



RECOMMENDATIONS 1/2025

BY THE ENERGY COMMUNITY SECRETARIAT

**ON THE DRAFT INTEGRATED NATIONAL ENERGY AND
CLIMATE PLAN OF MONTENEGRO**

Energy Community Secretariat

Recommendations

on the draft integrated National Energy and Climate Plan of Montenegro covering the period
2025-2030

Whereas:

- (1) Pursuant to Article 9(1) of the [Energy Community Governance Regulation](#)¹ (“Governance Regulation”) each Energy Community Contracting Party (“Contracting Party”) is obliged to prepare and submit to the Energy Community Secretariat (“Secretariat”) a draft integrated national energy and climate plan (“NECP”) covering the period from 2025 to 2030 in accordance with Article 9(1) and with Annex I.
- (2) The draft NECP was submitted by the authorities of Montenegro to the Secretariat on 10 December 2024.
- (3) Pursuant to Article 9 of the Governance Regulation the Secretariat is required to assess the draft NECPs and may issue recommendations. The Secretariat made a comprehensive assessment of the draft NECP of Montenegro, taking into consideration the relevant elements of the Governance Regulation.
- (4) In particular, the Secretariat’s recommendations may address (i) the level of ambition of objectives and targets with a view to achieving the Energy Union objectives and, in particular, the Energy Community’s 2030 targets for renewable energy and energy efficiency that the Contracting Party aims for in 2030; (ii) policies and measures relating to Contracting Party – and Energy Community-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated national energy and climate plan within one dimension and among different dimensions of the Energy Union.

¹ Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action as adapted and adopted by Ministerial Council Decision 2021/14/MC-EnC

- (5) The Governance Regulation also requires Contracting Parties to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to provide investment certainty.
- (6) The Governance Regulation requires Contracting Parties to take due account of any recommendations from the Secretariat in their final NECP. If the Contracting Party concerned does not address a recommendation or a substantial part thereof, it shall provide and make public its reasons.
- (7) Where applicable, Contracting Parties should report the same data in their NECPs and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source is also essential to calculate the baseline for modelling and projections and to allow for a better comparability of the data and the projections used in the NECPs.
- (8) All elements of Annex I of the Governance Regulation are to be included in the NECP. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final plan.
- (9) The Secretariat's recommendations to Montenegro are based on the assessment of Montenegro's draft NECP, which is published by the Secretariat together with the present Recommendation.
- (10) Emissions and removals from the Land Use, Land-Use Change and Forestry (LULUCF) sector are not included in Montenegro's 2030 GHG emission reduction target as agreed under the Energy Community, their inclusion in both the WAM and WEM scenarios presented in the draft NECP is treated under these recommendations solely as supplementary information for illustrative purposes. This data is not to be taken into account by the Secretariat when assessing compliance with the targets under the current Energy Community law in force.

THE SECRETARIAT HEREBY PROVIDES THE FOLLOWING RECOMMENDATIONS ON THE DRAFT INTEGRATED ENERGY AND CLIMATE PLAN OF MONTENEGRO:

On procedural aspects:

- (1) Carry out a public consultation on the draft NECP. Enable timely access to relevant information, comprehensive documents, and reports, including the draft Strategic Environmental Assessment ("SEA") report, to facilitate effective participation during the consultation process. Allocate sufficient time to ensure meaningful engagement, incorporating elements such as public hearings and transboundary consultations.

- (2) Facilitate transboundary consultations with neighbouring Contracting Parties and EU Member States for a comprehensive understanding of the environmental impacts and collaborative solutions and take due account of their comments in the decision-making process before the plan is adopted.
- (3) Include a detailed description of all consultations carried out in the development of the draft NECP, including any consultation undertaken for the draft SEA and including a summary of the public's views or provisional views and the reasons in case the received feedback was not taken into account, in whole or in parts, in the final NECP.
- (4) Submit the draft SEA report for the Secretariat's review. Prioritize the presentation of comprehensive, reliable, and high-quality information, distinctly outline measures to address potential significant impacts and include a robust monitoring plan. Conduct a thorough and comprehensive evaluation of the cumulative environmental impacts resulting from keeping the Pljevlja thermal power plant in operation until 2040, with a particular emphasis on its impacts and interlinkages with the decarbonization goals established in the NECP and the related emission reduction targets – to that end, see points (10) to (13) below.

On substance:

- (5) **Regarding general methodology and approach**, carry out a comprehensive review of the text, remove outdated information and update references to the adoption and implementation of laws, and to the publication of national strategies, action plans and policy documents to reflect the latest state of play.
- (6) Refer to the correct legal basis, namely the Governance Regulation, instead of the Recommendation of the Ministerial Council of the Energy Community (2018/1/MC-EnC)².
- (7) Ensure that those policies and measures ("PaMs") which are labelled as planned policies and measures ("WAM"), but are described as already being implemented, are included also in the existing measures ("WEM") scenario and labelled as part of WEM. Ensure that the addition of those PaMs is reflected in the modelling results for the WEM scenario.
- (8) Introduce codes for the PaMs for an easier identification and reference.
- (9) Pursuant to Annex I of the Governance Regulation, consider providing an assessment regarding the impacts of the planned PaMs on other Contracting Parties and/or Member States of the European Union and regional cooperation.
- (10) Related to **decarbonisation and greenhouse gas ("GHG") emissions reduction**, clarify the drivers of the GHG emissions reduction in the transformation sector between the WAM and WEM scenarios, including the description "*WAM additional measures but Pljevlja 4.5 hours*" of the assumptions of the WAM scenario.

