

20. decembar 2024. godine

***Informacija o ažuriranom Akcionom planu formiranja obaveznih rezervi naftnih derivata***

Srednjoročnim programom rada Vlade Crne Gore 2024-2027 kao Programom pristupanja crne Gore Evropskoj uniji 2024-2027 za 2024. godinu, u okviru III kvartala predviđeno je donošenje ažuriranog ***Akcionog plana formiranja obaveznih rezervi naftnih derivata***.

Vlada CG je u aprilu 2015. godine donijela ***Akcioni plan za sprovođenje direktive o obaveznim strateškim rezervama nafte i/ili naftnih derivata***, čime je ispunjeno početno mjerilo za otvaranje poglavlja 15 – Energetika. U pregovorima za pristupanje Crne Gore Evropskoj uniji (EU), u okviru posljednjeg skrininga, Crna Gora je od Evropske komisije obavještena da je zatvaranje poglavlja 15 moguće tek nakon utvrđivanja ispunjenosti merila relevantnih za usklađivanje sa pravnom tekovinom EU o minimalnim zalihama sirove nafte i/ili naftnih derivata. Jedna od ključnih prekretnica u ispunjavanju ovog mjerila je dostavljanje ažuriranog Akcionog plana koji pokazuje kako i kada će Crna Gora u potpunosti implementirati Direktivu o zalihama nafte.

Ovaj Akcioni plan je ažuriran u skladu sa gore navedenim zahtjevom Evropske komisije, uz opis posebnog plana za uspostavljanje i održavanje obaveznih zaliha nafte i/ili naftnih derivata prema Direktivi 2009/119/EC o minimalnim zalihama nafte i/ili naftnih derivata (Direktiva).

U vezi sa zahtjevima za zatvaranje pregovaračkog poglavlja 15, u okviru 1. mjerila navodimo i da je usvojen Zakon o sigurnosti snabdijevanja naftnim derivatima ("Sl. list CG" br. 119/2024 od 13.12.2024. godine), te da su u toku aktivnosti koje se odnose na donošenje sekundarne legislativne i ostvarivanje drugih uslova za punu implementaciju zakonski definisanih obaveza.

Akcioni plan formiranja obaveznih rezervi naftnih derivata sadrži:

- pregled regulatornog okvira, odnosno primarno zakonodavstvo o sigurnosti snabdijevanja naftnim derivatima i preostalo potrebno usklađivanje za punu implementaciju Direktive;
- podatke o imenovanom organu uprave i obaveznicima formiranja obaveznih rezervi naftnih derivata za potrebe osiguranja snabdijevanja u vandrednim situacijama u skladu sa Direktivom;
- plan finansiranja obaveznih rezervi naftnih derivata;
- procenju minimalnih količina zaliha koje je Crna Gora dužna formirati i održavati u skladu sa Direktivom;
- pregled podataka koje potrebno prikupljati za potrebe uspostavljanja obaveznih rezervi i način izveštavanja relevantnih organa u državi, kao i prema Evropskoj komisiji i Sekretarijatu Energetske zajednice;
- sastav i strukturu zaliha za vanredne situacije;
- specifikacije kvaliteta tečnih goriva koja će se držati kao zalihe za vanredne situacije;

- količinu skladišnih kapaciteta potrebnih za potrebe skladištenja u hitnim slučajevima, uključujući količine koje su trenutno dostupne u javnim i privatnim objektima;
- planiranu dinamiku uspostavljanja obaveznih zaliha u periodu 2025 – 2029 (osnovni scenario) i periodu 2025 – 2027 (alternativni scenario) sa rasporedom nabavki, dodatnim zahtevima za kapacitetom, politikom nabavke i ulaganja u kapacitete i finansiranje;
- organizacionu strukturu i planiranje reagovanja u vanrednim situacijama; i
- dinamiku implementacije Akcionog plana.

Objedinjavajući sve zakonodavne, strateške, institucionalne, organizacione, tehničke i finansijske mere koje je preduzela ili namerava da preduzme Crna Gora, ovaj Akcioni plan priprema Crnu Goru da u potpunosti ispuni Direktivu najkasnije do kraja 2029. godine i ispuni merila za zatvaranje pregovora u Poglavlju 15 u vezi sa akquis-em o minimalnim zalihama nafte i/ili naftnih derivata.

