenance of the national the national grid	<a href="http://www.tso-epcg.com/">www.tso-epcg.com/</a>
<b>Crnogorski Operator Trzista Elektricne Energije (COTE)</b>	- Market operator responsible for organization and management of the electricity market - Privileged renewable energy producers trade electricity with the market operator under specific licencing and tariff conditions where the market operator pays the tariff monthly to the energy producer	<a href="http://www.cotee.me/">www.cotee.me/</a>
<b>Elektroprivreda Crne Gore (EPCG)</b>	- Main electricity company responsible for generation, transmission and distribution of electricity	<a href="http://www.epcg.co.me">www.epcg.co.me</a>
<b>Montenegro Investment Promotion Agency (MIPA)</b>	- State-owned Montenegrin investment promotion agency responsible for attracting, consulting with and facilitating potential investors	<a href="http://www.mipa.co.me/">www.mipa.co.me/</a>

## Opportunities to finance renewable energy projects in Montenegro

Financing organization	Details	Website
<b>Western Balkans Sustainable Energy Direct Financing Facility (WeBSEDF)</b>	Locally small and medium enterprises with a sound financial and economic structure and sufficient means of equity capital can apply for direct loans from the European Bank for Reconstruction and Development's Western Balkan Sustainable Energy Direct Financing Facility of between €2 million and €6 million.	<a href="http://www.websedff.com">www.websedff.com</a>
<b>Green Growth Fund</b>	Provides direct and indirect (through financial intermediaries) financing for small scale renewable energy projects usually not larger than €50 million.	<a href="http://www.ggf.lu/">www.ggf.lu/</a>
<b>EU Means via EIB</b>	Loans and guarantees through commercial banks as intermediaries (e.g. Crnogorska Komerrijalna Banka and Erste Bank Montenegro) are available.	<a href="http://www.europa.eu/youreurope/business/finance-support/access-to-finance/">www.europa.eu/youreurope/business/finance-support/access-to-finance/</a>
<b>International Finance Corporation (IFC)</b>	With investment (equity, loans and other financial instruments) and advisory services, IFC supports investments that focus on climate change, including investments in infrastructure and energy sectors.	<a href="http://www.ifc.org/">www.ifc.org/</a>

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Financing organization	Details	Website
<b>European Bank for Reconstruction and Development (EBRD)</b>	Provides renewable energy developers with equity, loans and loan guarantees for projects with good commercial prospects of up to 15 years' duration.	<a href="http://www.ebrd.com/pages/workingwithus/projects.shtml">www.ebrd.com/pages/workingwithus/projects.shtml</a>

## Recent projects

Company	Project	Status
<b>Fersa Energias Renovables (Spain)</b>	Is currently developing a 46 MW wind park at Mozura. The park will have 23 wind generators with a projected generation of approximate 97 GW-h.	<b>Under development</b>
<b>Ivcom Consulting (Austria) and Mitsubishi (Japan)</b>	Is currently developing a 50 MW wind park at Krnovo. The park will have 21 wind generators with a projected generation of approximate 110 GW-h.	<b>Under development</b>

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