

CO2 emissions cap & trade mechanism in Montenegro

Carbon pricing in the Energy Community – Case study
Montenegro

June 2020

Legal ground

- Law on Protection from the Negative Impact of Climate Change

SL No. 73/2019 – 27.12.2019.

- Regulation on activities generating green house gas emissions that are required to obtain permission for green house gas emissions

SL No. 8/2020" od 14.02.2020.

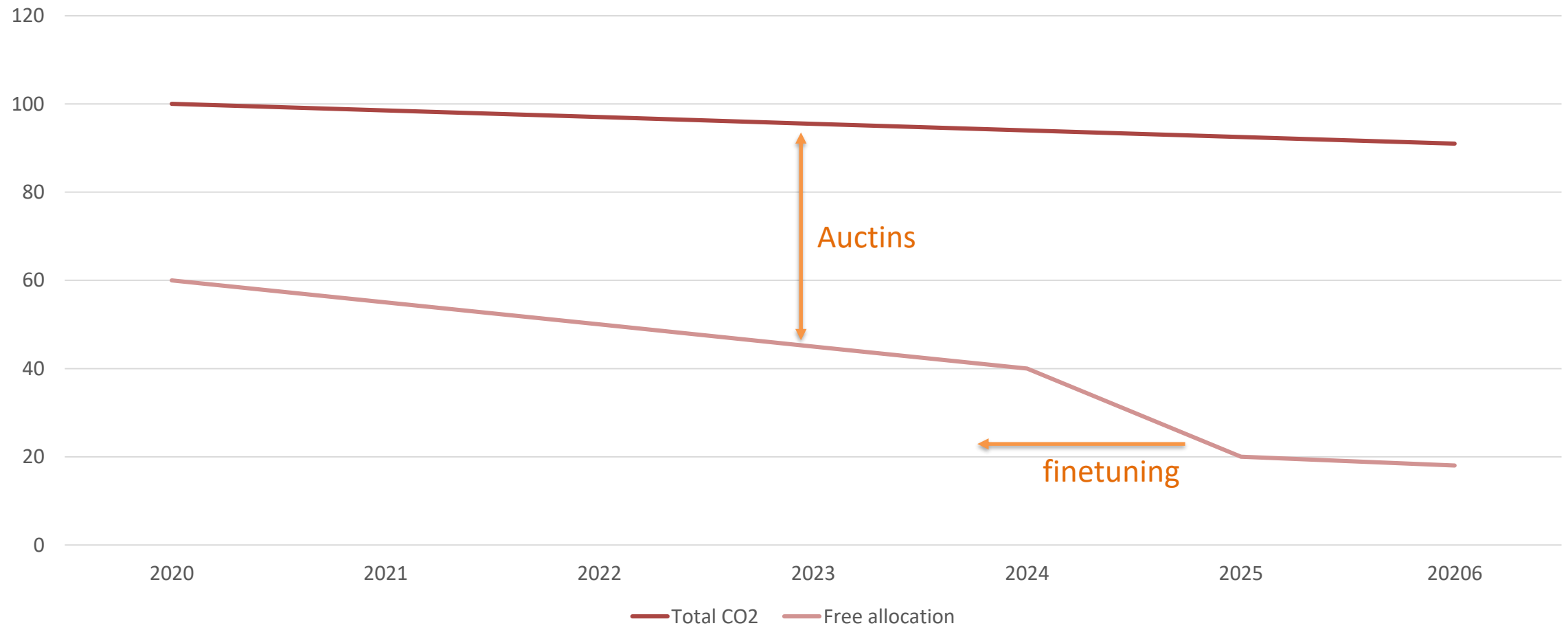
Goals

- Reduction of GHG emissions
 - Clear signal to:
 - the existing operators and
 - potential new investors
 - Step forward to the harmonization with EU ETS
 - Proper allocation of energy transition costs
 - Functional tool for fulfilment of international obligations (e.g. Paris agreement)
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Basic principles

- Standard cap&trade mechanism
 - total amount of CO₂ allowances gradually decreased over time
 - free allocation of CO₂ allowances gradually decreased
 - Carbon leakage recognised in compliance with EU regulations
 - Remaining allowances auctioned
 - Any residual after auctions kept as market stabilization reserve
 - Adjusted to the small market conditions
 - minimum price defined at 24 €/t CO₂eq
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„EU ETS ready“



Thank you