² Recommendation of the Ministerial Council of the Energy Community (2018/1/MC-EnC) on preparing for the development of integrated national energy and climate plans by the Contracting Parties of the Energy Community

- (11) Strive to outline PaMs and projections in relation to the corresponding objectives, targets and contributions in the NECP.
- (12) Endeavour to describe the quantitative contribution of each PaM to the achievement of the 2030 climate target, by adding the expected reduction of GHG emissions.
- (13) Clarify how the 2035 deadline for coal phase-out aligns with the plan to keep the Pljevlja thermal power plant in operation until 2040 and to keep it in cold reserve afterwards.
- (14) Provide more information on the planned actions and policy framework for ensuring a just transition in particular considering the coal phase-out plans by 2035.
- (15) Clarify the relevance and function of the PaMs related to Uniprom KAP considering that the last 12 electrolysis cells were shut down in May 2023.
- (16) Clarify Montenegro's target date for climate neutrality in light of the net negative emissions projected in Chapter 5 of the draft NECP.
- (17) Critically review the relevance and timeliness of referring to the 2017 Master Plan for Gasification of Montenegro and any investments that might result in significant stranded assets such as the exploration and development of domestic hydrocarbon deposits.
- (18) Consider adding a PaM related Montenegro's planned activities in further refining and upgrading its current carbon pricing system, also in light of the European Union's [Carbon Border Adjustment Mechanism](#)³ ("CBAM Regulation"), to more closely align with the scope and price of the EU Emission Trading System (ETS) to facilitate smoother transition when joining the EU ETS upon accession to the European Union.
- (19) In the area of **decarbonisation and renewable energy**, include and present in the projections of the analytical section all three sectors (electricity, transport, heating and cooling), including the total expected gross final energy consumption per technology and sector in Mtoe, the total planned installed capacity per technology and sector in MW (in particular divided by new capacity and repowering) in the requested format (as specified by Annex I of the Governance Regulation).
- (20) Align the projections for the share of renewables in heating and cooling in both WEM and WAM scenarios with the national Renewables Law, which envisages a 1.3 percentage point annual increase.
- (21) Align the projections for renewables in transport related to advanced biofuels and biogas produced from the feedstock with Article 25(1)2) of the [Energy Community Renewable Energy Directive](#)⁴ ("Renewables Directive").
- (22) Reformulate PaMs to be more concrete and improve them to provide more accurate information on their impact on the 2030 renewables and GHG emission reduction targets.

³ Regulation (EU) 2023/956 on establishing a carbon border adjustment mechanism

⁴ Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources as adapted and adopted by the Ministerial Council Decisions 2021/14/MC-EnC and 2022/02/MC-EnC

- (23) Consider more comprehensively the synergies between dimensions, such as how specific PaMs related to renewable energy contribute to energy savings and GHG emissions reduction. Reassess the effects of the PaMs on other sectors, as well as the applicability and availability of funds for implementation.
- (24) In the heating sector, prioritize harnessing the country's high solar potential by integrating solar thermal energy and accelerating the deployment of heat pumps to reduce reliance on coal. Adopt a multi-technology approach to ensure a sustainable, cost-effective, and long-term transition away from coal-based heating systems.
- (25) Introduce a PaM promoting the uptake of renewable private power purchase agreements ("PPAs") in line with Article 15 of the Renewables Directive.
- (26) Establish an extensive, forward-looking schedule on the allocation of support to renewable energy – including estimated timing and anticipated capacities – over an upcoming period of at least five years in line with Article 6 of the Renewables Directive.
- (27) Introduce a PaM providing an enabling framework to promote and facilitate the development of renewable energy communities in accordance with Article 22 of the Renewables Directive.
- (28) Integrate the spatial planning policy and measures to expedite the deployment of renewable energy projects and if relevant any co-located storage, by incorporating explicit criteria for designating suitable areas in the foreseen preliminary research works, while adhering to the "do no significant harm principle". Establish regulations for the applicable rules and mitigation measures for projects within these areas to minimize and mitigate any impacts at the spatial planning level. Institutionalise a digitalised one-stop-shop permitting process and establish an efficient dispute resolution mechanism.
- (29) In **energy efficiency**, clarify why a gap exists between the national energy efficiency targets in primary and final energy consumption and the projections in the WAM scenario in Table 2.1.
- (30) Increase the ambition and add PaMs at least in the WAM scenario for energy efficiency in buildings and industry.
- (31) Substantiate the details of the technical implementation and the sources of funding for the energy savings in the transport sector.
- (32) Include in the NECP the missing energy efficiency obligation target following the updated energy efficiency requirements under Article 7 of the [Energy Community Energy Efficiency Directive](#)⁵ ("Energy Efficiency Directive") to match the ambitions and the 2030 framework, including updating the calculation of the cumulative target and the approach for reducing energy consumption, considering the increased targets from the 2021 amendment of the Energy Efficiency Directive and Annex III of the Governance Regulation.

⁵ Directive 2012/27/EU on energy efficiency as adapted and adopted by Ministerial Council Decisions 2015/08/MC-EnC, 2021/14/MC-EnC and 2022/02/MC-EnC

- (33) Adopt the draft long-term building renovation strategy taking into account the feedback of the Secretariat and ensure its alignment with the NECP. Pursue the increased ambition of 3% for the annual renovation target for central government buildings in line with the targets set out in Article 5 of the Energy Efficiency Directive.
- (34) Include explanations and examples how the “energy efficiency first” principle is taken into account in the draft NECP and in the PaMs.
- (35) Concerning **energy security**, add more PaMs in this dimension, addressing a wider scope of issues, such as cybersecurity, demand response measures, opportunities for energy storage (apart from BESS), dynamic prices, fulfillment of 70% target from the [Regulation on the internal market for electricity](#)⁶ (“Electricity Regulation”) to increase potential usage of interconnectors. Outline the synergies with and impacts of the PaMs regarding the integration of renewables in the renewable energy dimension, and their impact on grid stability.
- (36) Particularly, include as a PaM the immediate transposition and implementation of the [Energy Community Regulation on risk-preparedness in the electricity sector](#)⁷ (“Risk preparedness Regulation”).
- (37) Add a PaM on the improvement of network security and reliability by setting the standards and requirements for quality of service and quality of supply for transmission and distribution operators, addressing the need to improve the performance of the relevant grids.
- (38) Regarding market coupling and flow-based cross-border capacity allocations, establish links to PaMs in other dimensions, especially to the ones in the energy security dimension since coupled electricity markets and better utilisation of interconnectors would mitigate the security of supply risks in a case of TPP Pljevlja phase out, but also in a case of low hydrological conditions or low RES production that may occur during some time periods.
- (39) Regarding the **internal energy market**, include PaMs to ensure the implementation of all the requirements under the [Electricity Integration Package](#)⁸ [adopted by the Energy Community in 2022, including](#) the use of smart metering/grids, aggregation, demand response, mechanisms for dispatching, re-dispatching, and curtailment, as well as real-time price signals, including the roll-out of the intraday and cross-border balancing markets and ensuring the applicability of ACER/ECRB/All regional NRAs decision, crucial for market integration process, as well as for regional cooperation of NRAs.

