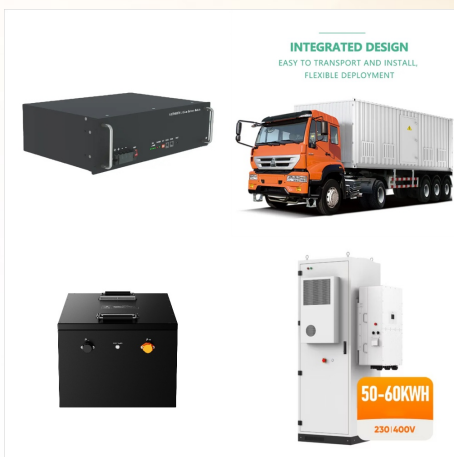
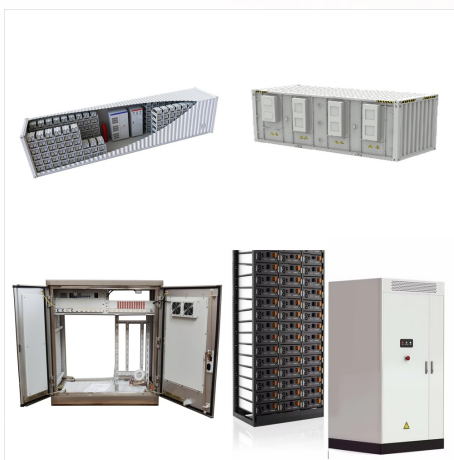




The grid section in Montenegro is a vital part of the corridor. The investments in Montenegro comprise the construction of a new 400 kV transmission line from Lasta to Pljevlja and then to the border with Serbia, including the construction of a new substation in Lastva, the grid connection from Lastva substation to the existing 400 kV Pod-



Electricity market organisation The electricity market in Montenegro is officially open from 1st January 2009. It consists of wholesale and retail markets. Established the model of the wholesale electricity market including: long-term - market based on bilateral contracts, in the medium term - the day ahead market,



The objective is to enhance Montenegro's grid capacity to integrate new renewable energy sources and reduce losses, contributing to Montenegro's commitment to achieving carbon neutrality by 2050.



The project contributes to the establishment of a Western Balkans regional electricity market through the creation of a 400 kV transmission corridor between Montenegro, Serbia and Bosnia and Herzegovina. The corridor would be further linked to the European Union via the Italy - Montenegro submarine cable.



"Trans-Balkan Electricity Corridor (I) - Grid Section in Montenegro - Part II" project is the second part of a larger project with the full title "Trans-Balkan Electricity Corridor (I) ??? Grid Section in Montenegro" that aims to increase the cross-border transmission of electrical energy between Montenegro and Serbia, domestic transmission



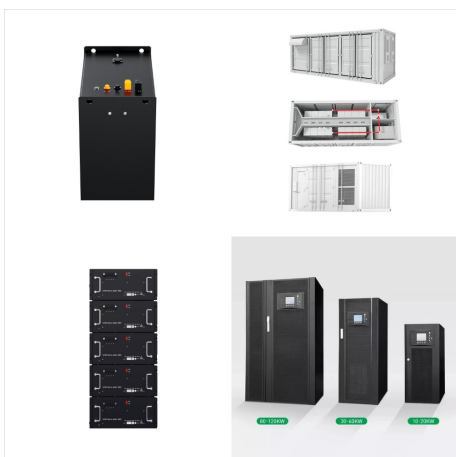
As part of the Trans-Balkan Electricity Corridor, one of the leading projects of the Economic and Investment Plan for the Western Balkans, the EU has provided 25 million EUR in non-refundable donations to Montenegro to improve the domestic transmission network, reduce transmission losses and disconnections, and lower electricity prices for



Montenegro TSO Crnogorski Elektroprenosni Sistem AD (CGES) has secured a grant of €950,000 (approximately \$995,771) to modernise the grid, including physical infrastructure upgrades and deployment of digital solutions.



According to latest analysis, the Montenegrin grid could integrate renewable power plants of as much as 1.5 GW in overall capacity, while further integration will require significant upgrades in the cross-border segment.



The grant aims to modernize the country's electricity infrastructure and facilitate the integration of renewable energy sources into the grid. The project will focus on upgrading and expanding the 225/110 kV Perucica substation and replacing two outdated transformers at the Pljevlja substation.



Investments in energy renovation and the electricity distribution grid are part of the project Decarbonization of the Energy Sector of Montenegro. Funds for its implementation will be provided from a EUR 31 million loan from the International Bank for Reconstruction and Development (IBRD) and EUR 2.8 million from the state budget.