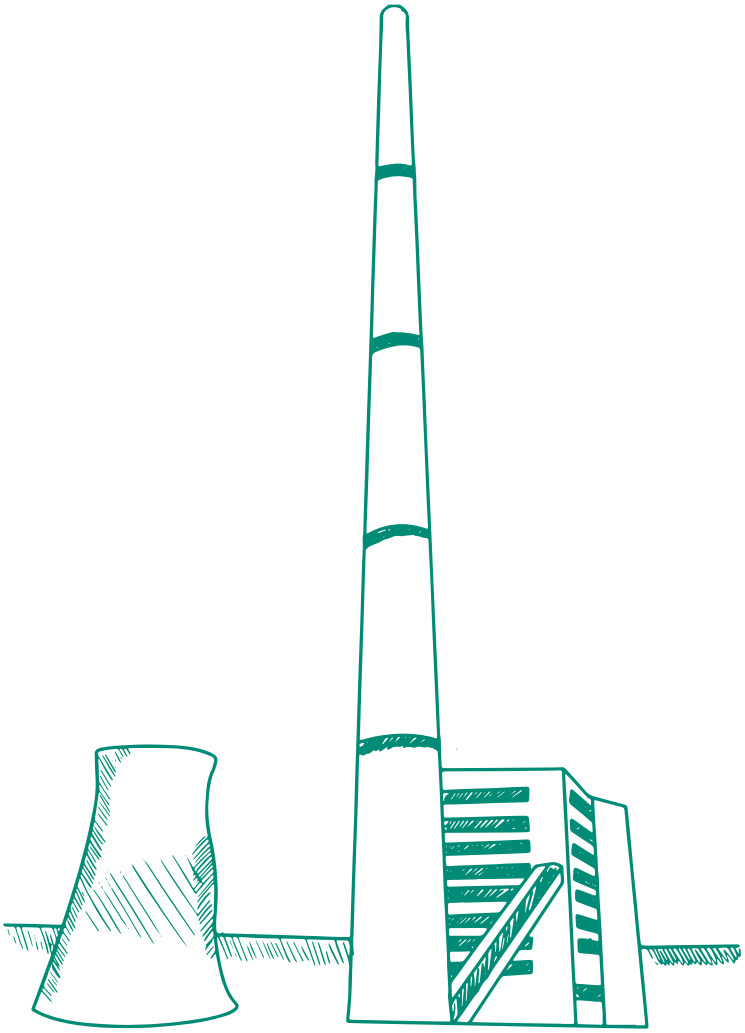
MONTENEGRO

Annual Implementation Report



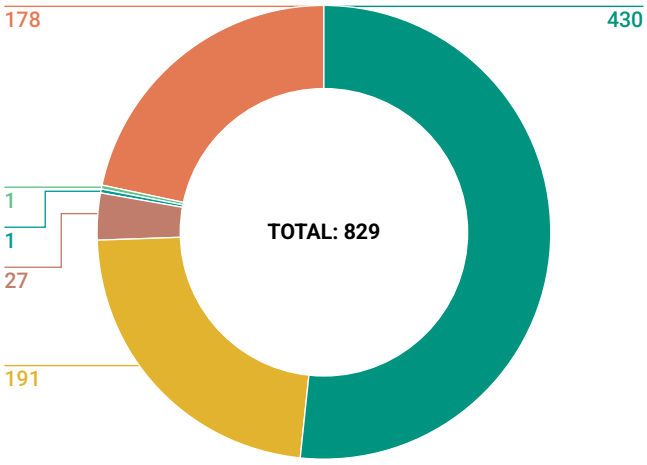
1 November 2025

Energy Community Secretariat

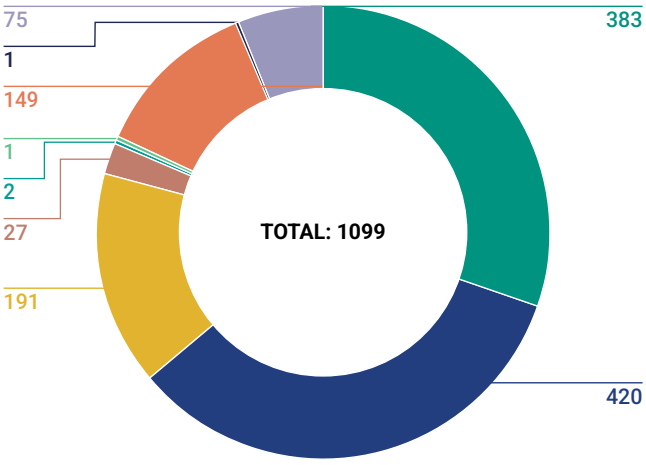
Implementation overview

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
Markets and integration	58%	To advance integration into day-ahead and intraday market coupling and European balancing platforms, Montenegro should promptly complete the remaining EIP transposition, followed by adoption of the by-laws necessary for implementation.
Decarbonising the energy sector	52%	Montenegro should urgently finalise its NECP and notify the Secretariat, adopt a long-term strategy with a 2050 climate-neutrality objective, adopt secondary legislation to fully transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, adopt 2030 energy efficiency targets and policy measures and finalise the quality control mechanism for issued energy certificates. It should complete revision of national MRVA regulations to ensure full compliance with Energy Community legislation, ensure adequate staffing in implementing institutions, and establish processes and tools for GHG monitoring and reporting.
Ensuring energy security	30%	Montenegro should complete the transposition of Regulation (EU) 2019/941, initiate preparation of a risk-preparedness plan and transpose Commission Regulation (EU) 2017/2196. It should regularly submit Security of Supply Statements to the Secretariat.
Improving the environment	60%	Montenegro should establish a clear EIA registry, improve access to environmental information and streamline other assessments with EIA. TPP Pljevlja should comply with the emission limit values of the IED for new plants. On-the-spot sampling and analysis of marine fuels at ports should be ensured.
Performance of authorities	78%	Montenegro should strengthen REGAGEN's financial independence, especially in staff remuneration. APC should be empowered to enforce competition and State aid rules. MONSTAT should continue enhancing efficiency through digitalisation and training.

2023 Fuel mix in primary production of energy (in ktoe)



2023 Gross available energy per product (in ktoe)



Source: Eurostat database

Solid fossil fuels · Natural gas · Oil and petroleum products · Hydro · Solar thermal · Solar photovoltaic · Primary solid biofuels · Charcoal · Wind · Pure biodiesels · Electricity · Biogases · Geothermal · Industrial waste · Non-renewable waste · Renewable municipal waste · Non-renew. mun. waste

OVERALL NUMBER OF CASES 2

Procedures under Article 91 EnCT

ECS-15/21 **environment**

ECS-10/24 **electricity**

Markets and integration
Montenegro

ELECTRICITY

58%

Wholesale market

48%

While Montenegro has not yet fully transposed the Electricity Integration Package (EIP), significant progress has been made. In March 2025, Parliament adopted the new Energy Law with the aim of transposing Directive (EU) 2019/944.The remaining legislative acts of the EIP are to be incorporated into the Montenegrin legal system through the Law on Cross-Border Exchanges in Electricity and Natural Gas and two governmental decrees. The draft is in the final stage of preparation, following the Secretariat's review, and is expected to be adopted by Parliament soon, followed by the adoption of the relevant governmental decrees.