⁶ Regulation (EU) 2019/943 on the internal market for electricity as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

⁷ Regulation (EU) 2019/941 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC as adapted and adopted by Ministerial Council Decisions 2021/13/MC-EnC and 2022/03/MC-EnC

⁸ Decision 2022/03/MC-EnC on the incorporation of Regulation (EU) 2019/942, Regulation (EU) 2019/943, Regulation (EU) 2015/1222, Regulation (EU) 2016/1719, Regulation (EU) 2017/2195, Regulation (EU) 2017/2196, Regulation (EU) 2017/1485 in the Energy Community acquis, amending Annex I of the Energy Community Treaty and on the amendments of the Ministerial Council Decisions No 2021/13/MC-EnC and No 2011/02/MC-EnC

- (40) Introduce a PaM addressing the grid connection issues as a system measure, specifically via creating transparent and fair access to the grid for all interested parties for distributed generation, including active consumers and citizen energy communities, as envisaged in the [Directive on common rules for the internal market for electricity](#)⁹ (“Electricity Directive”).
- (41) Introduce a PaM regarding the development of a methodology for assessing the number of energy-poor households and establish a target for reducing the number of households in energy poverty. Define the timelines and budget needed for the implementation of the measures for addressing energy poverty.
- (42) Provide information about the planned level and nature of subsidies for fossil fuel production.
- (43) In the area of **research, innovation and competitiveness**, define more specific objectives and targets, which are clearly associated with an Energy Union dimension and with the support of a category for clean energy, low carbon technology. Update the information and focus on the implementation so far and the necessary next steps for instance regarding the Smart Specialisation Strategy of Montenegro 2019-2024, the Industrial Policy of Montenegro 2019-2023 and the national Circular Economy Roadmap.

Vienna, 28 March 2025



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⁹ Directive (EU) 2019/944 on common rules for the internal market for electricity as adapted and adopted by Ministerial Council Decisions 2021/13/MC-EnC and Decision 2022/03/MC-EnC

ANNEX

To the Energy Community Secretariat




Recommendations

on the draft integrated National Energy and Climate Plan of Montenegro covering the period 2025-2030

Detailed assessment of the draft integrated National Energy and Climate Plan of Montenegro

1. Summary

1.1. Overview of the key objectives and targets

Target/objective		Energy Community 2030 target for Montenegro	Value in the draft NECP of Montenegro
	GHG emissions reduction of total emissions in the policy scenario compared to 1990 levels	- 55.0% (2.42 MtCO _{2eq} of total emissions) compared to 1990 levels	- 55.0% (2.42 MtCO _{2eq} of total emissions) compared to 1990 levels ¹⁰
	Share of renewable energy in gross final energy consumption	50.0%	50.0%
	Energy efficiency	Primary energy consumption: 0.92 Mtoe	Primary energy consumption: 0.92 Mtoe ¹¹
		Final energy consumption: 0.73 Mtoe	Final energy consumption: 0.73 Mtoe ¹²

¹⁰ Table 2.1 in the draft NECP specifies that in the WAM scenario, the level of GHG emissions is expected at 2.40 MtCO_{2eq}.

¹¹ Table 2.1 in the draft NECP specifies that the national target is in line with the Energy Community 2030 target, however that target level of primary energy consumption is not achieved even in the WAM scenario (0.97 Mtoe).

¹² Table 2.1 in the draft NECP specifies that the national target is in line with the Energy Community 2030 target, however that target level of final energy consumption is not achieved even in the WAM scenario (0.77 Mtoe).

1.2. Main observations

- The draft NECP includes a **partial description of the development process**, with **outdated information** – for instance related to the participation of the Energy Community Secretariat in the Technical Working Group meetings, which took place in 2021. This information must be updated to accurately reflect all phases and activities involved in the development of the draft NECP in the period before its submission to the Secretariat. There is no outline what next steps are going to be done before the adoption.
- There is no reference to consultations on the draft NECP apart from a general reference to the technical working group and NGOs, without specifying who they are, as well as the main topics and dates of the meetings. It is not clear when and how a **public consultation and consultations with neighbouring Contracting Parties and EU Member States** would take place.
- There was **no draft SEA report submitted** together with the draft NECP to the Secretariat.
- The text of the draft NECP contains numerous elements, which appear that had been **drafted several years ago but were not updated before the submission**. The co-appearance of the significantly obsolete and the recently added information makes it challenging to determine the actual plans of Montenegro.
- Navigating and referring to **PaMs** is challenging in the absence of a coding system for their easier identification. There are several PaMs, which appear in the WAM category, however from their description it is evident that these are already being implemented and thus should be considered as part of the existing policies and measures in the WEM scenario. The modelling of the WEM scenario would need to be updated to accommodate those already ongoing PaMs.
- The **national target of reaching 2.42 MtCO_{2eq} of GHG emissions** in 2030, which corresponds to the Energy Community targets and the [decision of the Energy Community Ministerial Council](#)¹³ is more conservative than the projected level of 2.4 MtCO_{2eq} indicated for the WAM scenario in the same Table 2.1. The majority of the reduction in the WAM scenario compared to WEM (-657.2 ktCO_{2eq} in total), stems from the transformation – mainly the electricity production – (-266.6 ktCO_{2eq}), the waste (-153.8 ktCO_{2eq}), the transport (-132.5 ktCO_{2eq}) and to a lesser extent the industrial (-43.4 ktCO_{2eq}) sectors.
- It is unclear how the 2030 GHG emissions reduction target will be reached as the **PaMs do not appear sufficient/realistic** considering that the key measures seem to be the reduction of emissions in TPP Pljevlja, improvements in the waste sector as well as a rapid uptake of e-vehicles.
- There is a similar phenomenon in the **renewables sector** where the projected WAM scenario level in 2030 is more ambitious than the planned national and Energy Community target.