# Establishment of Emergency Oil Stocks in Montenegro

Action Plan | December 2024

The Action Plan elaborates how Montenegro shall establish the emergency oil stocks in line with the EU Oil Stocks Directive 2009/119/EC and amendments of the Directive (Commission Implementing Directive (EU) 2018/1581), by implementing the Law on Security of Petroleum Products Supply

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## Executive Summary

Negotiations for accession of Montenegro to the European Union (EU), including negotiations on Chapter 15 - Energy, are underway.

After the latest screening of the *acquis* under Chapter 15, Montenegro has been informed by the European Commission that the closing of Chapter 15 is possible only after determining fulfilment of the benchmark relevant for harmonization with the *acquis* on minimum stocks of crude oil and oil products.

One of the key milestones in meeting this benchmark is the submission of the updated Action Plan indicating how and when Montenegro shall fully implement the oil stocks Directive.

This Action Plan has been drafted in order to fulfil the requested submission of an action plan to the EU, while describing the specific plan for the establishment and maintenance of emergency oil stocks as according to Directive 2009/119/EC on minimum stocks of oil and/or oil products (Directive), and to the Law on Security of Petroleum Products Supply.

This Action Plan describes: the primary legislation on emergency stockholding to be adopted by the Parliament of Montenegro and remaining legislation alignment needed for full transposition of the Directive; the dedicated state body and stockholding obligation holders responsible for establishing of Montenegrin emergency oil stocks compliant with the Directive; the financing of Montenegrin emergency oil stockholding; the estimated minimum stockholding obligation under the Directive; the necessary data gathering and reporting for the purposes of the Directive; the composition of emergency stocks to be established over time; the quality specifications of the liquid fuels to be held as emergency stocks; the amount of storage capacities needed for emergency stockholding purposes, including amounts currently available in both public and private facilities; planned dynamics for the establishment of emergency stocks during the period 2025 – 2029 (base scenario) and the period 2025 – 2027 (alternative scenario) (procurement schedule, subsequent capacity requirements, procurement and capacity investment policy, financing); organizational structure and emergency response planning; and timetable for implementation of Action Plan.

By bringing together all legislative, strategic, institutional, organizational, technical and financial measures taken or intended to be taken by Montenegro, this Action Plan prepares Montenegro to fully meet the Directive by end of 2029 at latest and fulfil the benchmark for closing of the negotiations on Chapter 15 regarding the *acquis* on minimum stocks of oil and oil products.

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## 1. Background

Montenegro aims to transpose and implement the European Union Council Directive 2009/119/EC (Directive) on minimum oil stocks.

The main impetus for establishing Montenegro's emergency stockholding system is to meet the objectives of the Directive, both in terms of its own security of oil supply and taking a significant step towards EU membership.

Negotiations on Chapter 15 on Energy were opened in December 2015, and are still underway because nothing has been done according to the Action Plan on establishment of emergency stocks submitted to the European Commission at that time. At the top of it, the deadline for establishment of emergency stocks foreseen by the submitted Action Plan expired on 1 January 2023.

The most recent key milestones in meeting benchmark for closing negotiations on Chapter 15 are: a) the adoption of the Law on Security of Petroleum Products Supply, b) submission of the updated Action Plan indicating how and when Montenegro shall fully implement oil stocks Directive, c) establishment of the central body for establishment of emergency stocks and d) commencement of building up the emergency stocks.

During 2023 and the first half of 2024, the ministry responsible for hydrocarbons worked hard on drafting the Law on Security of Petroleum Products Supply. Finally, in June 2024 the Government of Montenegro adopted the Law proposal and sent it to the Parliament for adoption.

In parallel, knowing that development of the Action Plan aligned with the proposed Law is a critical precondition for meeting milestones c) and d), the ministry responsible for hydrocarbons requested UNOPS' assistance on development of the Action Plan.

Ministry's request for assistance was approved and this document has been prepared with UNOPS support provided under the framework of the multi-year programme titled "Knowledge for Reform Action in the Western Balkans".

In agreement with the main beneficiary (ministry responsible for hydrocarbons), this Action Plan covers two periods for building up the emergency stocks at full extent - 2025-2029 period (base case) and the 2025-2027 period (alternative case).