Electricity is traded either bilaterally or on the organised market operated by the Montenegrin Power Exchange Ltd. (MEPX), which manages the long-term and day-ahead markets, while the launch of the intraday market is still pending. Since the go-live of the day-ahead market, the number of market participants has steadily increased, reaching 29 in 2025. In 2024, electricity traded on the day-ahead market accounted for approximately 12% of Montenegro's total electricity consumption, while the hourly price ranged from 0,00 to 950,40 EUR/MWh. The minimum and maximum price limits are set at 0,00 and 2.000 EUR/MWh, respectively; the minimum price limit has therefore been reached several times in 2024. In order to ensure that these limits do not impose barriers on free price formation, they are to be aligned with harmonised maximum and minimum clearing prices established by ACER. The minimum bid size on the day-ahead market is 100 kW, which is compliant with Regulation (EU) 2019/943. Trading on the day-ahead market can commence 45 days prior to the delivery day, with the gate closure time set at 10:15 market time day-ahead.

The long-term market operated by MEPX allows for electricity trades to be conducted for a period of at least seven days. The transmission system operator (TSO) and the distribution system operator (DSO) use this market to procure electricity for covering losses in accordance with transparent, non-discriminatory and market-based procedures, aligned with the requirements of Directive (EU) 2019/944.

In line with the applicable legal framework, balancing services in Montenegro are to be procured through an open and transparent public call, based on regulated balancing capacity prices and capped balancing energy prices. The annual balancing capacity price for 2025 is set by the regulatory authority 's decision, while the caps for balancing energy refer to HUPX day-ahead prices rather than being fixed. No prequalification process is in place for balancing service providers–only a former vertically integrated company is currently providing balancing services. The calculation of the imbalance settlement price is not fully consistent with the principles established by the ACER Decision on the Imbalance Settlement Harmonisation Methodology. Accordingly, certain aspects related to balancing market and imbalance settlement are not compliant with Regulation (EU) 2019/943 and Commission Regulation (EU) 2017/2195. Following adoption of the draft Law on Cross-Border Exchanges in Electricity and Natural Gas, the TSO and/or the delegated operator will be required to submit national terms and conditions or methodologies aligned with the provisions of these two regulations to the regulatory authority, the Energy and Water Regulatory Agency of Montenegro (REGAGEN), for approval.

Regulation (EU) 1227/2011, as adapted and adopted by the Ministerial Council of the Energy Community, was transposed into the Law on the Surveillance of the Wholesale Electricity and Gas Market in 2022 and has been implemented since then. Market participants in Montenegro are required to register in the central register operated by REGAGEN and report on their transactions monthly. To date, 84 market participants have registered. No investigation cases have been initiated by REGAGEN to date.

Retail market

78%

The retail market in Montenegro is fully liberalised and electricity prices are set freely by suppliers, in compliance with Directive (EU) 2019/944. Although there are seven licensed suppliers, EPCG, the former vertically integrated company, continues to supply the entire retail market. For several years, retail prices set by EPCG have remained unchanged for distribution system users. Despite a deregulated retail market, prices are currently not at a level that fosters competition. Despite a deregulated retail market, prices are currently not at a level that fosters competition. EPCG has also been appointed as the supplier of last resort and for vulnerable consumers until the end of 2025 by the Government, following the tendering process.

Aimed at alignment with Directive (EU) 2019/944, the new Energy Law sets out legal grounds to enable consumer empowerment and strengthen customer protection. Several new concepts were introduced to allow for active participation of customers in electricity markets, including active consumers, aggregation and citizen energy communities. Alongside that, the new Energy Law focuses on enhancing the transparency and comprehensiveness of information related to electricity supply, such as enabling households and microenterprises to easily compare offers from different suppliers and facilitating customer participation in demand response. However, adoption of the respective secondary legislation is necessary to enable the full implementation of these concepts and requirements.



ENERGY POVERTY

For the first time, the Energy Law defines energy poverty with a set of criteria for identifying energy-poor households. To implement this, the Government adopted a decree on detailed criteria for defining the status of energy-poor households, as well as the Decree on Electricity Supply for Vulnerable Customers in June 2025. A definition of vulnerable consumers also exists. However, there is no national target for reducing energy poverty.

Montenegro provides an electricity bill subsidy for vulnerable customers, including those who are socially vulnerable or have certain health problems, to help reduce their energy expenses. Vulnerable customers receive a 50% discount on their electricity bills, for 600 kWh of monthly consumption. Such households are also protected from electricity disconnection, especially during the winter period.

According to 2022 Eurostat data, 30,3% of the population had arrears on utility bills, 13,9% were unable to keep their homes adequately warm and 20,3% were at risk of poverty. Data from 2020 further show that 22,4% of the population lived in dwellings with leaks, damp or rot.

Unbundling

90%

CGES, the Montenegrin TSO, was certified under the ownership unbundling by the regulatory authority back in 2017. CGES is a member of the European Network of Transmission System Operators for Electricity. Although the Commission Regulation (EU) 2017/1485 has not yet been transposed in Montenegro, CGES, as a signatory to the Synchronous Area Framework Agreement for the Regional Group Continental Europe, already implements certain aspects of this regulation. CGES cooperates with the TSOs of Serbia and North Macedonia within the SMM load-frequency control block. The latest approved Ten-Year Network Development Plan (TYNDP) for the period 2023–2032 has been published on CGES's website, while its update for the period 2026–2032 is currently under review by the regulatory authority.

The DSO, CEDIS, has been unbundled from the vertically integrated company in terms of its legal form, organisation and decision-making. The compliance officer was appointed in 2024, and the compliance report for 2024 was published on CEDIS's website. The latest TYNDP, covering the years 2023–2032, was approved by the regulatory authority in 2022 and subsequently published. Currently, the updated TYNDP for the period 2026–2032 is under review by REGAGEN.

Access to the system

79%

Montenegro has ensured non-discriminatory and transparent third-party access to the transmission and distribution systems based on published tariffs, as required by Directive (EU) 2019/944. REGAGEN determines the network tariffs based on its tariff methodologies. The currently applicable transmission and distribution tariffs, set in 2022 and 2023, respectively, are adjusted in line with REGAGEN's decision of 2024. However, under the new Energy Law, REGAGEN will need to adopt new tariff methodologies to take new system users into account (such as energy storage and active consumers).

Three connection network codes were transposed into the Montenegrin legal system in 2019 by governmental decrees. However, their full implementation is pending.

Regulation (EU) 543/2015 is transposed by the Law on Cross-Border Exchanges in Electricity and Natural Gas and the Ministry's rulebook. The regulation is largely implemented; but the transparency and publication of balancing data should be improved.

