

Gas Development Masterplan

Project Financing

WBIF Grant WB10-MNE-ENE-01 € 703,500

Total € 703,500

Total Grants € 703,500

Total Loans € 0

Project Description

Montenegro, like most other countries in the region, does not have an expansive gas transmission and distribution network. Taking account of the country's existing energy strategy the exploitation and development of natural gas is foreseen. Supplies are likely to be supplied from LNG sources, potential new offshore exploitation and via the Ionian Adriatic Pipeline (IAP, subject to another WBIF grant, see WB5-REG-ENE-03). The latter is expected to bring gas to Montenegro by 2015. At the moment there are no concrete plans for the development of gas distribution systems and gas utilisation within Montenegro. This project responds to the need to identify infrastructure to enable effective gas use. It is an identification study which will define priority investment projects that are required to facilitate the gasification of Montenegro. It will also deliver the objectives of cleaner energy supplies with reduced CO₂ and greenhouse gas emissions by replacing the direct use of electricity for heating and cooling and the burning of, often dirty, coal for energy and heat.

The study will implemented in two phases. Phase I will cover the following:

- gas demand and supply assessment,
- intuitional and market review,
- tariff study,
- development of a master plan, and
- capacity building with training and consensus building.

Phase II will, on the basis of the gas development master plan, do an economic and financial analysis of the transmission and distribution pipeline development. The goal of the study will be gas transmission and supply tariffs that are acceptable to customers. The cost-benefit and economic assessment will attempt to identify and quantify the broader economic aspects of the gas project, including: employment, social impact, environmental impact (e.g. carbon credits), economic effects of the gas system delivering in comparison to other sources, effects on the local and regional economy and substitution of electricity and fuel oil by gas. The work will include an environmental and social screening assessment of the priority projects to highlight any significant barriers that may impede project implementation and will include a preliminary gap analysis of local legislation with respect to the IFI's (EBRD) performance requirements.

The project should bring many benefits: customers get a cleaner and more affordable supply of energy, through fuel switching from lignite and electricity to gas. In addition, the use of gas will provide opportunities for economic growth in the country, and may contribute to alleviating forthcoming energy shortages as demand for energy continues to increase.

Results and Benefits

- Enhanced energy security in the target country
- Improved the reliability and sustainability of energy supply
- Reduced greenhouse gas emissions by fuel-switching
- Reduced environmental degradation, pollution and health problems by fuel-switching
- Serving the objectives of the policy for a country that is environmentally friendly and where environmental protection and sound usage of resources is a first priority

- **Countries:** Montenegro
- **Code:** PRJ-MNE-ENE-005
- **Sector:** Energy
- **Lead IFI:** EBRD
- **Status:** Completed
- **Beneficiary:** Ministry of Economy