The Action Plan has been prepared fully in line with the Terms of Reference (ToR) including specifically the following:

- the minimum amounts and the structure of emergency stocks,

- the financial resources needed by Montenegro Hydrocarbons Administration,
- the amount, formation, special conditions and additional storage capacity required for the needs of emergency stocks,
- a schedule and policy of procurement of petroleum products, their financing and long-term insurance of storage capacities,
- the dynamics of implementation of the Action Plan and other matters of importance for the establishment of emergency stocks of the Montenegro Hydrocarbons Administration.

This version of the Action Plan is in substance a completely new document and represents not an update of the first version but rather an entire replacement of the version of the Action Plan submitted to the European Commission in 2015.

Additionally, this Action Plan is fully harmonized with the proposed Law on Security of Petroleum Products Supply. The law was already adopted by the Parliament on 12 November 2024, and it will be re-voted again on 10 December 2024 with the very high probability for the final adoption.

Therefore, this version of the Action Plan is the crucial executive and operational document which takes into consideration all relevant and practical aspects influencing the establishment of emergency oil stocks by Montenegro, and it should serve as a baseline for establishment of emergency stocks within the proposed deadline(s) (2029 – base case; 2027 – alternative case).

This version of the Action Plan will be sent into the relevant procedure, i.e., to the Government and then to the European Commission for its opinion.

## 2. Legislative framework for the implementation of the Directive 2009/119/EC

The implementation of the Directive 2009/119/EC in Montenegro is provided by the Law on Security of Petroleum Products Supply to be readopted by the Parliament of Montenegro on 10 December 2024 (hereinafter: the Law). This Law exclusively regulates the issues of establishment of emergency stocks of oil products and their use in case of a disruption in the supply of oil and energy products.

The Law, as the primary legislation on emergency oil stocks, envisages the adoption of a set of bylaws that will establish a comprehensive legislative framework for the establishment of emergency oil stocks, as well as the activities to be undertaken in emergency situations.

In order to fully align its legal framework with the Directive 2009/119/EC and to set up the ground for the establishment of emergency stockholding system, Montenegro still has to adopt the following secondary legislation:

- **Rulebook on the methodology of data gathering and processing and determination of average daily net imports, average daily inland consumption and level of emergency oil stocks** - this Rulebook stipulates specifically the manner, procedures and deadlines for the calculation of average daily net imports of oil products, their average daily consumption and the minimum amount of stocks that are to be maintained according to the Directive, entities liable to submit data on imports, exports, consumption and stocks of oil products, as well as the methodology for the collection and processing of data in order to determine the Montenegro's minimum stockholding obligation under the Directive. This rulebook also sets the ground to determine the individual stockholding obligation.

More specifically, this rulebook directly transposes the calculation methodology of Annex I, II and III of the Directive and introduces the Monthly Oil Statistics (MOS) data questionnaire as a means of collecting data for the calculations described in the annexes of the Directive.

This rulebook should be adopted within 60 days of bringing the Law in force. Defined deadline for the adoption should be achievable as the rulebook was already drafted through the UNOPS technical assistance programme.

- **Rulebook on the method of calculation and payment of the fee for emergency stocks of petroleum products** – this rulebook prescribes the method of calculation and payment of the stockholding fee to be paid by the importers of oil products for MHA and forms for reporting on the sale of petroleum products on the Montenegrin market, the calculated compensation and payments of stockholding fees for emergency oil stocks.

This rulebook should be also adopted within 60 days of bringing the Law in force, and it was also already drafted through the UNOPS technical assistance programme.

- **Emergency Response Plan (ERP)** - it sets out the broad policy and operational aspects that underpin the Montenegrin government's response to a disruption of oil supplies, to ensure that the effects of a domestic or regional oil supply disruption are minimized, and/or to fulfil future international obligations.

The purpose of the ERP is to lay out the procedures and steps to be undertaken by the main entities in Montenegro responsible for taking action during an oil supply crisis. It serves as a point of reference regarding the main principles and strategies related to emergency oil response, and it establishes a common understanding of the roles and responsibilities of each of the key participants in Montenegro's emergency response.

The ERP should be adopted by the Government within 1 year of bringing the Law in force.