Further integration into the single European market is contingent upon full transposition of the EIP. The adoption of the new Law on Cross-Border Exchanges in Electricity and Natural Gas is expected to facilitate further progress towards market integration. For now, the new requirements introduced by Regulation (EU) 2019/943—primarily the minimum 70% target and its monitoring—have still not been implemented.

Commission Regulation (EU) 2016/1719 has not yet been transposed in Montenegro, but some of its provisions have already been implemented. Forward capacity allocation is carried out explicitly through yearly and monthly auctions. SEE CAO performs cross-zonal capacity allocation on all borders except for the border with Serbia, based on Harmonised Allocation Rules, along with the specific annex. For the border with Serbia, yearly and monthly auctions are conducted by the Serbian TSO based on the common rules. CGES, together with the respective TSOs, intends to start using the Joint Allocation Office (JAO) services for cross-zonal capacity allocation on the borders with Italy and Serbia.

For the time being, day-ahead and intraday cross-zonal capacity is also allocated explicitly. Similar to forward capacity allocation, CGES uses SEE CAO's services for day-ahead capacity allocation on all borders, except for the border with Serbia, for which CGES conducts day-ahead auctions. Intraday capacity allocation is performed on all borders except the border with Italy, based on the first-come-first-served principle.

Although Montenegro has previously transposed certain parts of Commission Regulation (EU) 2015/1222, a solid legal basis for market integration will be established only after adoption of the Law on Cross-Border Exchanges in Electricity and Natural Gas. However, tangible progress has been made in terms of establishing regional cooperation. Activities within the Italy-Montenegro Capacity Calculation Region (ITME CCR) gained momentum, with the draft Common Capacity Calculation Methodology publicly consulted in June 2025 and expected to be finalised soon. Additionally, other TCMs for ITME CCR are being prepared. Recently, the draft Methodology for Coordinated Redispatching and Countertrading was sent informally to regulatory authorities for review. On the other hand, no progress was made regarding the operationalisation of the Shadow South-East Europe CCR. The proposal for the reconfiguration of this region has been submitted to ACER for approval as part of the All TSOs' proposal for the amendment of the CCR determination. The configuration of ITME CCR remained unchanged in the proposal.

MEPX was designated as a nominated electricity market operator (NEMO) by the Government in May 2024; however, its designation is yet to be confirmed after the transposition of the EIP and the verification of its compliance. The national legal monopoly model applies in Montenegro, as reported to the Secretariat in June 2023. CGES and MEPX have recently signed the third amendment to the Italian Borders Working Table (IBWT) operational agreement, thereby becoming project parties in the IBWT.

The transposition of Commission Regulation (EU) 2017/2195, which will establish a legal basis for joining the European balancing platforms, is still pending. CGES performs the imbalance settlement process with the Serbian TSO and exchanges balancing energy with neighbouring TSOs.

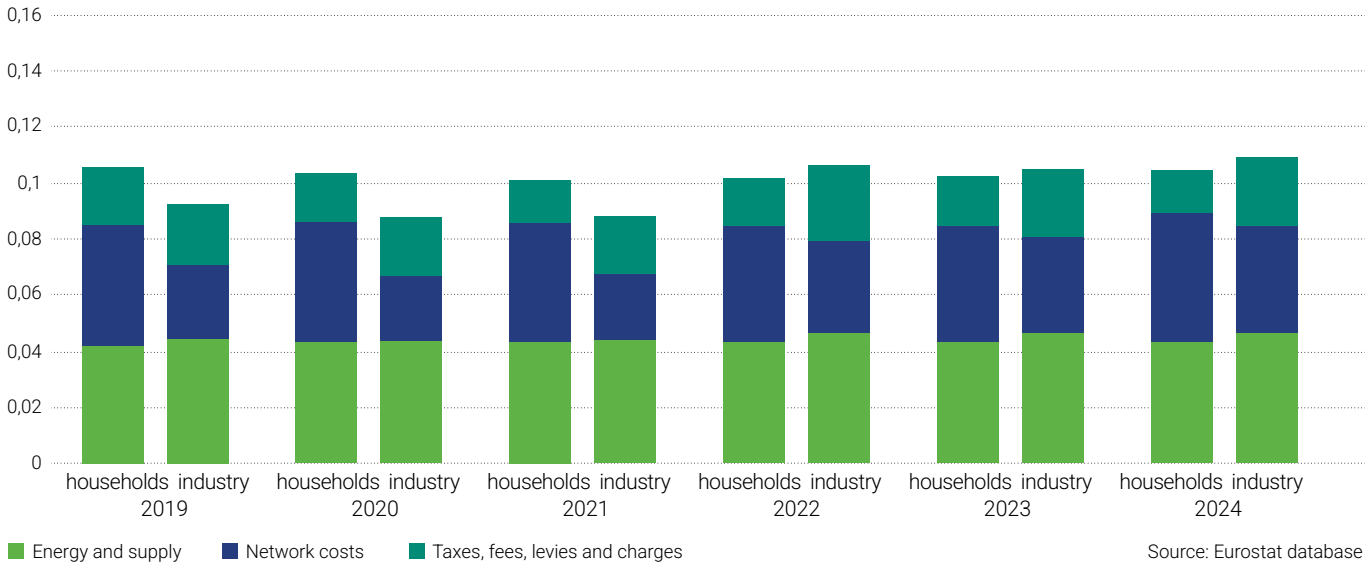
Montenegro is currently preparing the Law on Cross-Border Energy Infrastructure Projects to incorporate Regulation (EU) 2022/896 into the national legal framework. However, the deadline set by Ministerial Council Decision 2023/02/MC-EnC was not met. During the 2024 PECI selection process, two projects proposed by CGES were included in the final list adopted by the Ministerial Council in December 2024:

1) Increasing the capacity of the existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje–Perucica and

2) Trans-Balkan Electricity Corridor: Double OHL 400 kV Bajina Basta (RS)–Visegrad (BA)/Pljevlja (ME) (BA and ME sections).

Preparation for both projects is underway, with support from the EBRD and the WBIF. The construction of the Trans-Balkan Electricity Corridor section from Čevo to Pljevlja is expected to be completed by the end of this year.

Average annual prices of electricity for end users per component [EUR/kWh]



Source: Eurostat database

GAS

n.a.

Wholesale market

n.a.

Montenegro does not have a gas market. REMIT Regulation (EU) 1227/2011 is in place.

Retail market

n.a.

Despite the non-existent gas market, Montenegro has adopted the supply rules for natural gas.

Unbundling

n.a.

Montenegro's only applicable unbundling model for future gas transmission system operators is the ownership unbundling model. Montenegro Bonus has been designated by the Government as a future transmission system operator, with no steps taken in this regard for some years.

Access to the system

n.a.