¹³ Decision 2022/02/MC-EnC on amending Decision 2021/14/MC- EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044, and 2020/1208 in the Energy Community acquis

- **Coal phase out** is planned for 2035 which is questionable as TPP Pljelvja will remain operational until 2040 (p.263). There are no steps described how to achieve it as there is no mention of a planned just transition framework to achieve coal phase out.
- Subsidies for fossil fuel production are reflected up to 2019, but there is no outlook how these are planned to develop in the future.
- There are two **PaMs related to KAP Uniprom** which relate to planned actions, some to be taken until 2024. The relevance of these PaMs is not clear in the overall NECP framework as the aluminium production and electrolysis cells at aluminium smelter KAP were shut down in 2023.
- There is no indication of Montenegro's plans on **climate neutrality by 2050** in spite of the political commitment in the Sofia Declaration. At the same time, the projections of economy-wide GHG emissions reflect a low level cca. 450 KtCO_{2eq} by 2050, which would result in net negative emissions with the consideration of LULUCF in the scale of 2.36 MtCO_{2eq}. A **sectoral trajectory** for WEM and WAM is included until 2050, however, the sectoral reduction targets remain unclear for WAM (p.250).
- **Carbon pricing** has not been included in the WEM (p.208) and the effects and scope of carbon pricing in WAM scenario remain unclear. There is no information related to the possible improvements of the current carbon pricing system and no reflection on the impacts and activities triggered by the CBAM Regulation.
- The draft NECP lacks a detailed **technological breakdown of renewable energy projections** for the heating and cooling sector, making it difficult to assess the expected contributions of various renewable technologies by 2030 and beyond. The projected decline in the renewables share in this sector suggests a potential reduction in biomass usage due to large-scale energy efficiency retrofitting in building stock. The draft NECP does not specify which renewable technologies will decline/increase and to what extent. For example, given that both heat pumps and solar water heaters are covered under financial PaM offering incentives such as interest-free loans or direct grants, an increase in their share could be expected. However, the NECP does not indicate whether this growth is anticipated. Similarly, in cases of deep energy renovations, heat pumps are expected to replace conventional electric heaters, further supporting their expansion. Yet, this potential shift is also not outlined. Overall, non-existence of technological breakdown makes it challenging to evaluate the sector's strategic direction.
- There is an inconsistency between the ambition set in Montenegro's newly adopted renewable energy law and the projected trajectories for the **heating and cooling ("H&C") sector** outlined in the draft NECP. Article 81 of the renewable energy law states that "the Government will strive to increase the share of renewable energy in this sector by an indicative 1.3 percentage points annually, on average, for the periods 2021–2025 and 2026–2030, starting from the 2020 baseline." However, the draft NECP indicates a decline in the renewables share in heating and cooling (63.1% in the 2022 baseline) under both WEM and WAM scenarios. By 2030, the renewables share falls to 48.8% and 49.2% in the WEM and WAM scenarios, respectively.

- The draft NECP does not align with Montenegro’s 2035 **coal phase-out goal from the perspective of heating and cooling sector** planning either, as it continues to include coal lignite in the residential sector’s energy mix for space heating until 2050 in the WEM scenario. The fuel mix figure shows that while the share of "Coal Lignite" decreases over time, it never fully disappears. However, the document does not explain the continued reliance on coal in space heating, nor does it provide a figure for the WAM scenario to assess whether a complete phase-out is achievable with additional measures.
- **The renewables in transport** 2030 target is set at 7.2% in the WEM scenario, which is aligned with the overall target for the share of renewable energy in the transport sector as set in Article 25(1) par. 1 and Article 26(1) of the Renewables Directive provided that biofuels produced from food and feed crops are not used to achieve this target. However, the proposed approach to achieving this target – exclusively through the use of renewable electricity in transport – is not aligned with the provision of Article 25(1) paragraph 2. This provision stipulates that “Within the minimum share referred to in the first subparagraph, the contribution of advanced biofuels and biogas produced from the feedstock listed in Part A of Annex IX as a share of final consumption of energy in the transport sector shall be at least 0.2 % in 2022, at least 1 % in 2025 and at least 3.5 % in 2030.”
- **Regarding renewables in electricity**, PaMs must clearly indicate how the increase in renewable energy capacity will be achieved, whether through market-based support schemes, private PPAs, merchant revenues, or other mechanisms. There are no specific measures addressing self-consumption, renewable energy communities, corporate PPAs, or guarantees of origin. Overall, the PaMs remain broad and vague, lacking a clear outline of their contribution to achieving the target.
- The **sustainability of biomass** and its availability is not accounted for in future deployment plans.
- The draft plan sets out 2030 targets for **primary and final energy consumption** on the levels of 0.92 Mtoe and 0.73 Mtoe respectively, which is in line with the Energy Community 2030 targets for Montenegro outlined in the [decision of the Energy Community Ministerial Council](#)¹⁴. However, in Table 2.1 the projected levels of both primary and final energy consumption surpass the targeted levels by reaching 0.97 Mtoe and 0.77 Mtoe respectively. There is no explanation for this difference and no description how this gap would be filled. Section 5.1.1.2.1 of the draft NECP does not outline trajectories for primary energy demand, but for primary energy supply.
- The target defined for the **energy efficiency obligation (“EEO”) scheme** (Article 7 of the Energy Efficiency Directive) only refers to the target set in 4th National Energy Efficiency Action Plan (“EEAP”) covering the period 2019-2021 and needs to be updated as part of the NECP to include the new ambition and the 2030 framework. This calculation of the EEO target for reducing energy consumption under Article 7 of the Energy Efficiency Directive involves several key steps. Initially,

¹⁴ Decision 2022/02/MC-EnC on amending Decision 2021/14/MC- EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044, and 2020/1208 in the Energy Community acquis

the baseline energy consumption must be determined using the average annual final energy consumption over a reference period. The latest amendment to the Energy Efficiency Directive in 2021 has increased the annual energy savings obligation to 0.8% of this reference quantity.

- The majority of the difference between the WEM and WAM scenarios in terms of **final energy consumption** stems from reduction in the transport sector (92%), with minor contributions from industry (6%) and non-energy use (2%). In the buildings sector all PaMs are for the WEM scenario only with no apparent additional PaMs. There are no explicit PaMs targeting energy efficiency in the industry sector.
- The indicative targets of the **long-term building renovation strategy** are not provided, as required. The NECP should incorporate these results to ensure better alignment with the recently developed draft long-term building renovation strategy.
- The draft NECP refers to the importance of energy efficiency in the reduction of import dependency, improving energy security or tackling energy poverty, but it does not explain in detail or foster the application of the **energy-efficiency-first principle**.
- In the dimension **energy security**, there are only three PaMs and two of them are defined in a general manner (transmission network development, distribution network development). The third PaM addresses the issue of flexibility (Developing battery electric storage systems (BESS)). Such limited number of PaMs indicates that other possible PaMs have not been addressed.
- Regarding the **internal energy market**, the draft NECP contains significantly outdated information, with paragraphs reflecting the status quo in the last quarter of 2021. Consequently, the data and information included cannot be deemed relevant, and this section must be thoroughly updated to reflect the latest available data and developments. Additionally, references to legal acts, such as the Energy Law and Market Rules, under section ii. "Current Energy and Climate Policies and Measures Relating to the Five Dimensions of the Energy Union" are outdated and require revision to align with current legislation. The national objectives and concrete deadlines need to be clearly defined in line with the provisions of the [Electricity Integration Package](#).¹⁵
- The impact of **market coupling beginning with 2026-2027** is not considered in the scenarios analysed which make them vulnerable on the conclusions regarding the dimension internal market.
- The proposed PaMs for the **development of decentralized energy generation** by producer–customers under both scenarios, WEM and WAM, as well as the proposed PaM Prosumers in industry under WAM scenario, can be seen as a concrete approach for accelerating the integration of RES and achieving the NECP goals. However, these measures are centred on the