### **3. Stockholding obligation holders**

According to the Law, the emergency oil stocks of Montenegro shall be established by the Montenegro Hydrocarbons Administration (hereinafter: the MHA) and the importers of oil products. The MHA and importers of oil products are required to attain, at a minimum, the level of emergency stocks in the amount of either 90 days net imports or 61 days of domestic consumption in Montenegro, whichever amount is greater. The MHA and the importers of oil products shall establish and maintain 50 percent of the Montenegro's stockholding obligation each.

#### **3.1 Montenegro Hydrocarbons Administration - MHA**

MHA is a non-profit state body under the ministry responsible for hydrocarbons, headquartered in Podgorica. MHA can sue and it can be sued, and it is represented and managed by a director who is responsible to the minister in charge of hydrocarbons matters.

MHA shall establish and maintain at least 50 percent of Montenegro's emergency oil stocks. The MHA's primary purpose in respect of emergency stockholding is to form the part of state's emergency oil stocks on a non-profit basis in accordance with the Law, with the basic principle of being a transparent, market-neutral entity operating at the lowest possible cost.

MHA shall operate on a non-profit basis but at the same time being able to operate on the oil market as a market entity (i.e. capable of buying/selling oil, concluding storage agreements, ticket contracts).

The main activities of the MHA regarding the emergency stockholding are to include: supervising the gathering of the fee for emergency oil stocks; providing storage capacities for emergency stockholding; purchasing and selling petroleum products in order to establish and maintain emergency oil stocks (the MHA will be a contracting party with industry and the owner of the emergency stocks purchased by the MHA); organization, supervision and management of emergency stocks; continuous supervision of the quantity and quality of its emergency oil stocks and related services; and overall cooperation with the ministry responsible for hydrocarbons, international organizations, central stockholding entities of other states and oil industry on issues related to emergency preparedness and oil supply security.

Effective emergency oil stockholding by the MHA is only possible with close cooperation with industry. Industry will continue to maintain the primary responsibility for assuring continuous supply of oil products to consumers under normal market conditions.

With the allocation of the stockholding obligation on MHA, oil industry will have the opportunity to participate in the MHA's open tenders, selling it the oil products to be held as emergency stocks and providing oil storage services or concluding oil ticket contracts. The MHA shall not itself operate oil storage, but rather will contract out the services, becoming the single largest customer of the oil industry in Montenegro. In fulfilling its roles, industry would carry out the modernization and better utilization of existing oil stocks and storage capacities (co-mingled storage of commercial and emergency stocks). In a disruption, industry would play a key role in assuring the availability of emergency oil stocks to the market. Industry's role shall also include providing advice and technical expertise to the MHA on oil market developments.

The MHA staff for the emergency stockholding should consist of only a small number of people (up to 5), preferably with key personnel preferably having industry experience. Staff should develop and maintain close contact with industry and state authorities. English fluency of all staff should be given a high priority. Timely involvement (having team involved in the early stages of creating stockholding system) and continuity of staff (to build upon experience) should be highly valued.

During the first half of 2025, the MHA should complete all legal and organizational adjustments needed for a successful implementation of all tasks imposed on the MHA by the Law, inclusive of intensive staff training on practical aspects of establishment of emergency stocks.

### **3.2 Importers of petroleum products**

The importers of oil products to Montenegro shall establish and maintain 50 percent of the Montenegro's stockholding obligation.

However, to avoid discrimination of any kind and to make emergency stockholding system more transparent and easier to control. it is foreseen by the Law that those importers that have imported less than 15,000 tons of gasoline and/or diesel in the previous calendar year shall transfer their stockholding obligation to the MHA.

In practice it means, that only "the large importers" (that are importing more than 95 percent of oil products) shall be obliged to establish and maintain the emergency oil stocks. According to the Customs Authority 2023 data, only four importers shall be holding emergency stocks of diesel and one importer to hold emergency stocks of gasoline.

#### **4. Funding of the emergency stockholding system**

The Law foresees that the emergency stockholding system in Montenegro shall be financed from the stockholding fee.

Given the regulated retail oil prices in Montenegro, the emergency stockholding obligation holders, both the MHA and the obligated importers of oil products, will be compensated for stockholding through the stockholding fee, which shall be introduced by the Government as an integral part of the retail price of gasoline, gas oils and LPG.