No gas network exists in Montenegro. The Energy Law and the draft Law on Cross Border Exchange of Electricity and Natural Gas transpose the relevant articles to ensure third-party access, but transposition of the network codes is pending. The adopted tariff methodology for the transmission system is not compliant with the network code on tariffs.

Regional integration

n.a.

Montenegro has not transposed the old Regulation (EU) 347/2013. The revised Regulation (EU) 2022/869 is intended to be transposed through the Law on Cross-Border Energy Infrastructure Projects, which is currently under preparation.

Decarbonising the energy sector
Montenegro

ENERGY AND CLIMATE GOVERNANCE

24%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

15%

Montenegro failed to adopt and notify the Secretariat of its National Energy and Climate Plan (NECP), representing a breach of its obligation under Article 3 of Energy Community Governance Regulation.

Within the framework of biennial integrated progress reports, the authorities of Montenegro did not submit information for any of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

0%

Montenegro has not defined the 2030 climate target (2,42 $MtCO_2eq$) in its national legislation and its NECP remains to be finalised. The binding 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.

2030 GHG Target*
-55,0%

National Systems for Greenhouse Gas Emissions and Climate Reporting

55%

The legal basis for a national greenhouse gas (GHG) inventory system, along with a partial legal basis for a national system for policies and measures and projections, is provided in the Climate Law adopted in 2019, which is currently being updated.

Climate reporting obligations have only partially been transposed into legislation and the ongoing update of the Climate Law provides a good opportunity to address transposition gaps.

Montenegro has shown some progress in climate reporting, as the GHG inventory was submitted–albeit after the deadline–in line with the adapted Governance Regulation. However, information on policies and measures (PaMs), approximate GHG inventories, carbon pricing revenues, the national system for PaMs and national emission projections still need to be submitted via the Reportnet system.

Long-term Strategy (LTS) and Climate Neutrality

25%

The legal basis for a long-term strategy has been partially established through the Climate Law of 2019, and the ongoing update of the Climate Law provides an opportunity to address transposition gaps, including the 2050 climate neutrality objective. In addition, Montenegro is currently working on a draft long-term strategy, providing another opportunity to incorporate the 2050 climate neutrality target, in line with the Energy Community 2050 climate neutrality objective. The long-term strategy should also contain the elements as laid out in the adapted Governance Regulation.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community

RENEWABLE ENERGY IMPLEMENTATION 55%

2030 Renewable energy targets 0%

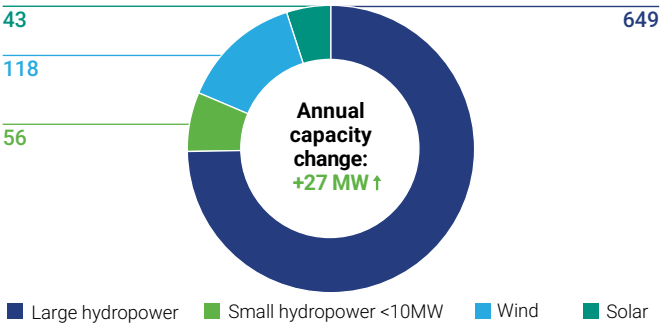
The overall target has not been established in the relevant laws and the final NECP has not been notified. The draft NECP sets a 2030 renewable energy target of 53% of gross final consumption, in line with the 2030 target set by the Energy Community. The sectoral targets are 79,4% for electricity, 24,4% for transport and 48,8% for heating and cooling. The target of a 1,3 percentage-point annual increase in the share of renewable energy in heating and cooling, as defined in the Renewable Energy Law is aligned with Article 23 of Renewable Energy Directive (REDII).

2030 RES Target
50,0%

Quality of support scheme 70%

In August 2024, Montenegro adopted its first standalone Renewable Energy Law, establishing the foundation for a market-based support scheme in alignment with REDII requirements. Montenegro has adopted auction rules, and launched the first renewable energy auction for 250 MW of solar capacity in July 2025. None of the cooperation mechanisms (statistical transfer, joint projects, and joint rules and schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): 866

Source: Ministry of Energy and Mining

Self-consumption and energy communities 75%

The Renewable Energy Law expanded the existing self-consumption scheme by introducing net metering for consumers with an installed capacity of up to 16 kW, net billing for those with an installed capacity of up to 50 kW, and a commercial scheme for consumers with capacities exceeding 50 kW. The adoption of the Renewable Energy Law also enabled establishment of renewable energy communities in accordance with REDII requirements. The next step is to adopt the necessary secondary legislation and establish the first renewable energy communities.

Guarantees of origin 80%

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for Montenegro and became operational under the market operator in July 2024. The Renewable Energy Law incorporated the necessary legal provisions for issuing GOs for all types of energy carriers, including renewable gas, as well as for heating and cooling.

Sustainability criteria for biofuels, bioliquids and biomass fuels 49%

The Renewable Energy Law establishes the legal basis for obliging fuel suppliers to place renewable energy fuels on the domestic market and to comply with sustainability and GHG emission savings criteria for biofuels, bioliquids and biomass fuels. It defines key terms and requires that the relevant ministries and the Government specify detailed criteria and veri-

fication procedures through secondary legislation. Once the remaining secondary legislation has been adopted and implemented, the national framework will be fully aligned with REDII requirements.

Renewable energy in heating and cooling

70%

Montenegro has established a solid legal framework for promoting renewable energy in the heating and cooling sector through adoption of the Renewable Energy Law, which fully transposed Articles 23 and 24 of REDII. The draft NECP indicates that sectoral policies and measures mainly aim to reduce overall heat demand, in turn lowering the use of biomass. While this supports sustainability objectives, it also leads to a declining share of renewables in the sector. The adoption of additional supply-side measures remains crucial to offset the reduction in biomass and ensure the necessary growth in renewable heat generation.

ENERGY EFFICIENCY IMPLEMENTATION

78%

2030 Energy efficiency targets and policy measures

47%

The targets have not been established in the relevant laws and the final NECP has not yet been notified. The 2022 amendments to the Law on Efficient Use of Energy transposed the provisions of the 2018 Energy Efficiency Directive (EED) and established an important legal basis for setting 2030 energy efficiency targets and for integrated planning. During the reporting period, Montenegro made good progress in implementing sectoral energy efficiency policies and measures, particularly in the buildings sector.

2030 EE PEC Target
0,92 Mtoe

2030 EE FEC Target
0,73 Mtoe

Energy efficiency in buildings

98%

Buildings are the largest energy-consuming sector in Montenegro, accounting for 48% of final energy use in 2023, with residential buildings contributing 33%.

Following the adoption of a new regulation and the launch of a functional Energy Performance Certification system in 2024—also marking Montenegro's first achievement in the "Energy and Green Transition" policy area under the Reform and Growth Facility for the Western Balkans—the focus shifted to implementation in 2025. By December 2024, the Ministry of Energy had established a national registry of issued energy certificates and reinforced capacities through completed training programmes. A new training call was opened in January 2025. Montenegro is currently developing an independent quality control system for Energy Performance Certificates, supported by the Regional Energy Efficiency Programme.