¹⁵ Decision 2022/03/MC-EnC on the incorporation of Regulation (EU) 2019/942, Regulation (EU) 2019/943, Regulation (EU) 2015/1222, Regulation (EU) 2016/1719, Regulation (EU) 2017/2195, Regulation (EU) 2017/2196, Regulation (EU) 2017/1485 in the Energy Community acquis, amending Annex I of the Energy Community Treaty and on the amendments of the Ministerial Council Decisions No 2021/13/MC-EnC and No 2011/02/MC-EnC

Montenegrin state-owned power company, EPCG, envisioned as the primary driver of prosumer concept development in Montenegro. Under these measures, EPCG provides all necessary technical services and financing in the form of a loan repaid through electricity bills, where part of the bill constitutes the investment. It is important to note that the key challenge for higher integration of RES via prosumers, as stated in the PaMs, is related to **connection issues**, such as the lack of a hosting capacity methodology, which falls under the competence of the DSO CEDIS. However, the draft NECP does not envisage any PaM that addresses connection issues as a system measure applicable to all interested consumers who wish to become active consumers or establish citizen energy communities without needing support from EPCG. This omission is significant from the perspective of the retail electricity market's functioning and competitiveness. While the proposed PaMs, where EPCG plays a key role in facilitating RES integration among consumers, might seem efficient for the small electricity market in Montenegro, they will likely hinder competition further. This approach could pose risks to the long-term competitiveness of the market, as it may stifle innovation and limit the entry of new players, ultimately affecting the sustainability and resilience of the energy sector.

- The NECP lacks PaMs for **aggregation, re-dispatching and curtailment**.
- The assessment of the **energy poverty** level relies on the Energy Community 2021 Study on addressing energy poverty in the Energy Community Contracting Parties, however no further assessment including establishment of criteria for assessing number of households in energy poverty, as required by the Electricity Directive, is envisaged. Furthermore, there is no national target to reduce the number of energy poor households. The proposed PaMs lack detailed information on the implementation timelines and the funding sources.

2. Preparation and submission of the draft plan

2.1. Process and structure

The draft NECP was submitted by the authorities of Montenegro to the Secretariat on 10 December 2024, after the legal deadline set in Article 9(1) of the Governance Regulation. The **SEA report** of the draft NECP was not submitted to the Secretariat.

The description of the **process of developing the draft NECP** is limited information dating from 2021, when the Energy Community Secretariat did participate in technical working group meetings. Since that time however, the Secretariat was not involved in the development process of the draft NECP. In August 2023, the Ministry of Capital Investments shared a draft NECP with the Secretariat which admittedly was lacking information related TPP Pljevlja and was awaiting for an update of its analytical section.

The draft NECP follows the **structure** prescribed by the Governance Regulation and it is to be adopted by the Government of Montenegro.

2.2. Public consultation

The description of consultations and the involvement of national entities and their outcome lacks information on the number, date and the participants of consultation events and the comments received. There is no reference to a public consultation carried out within Montenegro nor is there an outline of a planned consultation.

A summary how the environmental considerations have been integrated into the plan and how the draft SEA report, opinions gathered during the consultations, including the result of any transboundary consultations, have been taken into account, must be incorporated in the final draft of the NECP. The summary should also outline the reasons for choosing the plan as adopted in light of the other reasonable alternatives and the monitoring measures foreseen by the SEA report.

It is encouraged to specify if and how marginalised groups, gender-responsive processes or the voice of youth was included in the (multilateral) preparation of the NECP or the public consultation.

2.3. Regional consultation

There is no reference to **consultations** having taken place or planned with other Contracting Parties or EU Member States dedicated to the draft NECP.

Regarding the **impacts of the planned PaMs** on other Contracting Parties and/or Member States of the European Union, the draft NECP states that *“No impact is expected in the oil and gas sector of the region and the neighbouring countries. Furthermore, the projections of WAM in electricity sector show that there is on net imports or exports, which means that overall the effect in the region will be minimal.”*. While the impacts in the oil and gas sectors may be limited, Montenegro’s policies and measures being part of the interconnected – and in the future coupled – European electricity market do have impacts on other countries.

Regional and cross-border cooperation is described in terms of the cooperation of energy regulators.

3. Assessment of the ambition of targets, objectives and adequacy of supporting policies and measures

3.1. Decarbonisation – greenhouse gas emissions and removals

The **2030 GHG emission reduction target** for Montenegro was defined at the level of 2.42 MtCO_{2eq} of total emissions without accounting for LULUCF in the [decision of the Energy Community Ministerial Council](#).¹⁶ The reason for this approach was the lack of reliable information regarding LULUCF. While the declared national target is 2.42 MtCO_{2eq}, the WAM scenario is planned to reach 2.40 MtCO_{2eq} indicated in Table 2.1. With the removals from the LULUCF sector (-2.62 MtCO_{2eq}), Montenegro is to reach an overall net negative level of emissions in 2030 in the WAM scenario. The size of the sink capacity is projected to consistently grow until 2050, which demonstrates no expectation of even ad hoc reductions such as forest fires in an extent that would be visible across the projected 5-year periods.

The draft NECP lists two **PaMs** targeting LULUCF. Both are without cost information, despite their potential for GHG emission reduction/ sinks (“Reduction in the area annually affected by wildfires”, “Further increases in the share of industrial round wood used for long-term products”). As Montenegro’s 2030 GHG target under the [decision of the Energy Community Ministerial Council](#)¹⁷ does not entail LULUCF contributions, the target achievement does not necessarily depend on the robust planning and actual implementation of these PaMs. However, for future decarbonization ambition, all PaMs including those targeting LULUCF need to be comprehensively elaborated including clear cost estimates and financing schemes.

