Nikšić, March 13th, 2017

**ANSWERS FOR BUSINESS & HUMAN RIGHTS RESOURCE CENTRE IN LONDON**

Dear All,

We appreciate that you gave us the opportunity to state our point of view. We are sending you the integral answer to your questions.

**Pljevlja lignite power plant - Unit 1.**

EPCG owns one coal fired power plant with a single lignite 218 MW Unit in Pljevlja and seven hydro power plants (approx. 650 MW of installed capacity).

Company has already submitted the request to obtain IPPC permit (in accordance with the Law on Integrated Pollution Prevention Control) because of our intention to reconstruct the existing Unit I until 2021, with relevant investments in environmental refurbishment. Decision has already been inserted in EPCG industrial plan with related important CAPEX; all the activities will be carried out to reach all parameters prescribed by EC regarding environmental protection, health, safety and social impact respects.

In particular, it is envisaged the following: construction of desulfurization and denitrification plants (DeSOx and DeNOx), total renewal of water treatment plants, improvement of existing electrostatic precipitator (ESP), which entered in full operation in 2012 and is already fulfilling the legal standards, in order to reach future even stricter ELVs and to remove dust from flue gas, asbestos removal from the existing facilities, predisposition of the unit for district heating, substitution of startup system in order to ensure lower emission during startup operations, refurbishment of the existing auxiliary boiler to reduce environmental impact and to serve as a backup of district heating system in case of main plant outages and other actions.

Also, the landfill will be totally revamped in line with the European standard and the whole exhausted area rehabilitated, in line with a step-by-step plan to recover all area after its utilization. Therefore, up to now we have already invested 12 M€ in the existing Unit I and we are in the process of designing works for ecological reconstruction where we have already planned to invest.

This investment is just and solely oriented to respect the environmental protection and it contributes to higher life standards in the municipality of Pljevlja in line with strict EU standards, without adding economic advantages to EPCG.

Furthermore, it is important to emphasize that by the Decision No. 2016/19/MC-ENC of the Ministerial Council of the Energy Community exemption of TPP Pljevlja Unit I from compliance with the emission limit values set by Directive 2001/80/EC of the European Parliament and of the Council has been authorized and accordingly TPP Pljevlja Unit I is enabled to operate additionally, during activities needed to develop design and implement rehabilitations as described in the previous paragraph.

**Project for 250 MW Pljevlja Unit 2 lignite fired construction**

EPCG is also scouting a new project of the second Unit that could be developed and constructed in line with EU existing valid legislation and standards and in total respect of all limits and requirements. We want to add that it also will be ready for future potential EU standards stricter than the existing ones.

Second Unit project is not only focused on TPP part, but EPCG as a social responsible company related to community and especially in respect to the municipality of Pljevlja, as for Unit I revamping and as a part of the construction of Unit II, is going to design and construct thermal power station to provide district heating to Pljevlja municipality (urban area) in order to reduce enormous number of individual and small collective coal fired (or from other polluting fuels) heating station which is actually one of the greater ecological problems of the municipality of Pljevlja.

By producing heating energy EPCG will directly contribute to environmental protection. All those projects have been already started and they are underway, expected to be fully closed until 2023.

With all those activities EPCG is strongly going to support the Government of Montenegro to finalize process of EU accession and to be fully compliant with EU regulations, also regarding thermal power plants and environmental aspects.

It should be clear from the above information that our Company has a plan to reduce emissions from coal plant and is strongly committed to improve quality of life of resident people with huge investments on the site, thus ensuring avoidance of harm to humans and environment, also granting job and welfare in the area of our Nation and not offering economical alternatives.

We hope that we have given relevant answers to your request and we are ready to give any further clarification if needed.

Best regards,

**MONTENEGRIN ELECTRIC ENTERPRISE AD NIKSIC**