Another key achievement was the finalisation of the Long-term Building Renovation Strategy, prepared as a technical study in line with the Law on Efficient Use of Energy and published by the Government in June 2025. The strategy is expected to be integrated into the forthcoming NECP.

Energy efficiency scheme and financing

69%

In the previous period, Montenegro opted for alternative measures to achieve the energy saving target under Article 7 of EED. The package of alternative measures was integrated into the National Energy Efficiency Action Plan. These should now be incorporated into the 2030 framework, and appropriate policy measures should be defined as part of the NECP.

In 2025, Montenegro advanced its energy efficiency financing through targeted programmes and public calls coordinated by the Environmental Protection Fund (Eko-fond). In February 2025, EUR 2,5 million in subsidies was awarded to 15 hotels under the national programme for energy efficiency in the tourism sector. In May, households were invited to apply for grants supporting thermal insulation, efficient heating systems and renewable energy installations; and in October, retail companies were engaged to support appliance replacement schemes, offering subsidies to citizens exchanging old household appliances for high-efficiency models.

Implementation of the Government's 2024–2026 plan for renovating central-government buildings continued, supported by funding from KfW, EU/Regional Energy Efficiency Programme (REEP) grants, the World Bank and the national budget.

Energy service company (ESCO) contracts remain established in the legal framework, and in June 2025, a new decree was adopted defining criteria for identification of energy-poor households—laying the groundwork for targeted energy efficiency support programmes.

Energy efficiency products - labeling

98%

Montenegro has completed the adoption of a comprehensive package of updated energy labelling rulebooks, which were incorporated into the Energy Community's legal framework by the 2022 Ministerial Council Decision.

In 2025, further alignment with new EU regulations continued through the adoption of rescaled energy labels and new rulebooks for air-conditioners (February), smartphones and slate tablets (April) and household tumble dryers (June).

To ensure full implementation and enforcement, sustained engagement from market surveillance authorities remains essential—particularly in applying the newly adopted labelling rules.

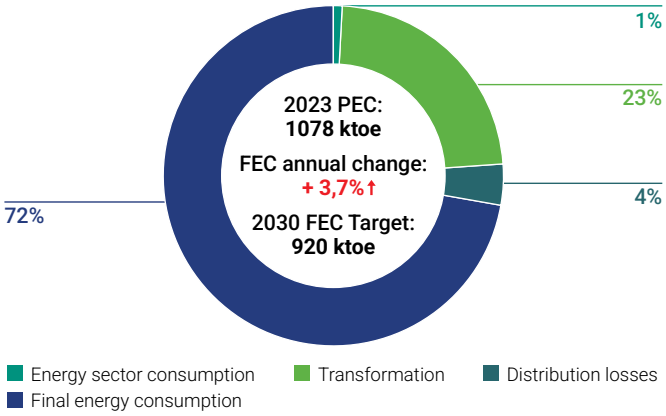
Efficiency in heating and cooling

80%

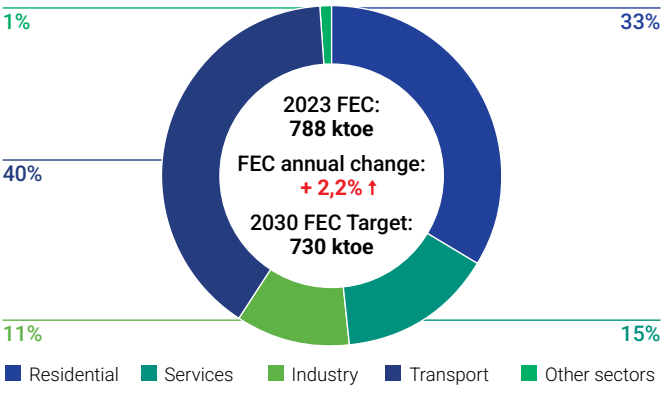
Montenegro has marked a significant milestone by finalising its comprehensive assessment of the potential for efficient heating and cooling and notifying the Secretariat. The legislative framework for heat metering and consumption-based billing has been transposed and is in place. Measures for improving heating systems, alongside other interventions, were introduced under the large-scale public buildings renovation programme and are planned for implementation in the coming years. With the comprehensive assessment in place, the focus now shifts to implementation and mobilising investment to realise the identified opportunities.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,25 ktoe/mil EUR, - 2,7% ↓

Source: Eurostat database, draft NECP and 2022 Ministerial Council Decision

EMISSION TRADING SCHEME
(MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

49%

Foundations, institutions, permits

53%

Montenegro started implementing a national emissions trading scheme based on the EU ETS Directive in 2019. Some of the required definitions and the obligation to obtain a permit with a monitoring plan have been introduced into the national legal system. In addition, a basic compliance regime based on financial fines for non-compliance was introduced. However, the scope of the national emissions trading scheme is limited to selected activities and only covers CO_2 emissions. A draft update to climate legislation has been prepared and is being processed to align the national system with the requirements of the Energy Community acquis, but this has not yet been completed.

Monitoring and reporting

66%

Montenegro has transposed a large part of the Monitoring and Reporting Regulation for the purpose of operating the national emissions trading scheme including definitions, monitoring plan provisions and specific monitoring methodologies. However, in the transposition process, some conceptual elements such as reporting of improvements, sustainability criteria for biomass, transfer of CO_2 and N_2O, and monitoring methodologies for the aviation sector were omitted. Others elements were simplified, such as calculation of unreasonable costs, data management and control activities by operators, and determination of emissions by competent authorities. Deadlines for submitting permit applications have been set out in the legislation and corrective actions for not submitting the annual emissions report have been implemented. An update to national monitoring and reporting regulations is planned following completion of the work on updating the general climate legislation.

Verification and accreditation

28%

The obligation to submit annual emission reports verified by accredited verifiers is included in the national legislation. Elements of the Accreditation and Verification Regulation, such as definitions and principles, along with steps and processes associated with the verification of GHG emissions, have been transposed into national legislation. However, the detailed requirements for verifiers and the requirements for the accreditation process, including assessment, surveillance, scope of accreditation and administrative measures, have not been implemented. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation.