The GHG emission reduction potential in the non-energy sectors (waste, agriculture, LULUCF) is reflected in relative terms [%]. For the energy sector the impact of PaMs on GHG emissions is reflected in absolute terms [MtCO_{2eq}], supposedly on an annual basis. Among the energy-related PaMs covered by the assessment, those targeting transport contribute the most to total GHG emission reduction (50%), followed by electricity generation (31%), industry (13%), buildings (4%) and heat generation (2%). However, these contributions can only give a rough understanding about key sector for decarbonisation,

¹⁶ Decision 2022/02/MC-EnC on amending Decision 2021/14/MC- EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044, and 2020/1208 in the Energy Community acquis

¹⁷ Decision 2022/02/MC-EnC on amending Decision 2021/14/MC- EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044, and 2020/1208 in the Energy Community acquis

as GHG emission reduction potential is not reflected for all PaMs (mainly not those targeting electricity generation/ transmission/ distribution).

The inconsistency between the claimed year for coal phase-out in 2035 and the planned placement of TPP Pljevlja in cold reserve as of 2040 – also considering the investments for the environmental refurbishment of the facility – undermines the credibility of the projections.

3.2. Decarbonisation – renewable energy

The overall **2030 target** of 53% share of renewable energy in gross final energy consumption as outlined in the draft NECP is harmonized with and even more ambitious than the target adopted in the [decision of the Energy Community Ministerial Council](#).¹⁸

The overall 2030 renewable energy target is divided into **sectorial targets** for electricity (79.4%), transport (24.4%), and heating and cooling (49.2%).

The draft NECP does not include a renewables in transport (“**RES-T**”) **trajectory** presented in the format specified by Annex I of the Governance Regulation. The Regulation requires that the trajectories present shares of renewable energy technologies and include the information about expected total gross energy consumption per technology in Mtoe. Namely, Figure 42 in the NECP shows the share of energy sources in the transport sector for WEM scenario, including fossil fuels and electricity, but does not explicitly indicate the share of renewable electricity. Furthermore, from the Table 4.11 titled “Shares of technologies in the transport sector...”, it is unclear whether the information refers to the share of technologies providing energy supply for transport or the share of technologies in the vehicle fleet. Again, while electricity is indicated as one of the technologies, the share of renewable electricity is not specified. The results of the WAM scenario, presented in Figure 62 indicate very high share of renewable energy (more than 20% in 2030). Despite the effect of multipliers applicable for renewable electricity consumed in road and rail transport, such a high share seems unrealistic. It is recommended to re-assess the projections.

Trajectory on bioenergy demand – the trajectory should be revised as to be presented in the requested format. The complementing/information included in Section B: Analytical basis should demonstrate the demand for bioenergy (across all sectors) and reflect the effects of the existing (WEM) and planned measures (WAM) on the trajectory and the potential impact on the LULUCF.

¹⁸ Decision 2022/02/MC-EnC on amending Decision 2021/14/MC- EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044, and 2020/1208 in the Energy Community acquis

The included bioenergy demand trajectory does not include information specified in Annex I of the Governance regulation. The requested information is: “Estimated trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply by feedstocks and origin (distinguishing between domestic production and imports). For forest biomass, an assessment of its source and impact on the LULUCF sink.”

Specifically, Table 4.12 provides the estimated shares of wood energy demand by sector, while Figure 43 presents the estimated final energy demand and fuels use in the residential sector for heating. While this information can provide some indication of bioenergy demand for heating, it is unclear whether the estimates refer for WEM or WAM scenario. Moreover, the information about the foreseen supply of this bioenergy, particularly in terms of biomass type (solid, liquid, gaseous) and origin (e.g. forest vs. non-forest biomass, domestic production vs. imports) is to be better elaborated.

Electricity target (RES-E) – estimated trajectories by renewable energy technology which are estimated to be used to achieve the overall and sectoral trajectories for renewable energy from 2025 to 2030, including expected total gross final energy consumption per technology and sector in Mtoe and total planned installed capacity (divided by new capacity and repowering) per technology and sector in MW must be provided.

Regarding policies and measures in renewables in heating and cooling (“RES H&C”), the draft NECP shows that demand-side measures, such as building retrofits, reduce both total final heat energy demand and the share of biomass in the heating and cooling energy mix. While demand reduction and decreased biomass use, which is often unsustainably sourced, are positive developments, this trend presents challenges.

Since biomass is currently the primary renewable fuel in H&C, its decline lowers the overall renewables share in the sector. As demonstrated in the WEM and WAM scenario trajectories, the implementation of PaMs results in a decreasing rather than an increasing share. This decline is misaligned with the ambition set in Renewables Law, to have 1.3 percentage point annual increase in the share of renewables for H&C, ultimately jeopardizing the achievement of the overall renewables target and undermining the role of sectoral targets in driving renewable energy deployment.

The current PaMs in the draft NECP do not include measures to offset the decline in the above-mentioned share in H&C in either the WEM or the WAM scenarios. The only existing supply-side measure in the WEM scenario is financial in nature, but it is relatively small-scale and likely insufficient. The introduction of additional supply-side interventions is essential in both scenarios to expand renewable heat generation and counterbalance the declining biomass share. This is particularly important in the WAM scenario, where the only H&C-related PaM is the Pljevlja district heating network development. There is considerable potential to incorporate more measures, providing a clearer pathway for the additional efforts required to achieve the desired increase in renewables share for the sector.

On renewables in transport (“RES-T”), the PaMs targeting the transport sector are included in the dimension Decarbonization: Promotion of e-mobility and Introduction of mandatory share of biofuels in fuel supply, and in the dimension Energy Efficiency: Ban on import of old vehicles, Passenger transport modal shift to public transport and Passenger and freight transport modal shift to rail. All measures are valid and provide a sound rationale, but the descriptions include only the effects on GHG emissions savings, while they should also contribute to the achievement of RES-T targets. In some cases, the PaMs seem overly ambitious and not fully aligned with the other parts of NECP. In particular, the PaM on the Promotion of e-mobility appears overly ambitious in terms of both the projected funds (EUR 353 million) and the implementation period (six years). According to the draft NECP, these funds have not yet been secured, and the planned annual expenditure for this PaM would be ten times the amount currently provided by the Eco Fund in subsidies for electric vehicles. Such a significant increase in the Eco Fund’s available resources seems unrealistic, particularly given that “The information and inputs for long-term projections of financing instruments, amounts, and donors, Eco Fund is not in the position to provide at this moment, having in mind that the document for developing the roadmap for the Eco Fund is not yet available.” (NECP, p. 93). The implementation of this PaM relies heavily on contributions from private individuals, companies, and the public sector for the purchase of electric vehicles. For the planned 35,000 electric vehicles, an additional EUR 500 million may be required. Furthermore, the fact that around 90% of registered vehicles in Montenegro are more than five years old, along with the high proportion of newly registered vehicles also exceeding this age, suggests that Montenegrin car users have limited purchasing power.