Ensuring energy security
Montenegro

ELECTRICITY SECURITY OF SUPPLY

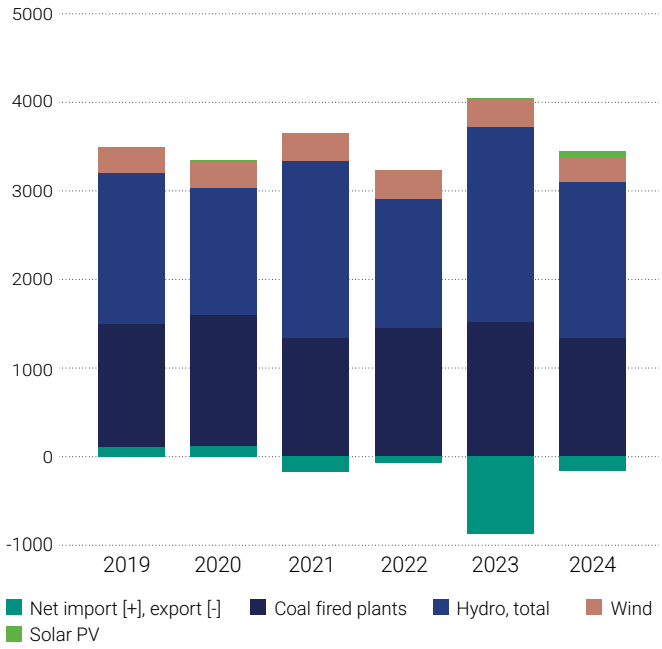
33%

Montenegro aims to transpose Regulation (EU) 2019/941 through its Law on Cross-Border Exchanges in Electricity and Natural Gas, according to the draft reviewed by the Secretariat in August 2025. The draft designates the Ministry of Energy and Mining as the competent authority for risk preparedness. The same draft law also transposes certain articles of Regulation (EU) 2017/2196, while full transposition is to be completed through a secondary act.

Montenegro does not provide the Security of Electricity Supply Statements to the Secretariat, and is therefore not in compliance with Article 29 of the Treaty.

A new Law on Information Security, transposing the NIS2 Directive (EU) 2022/2555, was adopted in November 2024. This law prescribes information security measures to ensure the highest level of security of the network and information systems, including cybersecurity, designation of key and important entities, cybersecurity management and other issues of importance for information security. The law envisages the establishment of a cybersecurity agency, which—together with CIRT—will be the leading organisation for safeguarding cyberspace in Montenegro. A cybersecurity strategy for 2022—2026 is in place.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Energy and Mining, compiled by the Energy Community Secretariat

GAS SECURITY OF SUPPLY

n.a.

Montenegro is exempted from transposition of the Security of Gas Supply and Storage Regulations.

OIL SECURITY OF SUPPLY

23%

The Government of Montenegro approved the draft Law on Supply of Petroleum Products in June 2024, which was adopted by Parliament in December of that year. To fully implement the Directive, two by-laws were adopted in 2025: the Rulebook on the Method of Calculation and Payment of the Fee for Emergency Stocks of Petroleum Products and the Rulebook on the Form and Methodology for Calculating Emergency Stocks of Petroleum Products, including an amendment to the regulation on how to determine maximum petroleum product prices.

In December 2024, the Government adopted the Action Plan for Establishing Emergency Oil Stocks in Montenegro, fully aligned with the law. It is intended to serve as the baseline for establishing emergency stocks within the proposed deadlines (2029: base case; 2027: alternative case). According to the 2025 plan adopted in July, the first quantities of reserves are expected by the fourth quarter. Montenegro also intends to implement its crisis plan this year to address potential disruptions in the supply of oil derivatives. By 2029, the country aims to build up 112.340 tonnes of mandatory oil reserves, half of which will be managed by the Hydrocarbons Administration, with the remainder held by major importers. The process is expected to begin in late 2025, once storage facilities in Bar and other locations have been upgraded, although delays are possible. In the mean-

time, reserves will be leased abroad and, if planned purchases go ahead, Montenegro could meet two-thirds of its obligations by the end of the year.

In February 2025, the Government introduced a fuel charge of 0,03 EUR/litre to fund the reserves. This fee will remain in place until 2029, after which it is expected to be reduced to 0,02 EUR/litre to cover maintenance costs.

Reporting of MOS Oil data remains only partially complete, although the monthly Crude Oil Import and Supply (COIR) questionnaire continues to be submitted.

Improving the environment
Montenegro

Environmental assessments

67%

Montenegro's national legal framework is aligned with the Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) Directives. However, Montenegro has repeatedly failed to provide information on energy projects that were screened and subsequently underwent an EIA. This persistent gap suggests the absence of a registry or other practical mechanisms for transparent reporting and tracking of EIA procedures. Montenegro reported that the EIA is embedded across sectoral legislation, including the Law on Nature Protection (covering appropriate assessment, EIA and SEA), the Law on Water (SEA) and the Law on Construction of Structures (building permits and EIA). The EIA process is integrated within an institutional one-stop shop framework for development consent, under which obtaining an EIA approval (consent) is a mandatory precondition for the issue of a building permit. No updates were provided regarding the EIA for the Komarnica HPP project, located within a candidate Emerald Site, and the Dragišnica and Komarnica Nature Park. The EIA process remains incomplete and has effectively stalled. As a result of the cross-border dialogue between Montenegro and Bosnia and Herzegovina, facilitated by the Secretariat, a new transboundary EIA procedure was initiated for the Buk Bijela HPP project, in accordance with the agreed roadmap.

PERMIT STATUS:

Streamlined assesments initiated

Montenegro has been informed of the process through its designated transboundary focal points. During the reporting period, concerns were raised regarding the adoption of Montenegro's National Spatial Plan without an accompanying SEA report. The plan designates specific areas for renewable energy development without establishing adequate measures to mitigate potential environmental impacts. Furthermore, the plan underwent substantial revisions following the SEA consultation process, requiring corresponding updates and improvements to the SEA documentation that were not carried out. The drafting of Montenegro's NECP continues to face delays, with slow progress on the SEA process. The NECP is planned to be adopted by the end of 2025. This lack of coordination undermines the credibility, transparency and overall quality of the plan's development.

Large combustion plants

33%

Montenegro complied with its reporting obligations for the 2024 reporting year. The reconstruction of TPP Pljevlja was still not completed in the 2024 reporting year, and the plant remained in operation despite the expiry of the opt-out period and the clear breach of the Large Combustions Plants Directive. The Secretariat referred the issue to the Ministerial Council in July 2023; however, the opinion of the Advisory Committee was not delivered until November 2024, hindering the adoption of a Ministerial Council Decision at its 2024 meeting. The reconstruction is expected to bring the plant into compliance with the emission limit values for new plants under the Industrial Emissions Directive. Despite a reduction of all pollutant emissions in the 2024 reporting year, compliance is still not within reach.

Installations under the Large Combustion Plants Directive

1 of plants falling under the LCPD

1 of which opted out plants

0 of which plants falling under the NERP

Source: compiled by the Energy Community Secretariat

Total emissions from Large Combustion Plants in 2024*



Total SO_2 emissions from LCPs in 2024

39.140

-11,1% ↓



Total NO_x emissions from LCPs in 2024

3.682

-7,5% ↓



Dust

Total dust emissions from LCPs in 2024

793

-29,8% ↓

* expressed in tonnes

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

93%

Montenegro transposed the provisions of the Sulphur in Fuels Directive, including those on marine fuels, into national law. The annual fuel quality monitoring programme regulates sampling and analysis of the fuels concerned and is implemented according to the frequencies set out in the programme, adopted in June 2025. Regarding sampling for marine fuels, controls are carried out at the suppliers of these fuels. Therefore, on-the-spot analysis for seagoing ships is still not foreseen and the burden of implementation remains with the competent authorities for this category of fuel users.

Nature protection

53%

During the reporting period, Montenegro adopted a regulation on the list of habitat types, priority habitat types and lists of plant and animal species, including bird species and species for which protected areas are designated, in line with the Law on Nature Protection. This represents an important step towards strengthening the country's biodiversity protection framework and ensuring alignment with the Wild Birds Directive and the Habitats Directive. The Government's work programme also foresees the adoption of a national action plan to combat the illegal killing, taking and trade of migratory birds, expected by the end of the third quarter of 2025. Montenegro has continued to update its red lists of nationally protected species. The Red List of Birds was adopted in January 2022, followed by the Red List of Butterflies in July 2023 and the Red List of Amphibians and Reptiles in August 2023. These lists provide key data for assessing species' conservation status and guiding national biodiversity protection measures.

No progress was reported on the draft revision studies for 20 protected areas and for the Durmitor, Skadar Lake and Lovćen national parks. While local initiatives to protect areas such as the Đalovića Gorge and the Ćehotina River have been launched, effective management and protection measures for other ecologically valuable sites, including the Cijevna and Zeta Rivers, remain absent.

Environmental liability

80%

The Environmental Liability Directive has been transposed into national law, and mandatory insurance is required for the activities listed in the Law on Environmental Liability. Operators of activities covered by the law must have financial security—such as insurance or another appropriate financial instrument—to cover liability for environmental damage and the imminent threat of such damage.

Performance of authorities
Montenegro

REGULATORY AUTHORITY

80%

Legal set-up and independence

The designation and independence of the Energy and Water Regulatory Agency of Montenegro (REGAGEN) are governed by the new Energy Law, effective from 27 March 2025. The law is aimed at transposition of the Directive (EU) 2019/944 and introduced a number of new regulatory tasks for the purpose of aligning the duties and obligations of the regulator with the Electricity Integration Package (EIP).

REGAGEN operates as a standalone, non-profit organisation, legally and functionally independent of state authorities and energy entities. The REGAGEN board consists of a president and two members, appointed by the Parliament of Montenegro for a five-year mandate, with a maximum of two terms allowed. The selection process is carried out through a public competition and must include the conditions and criteria for candidate selection. However, the Secretariat questioned the criteria under which Parliament conducted the selection process of new board members in 2025. Dismissal of board members before expiration of their mandate is permissible only in limited cases specified by the Energy Law. The new president and board members of REGAGEN were appointed by the Parliament in 2025.

REGAGEN is empowered to make autonomous decisions, which are subject to administrative dispute in a form of judicial review. Any dissatisfied party has the right to appeal to the Administrative Court within 20 days, as prescribed by the Law on Administrative Procedure. REGAGEN regulates electricity, natural gas, oil and derivatives. REGAGEN also regulates public water supply and municipal wastewater management services, including approving prices and licences.

REGAGEN is financed through fees from regulated companies. Although the agency manages its funds independently once approved, the overall framework for spending, including planned personnel costs, is subject to parliamentary approval. The agency's financial plan must be approved by the Parliament. No delays were experienced in adoption of the 2025 Financial Plan. For 2026, REGAGEN board adopted the financial plan together with the work plan on 26 September 2025.

REGAGEN supervises energy entities for licence compliance, issuing warnings, orders and penalties. Key actions include issuing penalties for non-compliance, adjustments to regulatory allowed revenues and prices based on compliance reviews and revoking licenses temporarily or permanently for non-compliance.

REGAGEN has significant control over defining its internal structure in its statute, which is adopted by the REGAGEN board. However, REGAGEN and other regulators have been included in the Public Sector Salaries Law since 2016, which requires that the salaries of REGAGEN employees and members of the board be in line with the general salary rules applicable to public service in Montenegro. This has led to a significant reduction in employee salaries, below those in the energy industry, and has limited REGAGEN's ability to attract and retain qualified regulatory staff.

REMIT secondary legislation is in place. However, no investigations, decisions or sanctions related to REMIT breaches were initiated during the reporting period.

Activities in the reporting period

In the electricity sector, between February and July 2025, REGAGEN adopted rules for transmission and distribution investment plans, amended the tariff methodology for TSO, DSO and CO-TEE fees, reviewed utility price proposals, and approved a management improvement plan focusing on strategic development and data protection.

The new Energy Law and Law on the Use of Renewable Energy initiated comprehensive rulemaking, aimed at modernising Montenegro's energy market and aligning it with EU directives. REGAGEN adopted the rules on guarantees of origin and the direct line charges, both on 8 July 2025.

REGAGEN also cooperated intensively with Italian regulator (ARERA), Terna and CGES on setting up the regulatory framework for the ITME CCR. In the gas sector, REGAGEN issued 18 licences for natural gas and oil derivatives and adopted direct line rules in July and the Regulatory Chart of Accounts in September 2025.

COMPETITION AUTHORITY

51%

Legislative framework

Montenegro's Law on Protection of Competition contains a prohibition of anti-competitive agreements and concerted practices as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. A number of pieces of secondary legislation and guidelines exist, such as on vertical block exemption and horizontal block exemption (and category-specific exemptions). Amendments to the law are under preparation to strengthen the authority's enforcement powers and independence. The adoption of these amendments should be a priority for the upcoming period.

Institutional framework

The Law on Protection of Competition establishes the Agency for Protection of Competition (APC) as the authority responsible for the protection of competition. The APC consists of three commissioners, supported by 25 staff members.

The APC has very limited powers (to be rectified by the proposed amendments): it lacks investigative powers to conduct unannounced inspections at companies and private premises and to conduct interviews, and it does not have the power to impose fines. However, it can order cessation of illegal practices and impose remedies.

Implementation

Due to the limited powers of the APC, its activities in the energy sector in the reporting period were limited:

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	0
Leniency applications	0
Opening of investigation	0
Decisions on anti-competitive agreements and concerted practices	1
Decisions on abuse of dominance	0
Sector inquiries and market studies	0

The APC's single decision in the reporting period was related to concerted pricing behaviour of two oil companies for LPG fuel.

STATE AID AUTHORITY

54%

Legislative framework

Montenegro's system for State aid control is governed by the Law on State Aid Control, which was adopted in July 2025. The law contains a general prohibition of State aid and establishes grounds for compatibility, largely in line with the Energy Community acquis. Additionally, secondary acts are in place, providing guidance on specific processes and types of aid.

Institutional framework

The Agency for Protection of Competition (APC) is the national authority responsible for enforcement of the State aid prohibition. Currently four experts are working on State aid matters. The APC has the power to investigate (including requesting information) and assess potential State aid measures and to authorise aid or order recovery of unlawful aid.

Implementation

Despite these powers, the APC's activities in the energy sector during the reporting period were limited to the authorisation of one State aid measure. The APC's decision concerned support for solar power plants in the form of a market premium, which was not considered to constitute State aid due to the competitive procedure used to select the beneficiaries.