The introduction of the PaM on **mandatory share of biofuels in fuel supply** is realistic and can considerably contribute to achieving the RES-T target. However, the effects of this measure have not been reflected in the RES-T trajectory (zero-share of biofuels projected). The PaM should be aligned with the revised RES-T trajectory (as aligned with the provisions of the Renewables Directive), and it should include full alignment of national legislation with the Energy Community acquis on renewable energy through adoption and implementation of the secondary legislation. Yet, the respective PaM (“Introduction of mandatory share of biofuels in fuel supply”) accounts for potential GHG emission reductions. For now, the PaM is classified as a regulatory measure and focuses on the setup of the respective regulatory framework. The framework alone will not be enough to reduce emissions, but will need to be accompanied by actual plans for the technical roll-out of biofuels in transport, the set-up of supply chains and infrastructure. And while the NECP discussion highlights biofuels “*as an untapped source of decarbonization for both passenger and freight transport*” and their introduction being an opportunity for “*the creation of a new local value chain*” (chapter 5.1.1.4), it misses out on detailed technical steps, required investment and cost implications.

3.3. Energy efficiency

The detailed projections in Table 5.5 confirm the expected level of final energy consumption at 0.77 Mtoe in 2030 in the WAM scenario, which is higher than and thus **not compliant with the Energy Community 2030 target** for Montenegro (0.73 Mtoe).

Energy efficiency targets are broken down by sectors (buildings-residential, buildings-services, industry, transport, agriculture/forestry and non-energy) with the majority of reduction in final energy consumption between the two scenarios expected in the transport sector.

While the total area of central government buildings has been calculated and the draft NECP refers to a 1% annual renovation target under Article 5 of the Energy Efficiency Directive, it does not introduce the more ambitious 3% target required after January 2024. The annual renovation target should be updated to align with the new ambitions and the 2030 framework.

While there are no sectoral targets defined for heating and cooling, the draft NECP does refer to the comprehensive assessment of H&C potential and to a separate Action Plan adopted by the Government.

The draft Montenegrin NECP has a good mix of **PaMs** targeting buildings and transport as the two main consuming sectors. However, it is unclear how the individual PaMs contribute to achieving the 2030 target, as there is no quantitative calculation of savings and impact on energy efficiency targets.

Instead, the draft NECP highlights their relevance to the decarbonization dimension, especially in transport. Transport sector PaMs to be implemented between 2024-2030 are expected to achieve some significant annual GHG emission reduction (sum of impacts of individual PaMs: -321 Gg CO_{2eq} supposedly per year), with “Promotion of e-mobility” being the key PaM in this respect, even achieving to “*counteract the growing mobility demand for passenger transportation*”. Despite their significance for decarbonization, some of these transport sector-related PaMs lack cost estimates and vision for future funding (see also discussion on RES-T). Even for those PaMs, for which there are cost estimates, the description of funding schemes stays vague (“grants or loans”), bringing up doubts about how realistic their implementation will be within the next 5 years. Considering the significance of the transport sector for both, achieving the 2030 target for GHG emissions and for final energy consumption, transport sector PaMs design and their funding schemes need to be sufficiently elaborated to ensure successful implementation.

The PaM “Energy efficiency obligation schemes and alternative policy measures” refers only to information regarding EEO schemes and alternative measures given in the outdated 4th EEAP. This measure should be updated with new measures to achieve a more ambitious EEO target, supported by

information required by Annex III of the Governance Regulation, outlining the methodologies and policy measures for achieving these energy savings.

The draft NECP states that there are no PaMs related to the “Uptake of energy performance contracting and other EE service models.” However, Annex I of the Governance Regulation requires providing a description of policies and measures to promote energy services in the public sector and measures to remove regulatory and non-regulatory barriers that impede the uptake of energy performance contracting and other energy efficiency service models. Montenegro has relevant legal provisions in the energy efficiency law, and the EEAP 2019-2021 elaborated relevant measures in the past. The same applies to “Consumer information and training measures,” where no description is provided, only stating “no PaMs.”

Regarding energy efficiency in transport, the ban on the import of old vehicles (Euro 4 or lower standard) should be clarified, as it is considered under the WAM scenario, while NECP states that regulation came into effect on 1 July 2024.

3.4. Energy security

The draft NECP considers the seasonality of hydro power plants, which is essential considering the role of hydro in the electricity mix for Montenegro.

3.5. Internal energy market

Montenegro claims in the draft NECP that the **target** for the interconnection capacity of at least 15% compared to installed power of power plants by 2030 is achieved.

The draft NECP omits any reference to the Energy Community Ministerial Council Decision of 2022, which outlines obligations related to the transposition and implementation of the [Electricity Integration Package](#)¹⁹. This critical update must be incorporated to ensure the section and the NECP, in general, reflect the latest policy developments.

The draft plan must also focus on the adequacy and flexibility of the energy system in terms of renewable energy production and grid congestion.

¹⁹ Decision 2022/03/MC-EnC on the incorporation of Regulation (EU) 2019/942, Regulation (EU) 2019/943, Regulation (EU) 2015/1222, Regulation (EU) 2016/1719, Regulation (EU) 2017/2195, Regulation (EU) 2017/2196, Regulation (EU) 2017/1485 in the Energy Community acquis, amending Annex I of the Energy Community Treaty and on the amendments of the Ministerial Council Decisions No 2021/13/MC-EnC and No 2011/02/MC-EnC

Although the conclusion of the draft NECP is a minimal impact in the region in the WAM scenario with a decrease of imports from 385.2 GWh in 2025 to 0 GWh until 2050, such a level of decrease may very well have a substantial regional influence, more than what has been described in the draft plan.

Concerning **policies and measures** the PaM related to the development of large-scale BESS owned by EPCG is welcome – with the mitigation of potential hazards and appropriate waste management –, however its impact bundled together with other PaMs linked to EPCG regarding the development/refurbishment of other generation sources, may weaken the competitive environment for electricity generation.

The scope of the PaM related to imbalance netting is expected to be enhanced with the adherence of Montenegro on the common European platform for operating the imbalance netting process as for the SMM control block it is already implemented.

The PaM regarding measures to enable and develop demand response, including those addressing tariffs to support dynamic pricing are missing.