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	0

The APC's single decision in the reporting period was related to concerted pricing behaviour of two oil companies for LPG fuel.

STATISTICAL AUTHORITY

100%

The Statistical Office of Montenegro (MONSTAT) is responsible for compiling, processing and reporting national energy statistics. Annual questionnaires—including SHARES, biomass and disaggregated data on energy consumption in households, industry, transport and services–are submitted to Eurostat on time and without significant issues. Eurostat has not raised any major queries, confirming the overall reliability and completeness of the reported data. Preliminary 2024 data were also transmitted on schedule through mini questionnaires, maintaining the continuity of reporting.

Monthly reporting remains consistent and in line with Eurostat requirements. Data on oil, coal and electricity are regularly transmitted, while gas-related questionnaires are not applicable, as Montenegro does not have an operational gas market.

Electricity price statistics for both households and industry, disaggregated by consumption band and taxation level, are reported regularly and accompanied by the required quality reports, ensuring full methodological alignment with the energy statistics acquis.

Overall, MONSTAT demonstrates a high level of compliance with the Energy Community energy statistics acquis. Reporting is timely, comprehensive and of consistently high quality. Looking ahead, further progress could be achieved through greater digitalisation and automation of data collection and validation processes, along with regular staff training to sustain data quality, improve efficiency and ensure continuous alignment with evolving Eurostat standards and methodologies.

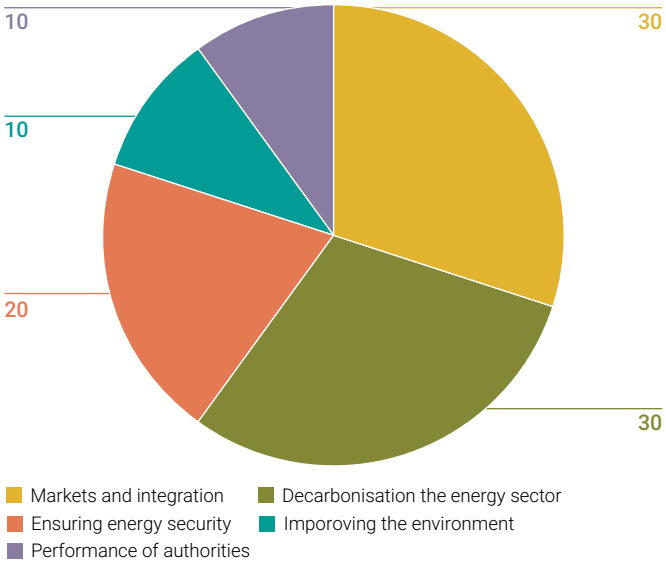
Methodology

Background

For its assessment underpinning the findings of this report, the Secretariat used specific indicators for the assessment of implementation, and a methodology to calculate the summary indicators and the overall implementation score.

The implementation indicator tables are based on a methodology quantifying the Contracting Parties' success in transposing and implementing the acquis and having in place effective institutions. It is based on standardised assumptions and evaluations, cases under the Energy Community's dispute settlement mechanism, country missions, review of legislation, market analysis, expert interviews and desk research. The quantification of all figures used to measure implementation was performed by experts of the Energy Community Secretariat.

The final dataset entailed more than 2.000 individual values that were used to produce 40 key implementation indicators across the areas of work assessed by this Implementation report. To underscores the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report groups the 40 indicators in five clusters.



In 2025 the weighting of the five clusters remains unchanged, allowing for clearer identification of improvements and trends over time.

Implementation assessment

The implementation assessment is based on a system of performance indicators aggregated at several levels.

A total of **40 implementation indicators** agregated per each Contracting Party across the areas of work: electricity, gas, oil, governance and climate, renewable energy, energy efficiency, emission trading scheme, environment, climate, including national regulatory, competition, State aid and statistics authorities. Aggregation is based on the weighting explained in the table below, and results presented for each Contracting Party (chapters 6-14);

Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (18 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

Summary indicators – the overall implementation score for each Contracting Party and overall (average) implementation score for the Energy Community calculated based on the weighting explained in the table below, and presented on page 8.

All of the values are normalised to percentages between 0% and 100%, where 100% implies full implementation.

For the Contracting Parties where certain indicators are not applicable (for example due to the lack of a gas market in Kosovo* and Montenegro), these indicators were not taken into account in the overall score, but the remaining indicators were increased in weight, where justifiable.

To sharpen the reporting and evaluation focus, one decarbonisation indicator (governance and climate) was removed from the 2025 assessment.

DISCLAIMER

The present assessment is not designed to be a comprehensive study of the legislative and institutional framework or law-enforcement in the Contracting Parties, but rather serve as a succint overview. In no way it should be relied upon for the purposes of adoption of any investment/business decisions or policy-making.

Implementation indicator structure and weighting

Indicator name	Indicator weight
Overall Implementation Indicator	**1,00**
1 Markets and integration	**0,30**
1.1 Electricity	**0,50**
Wholesale market	0,20
Retail market	0,20
Unbundling	0,10
Access to the system	0,20
Regional integration	0,30
1.2 Gas	**0,50**
Wholesale market	0,20
Retail market	0,20
Unbundling	0,25
Access to the system	0,25
Regional integration	0,10
2 Ensuring energy security	**0,20**
Electricity	0,04
Gas	0,04
Oil	0,02
3 Decarbonising the energy sector	**0,30**
3.1 Governance and climate	**0,30**
National Energy and Climate Plans (NECPs)	0,25
Greenhouse gas 2030 target	0,25
National systems for climate reporting	0,25
Long-term strategy and climate neutrality	0,25
3.2 Renewable Energy	**0,30**
2030 renewable energy targets	0,20
Quality of support schemes	0,20
Self-consumption and energy communities	0,15
Guarantees of origin	0,15
Sustainability criteria for biofuels, bioliquids and biomass fuels	0,15
Renewable energy in the heating and cooling sector	0,15
3.3 Energy Efficiency	**0,30**
2030 energy efficiency targets and policy measures	0,20
Energy efficiency in buildings	0,20
Energy efficiency scheme and financing	0,20
Energy efficient products - labelling	0,20
Efficiency in heating and cooling	0,20
3.4 Emission Trading Scheme (Monitoring, Reporting, Verification and Accreditation)	**0,10**
Foundations, institutions, permits	0,33
Monitoring and reporting	0,33
Verification and accreditation	0,33
4 Improving the environment	**0,10**
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)	0,30
Sulphur in fuels	0,15
Large combustions plants and industrial emissions*	0,30
Nature protection	0,15
Environmental liability	0,10
5 Performance of authorities	**0,10**
Regulatory authority	0,60
Competition authority	0,10
State aid authority	0,10
Statistical authority	0,20

* in the case of Albania, the "Large combustions plants and industrial emissions" indicator is omitted from the final result as the Contracting Party does not have any plants in operation