Currently, Montenegro employs only short-term measures to protect vulnerable customers. The PaMs for addressing energy poverty are provided in the section related to national objectives and targets and they overall envisage the elaboration of a programme mitigating energy poverty, also listing potential long-term measures. However, the proposed measures lack the timelines and estimations of budget needed for their implementation.

3.6. Research, innovation and competitiveness (“RIC”)

Targets and objectives in the RIC dimension are defined in general terms, which will represent an obstacle for preparing the integrated progress report. Objectives for competitiveness are not explicitly stated in the draft NECP but referred to from PaMs related to the Smart Specialisation Strategy and in the Programme for improvement of competitiveness of Montenegrin economy and Industrial Policy of Montenegro.

Apart from the continuation of the programme for the improvement of competitiveness of Montenegrin economy and industrial policy, there are no **policies and measures** spanning beyond 2024.

Most PaMs seem to have limited implications on the public budget (EUR 0.70 billion in total) with very few major exemptions, including one measure in research and development (“Smart Specialisation Strategy of Montenegro 2019-2024”, EUR 0.11 billion) under the WEM scenario. While there is no direct impact on GHG emissions or energy consumption, the Strategy is supposed to create a base for modernisation and improved competitiveness and work towards sustainable agriculture and food value

chains; energy and sustainable environment; sustainable and healthy tourism; information and communication technologies. While apparently being a key instrument in the research & innovation (R&I) field with major budget implications, the PaM stays vague on what to achieve. “*The output and outcome indicators, specifically for R&I in the energy area are not defined in the strategic document, which is an area indicated for improvement by the European Commission*”.

4. Internal coherence, consistency, policy interactions and alignment with other strategic documents

The draft NECP needs a comprehensive revision and update in order to provide a clear picture about the policy interactions with other strategic documents and legislation.

5. Investment needs

There is information about costs assigned to the majority of PaMs, which is positive. The various timelines and nature of the costs – in some cases being direct costs, while in others indicating the overall budget of a project which the PaM is a part of – however prevent any substantial analysis. The overall costs and project budgets indicated in the draft NECP cover at least **EUR 4.3 billion** over the period 2019-2035 assuming that for the PaM “Establishment and development of energy management in public sector”, the investment volume is EUR 1.345 million EUR instead of EUR 1,345 million. Estimated spending under the WEM scenarios adds up to EUR 1.9 billion. An additional EUR 2.4 billion would be needed to finance additional measures under the WAM scenario, with a major contribution to the deployment of “Additional renewable power plants” (EUR 1.5 billion). These estimates are not exhaustive as many PaMs under WEM and WAM either fully lack cost estimates or only price-in the financial support that would spur investments instead of costing total public and private investment needs. In addition, the description of many PaMs keeps vague with regard to funding schemes stays vague, bringing up doubts about how realistic their implementation will be within the next 5 years.

Most PaMs appear to have limited implications on the public budget (EUR 0.70 billion in total) with two significant exemptions, namely one measure in the waste sector (“Increase of connection rate to sewage system”, EUR 0.55 billion) and one in research and development (“Smart Specialisation Strategy of Montenegro 2019-2024”, EUR 0.11 billion), both being existing measures under the WEM scenario. Some PaMs, especially those fostering energy efficiency and renewables deployment, acknowledge public budgetary implication, but see the amount depending “*on the dynamics of realization*”. Section 5.3.i points out that the limitation of the state budget poses a risk to “*the growth of RES [...]. Most new*

capacity would rely on support mechanisms such as FIT/CfD or net metering, which impact the state budget through national utilities and electricity prices". Section 5.3 would benefit from a more detailed discussion of state budget abilities, limitations and steps to mitigate related risks to NECP implementation.

6. Robustness of the analytical basis of the draft plan

The impacts of planned policies and measures on the energy system and GHG emissions and removals are described well (chapter 5.1), including a comparison to projections with existing policies and measures. This description is complemented by a short discussion on the most important points of the scenario analysis for the different sectors and some technical notes on the scenarios.

It would help a better understanding of the impacts of planned PaMs on GHG emissions if a sectoral breakdown of projections into energy-related sectors and also IPPU, waste, agriculture, LULUCF were provided for the WAM scenario. While such a breakdown is provided for WEM (Table 4.5, Figures 36-39), the development of GHG emissions under WAM is summarized under the categories "*demand, transformation, non-energy*" (Table 5.2).

The current draft NECP does not contain any reference or statement on whether economic growth will decouple from energy consumption and GHG emissions in the future, as sectoral growth in the industry and agriculture sectors is analysed up to 2018 only (Figure 18).

The understanding of readers would be highly facilitated if the relevant tables for the graphs in Chapter 5.1. were also provided.

The final NECP would benefit from further elaboration of the macroeconomic and social impacts of the planned PaMs (Chapter 5.2). Especially the cost of PaMs in the buildings and transport sectors might be passed on to consumers. An analysis of PaMs' impact on disposable household income (additional cost, potential savings) might shed light on whether and to what extent one would need to mitigate the adverse effects of PaMs on consumers and the economy.

7. Best practices

The description of PaMs is comprehensive including the status, implementation periods, objectives, investment needs and funding sources, and impact.

Regarding **climate**, the description of the majority of PaMs for all sectors include estimations for their impacts on GHG emission reduction (either in relative [%] or absolute [Gg CO_{2eq}] terms). There are sectoral trajectories provided until 2050 for the WEM and WAM scenarios.

In the dimension of **renewables**, the target of achieving a 53.3% share of renewable energy in gross final energy consumption is harmonized and even more ambitious than the 2030 target in the [decision of the Energy Community Ministerial Council](#)²⁰ (50%).

In **energy efficiency**, the draft NECP includes several energy efficiency measures across key energy-consuming sectors in Montenegro, including transport and buildings. Furthermore, it outlines specific measures aimed at improving the energy efficiency of energy infrastructure and reducing transmission and distribution losses.

The draft NECP also effectively combines **financing** from different sources. The use of the Fund for Environmental Protection (Eco Fund) as a key state financing institution is a notable example of co-financing energy efficiency measures and projects. Additionally, the Eco Fund's cooperation with the Eco Fund of the Republic of Slovenia is exemplary and includes capacity-building activities.

In **energy security** the PaM regarding the integration of BESSs across the transmission and distribution network could encourage other Contracting Parties to consider the applicability of such energy storages as well.

²⁰ Decision 2022/02/MC-EnC on amending Decision 2021/14/MC- EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044, and 2020/1208 in the Energy Community acquis