Such compensation should cover the MHA's capital and operational costs and the obliged importers' carrying costs associated with emergency stockholding (coping with the emergency stockholding should be financially neutral for the obliged importers i.e. they should neither earn nor lose money). Carrying costs of the obliged importers shall include cost of capital and risk premium, storage cost and cost of stocks in immaterial form (tickets).

The Government will be entitled to decide what proportion of the stockholding fee should belong to the obliged importers of oil products and what proportion to the MHA.

In practice, the importers of oil products will collect the entire stockholding fee from the final consumers, keep their portion, and pay the rest to the state budget for the MHA's dedicated activities of emergency stockholding.

The funds for financing the work of the MHA and the establishment of the emergency oil stocks by the MHA are to be allocated in the budget of Montenegro, in the manner according to the Law on Budget. Yet, the amount to be allocated to the MHA for emergency stockholding purpose in a current budget year shall be equal to the amount of the stockholding fee planned to be paid by the importers of oil products during the current budget year.

These funds for the MHA are exclusively intended for: the purchase of oil products which shall constitute the emergency oil stocks; the purchase of contractual rights for oil products (tickets); the storage and maintenance of purchased emergency oil stocks; the preparation of technical documentation for investments in maintenance and construction of storage facilities in public ownership; the maintenance and construction of storage capacity in public ownership; and, any consultancy and related services necessary to establish and manage the emergency oil stocks.

The stockholding fee will be introduced by the Law at the amount of 0.03 EUR/litre of gasoline and gas oils and 0.03 EUR/kg of LPG out of which 0.02 EUR/litre/kg should belong to the MHA and 0.01 EUR/litre/kg to the obliged importers of oil products.

The amount of 0.02 EUR/litre for the MHA has been derived from the overall estimated amount necessary to cover the full costs of emergency oil stocks and establishes a sufficiently solid basis for the whole period of activities. The same amount was already successfully implemented in an Energy Community Contracting Party and several EU Member States.

The appropriateness of the amount of the stockholding fee will be continually evaluated (based on assessment of capacity needs and market prices) by the ministry responsible for hydrocarbons, the MHA and importers of oil products, particularly the portion that belongs to the obliged importers, as to whether and by how much the fee would need to be adjusted from the 0.03 EUR/litre.

In any case, the stockholding fee for the establishment of emergency oil stocks as currently defined by the Law in terms of the amount and proportion provides a very solid basis for the successful financing of the activities envisaged by the Law and this Action Plan.

## 5. Estimated level of emergency stockholding obligation

Emergency oil stocks of Montenegro shall be established, at the very least, in the amount of 90 days of average daily net imports or 61 days of average daily inland consumption, whichever of the two quantities is greater.

The Directive is very explicit on how the average daily net imports and the average daily inland consumption are to be calculated. Both shall be calculated on the basis of *crude oil equivalent* during the previous calendar year, determined in accordance with the methods and procedures set out in Annex I and Annex II of the Directive (these Annexes shall be transposed by adoption of the Rulebook on the methodology of data gathering and processing and determination of average daily net imports, average daily inland consumption and level of emergency oil stocks).

Montenegro's stockholding obligation calculated in accordance with the Annex I and Annex II of the Directive is shown in the following Table 1.

This is based on the oil balance of Montenegro published by the official statistical office of Montenegro (MONSTAT) for the years 2021 – 2023. Montenegro's stockholding obligation calculation based on figures for 2021, 2022 and 2023 is provided in Annexes 1 and Annex 2.

**Table 1: Consumption/net imports and subsequent stockholding obligation**

Consumption / Net imports (tons)	2021 <sup>1</sup>	2022 <sup>2</sup>	2023 <sup>3</sup>
LPG	19,000	18,800	16,200
Motor Gasoline	39,100	39,400	42,500
Kerosene – Aviation Fuel	12,000	17,500	24,700
Transport diesel and gas oil	288,200	293,200	293,600
Residual fuel oil	10,400	8,700	6,500
Heavy fuel oil	3,400	2,800	3,800
Other oil products	32,500	26,700	24,800
<b>Total (tons)</b>	<b>408,200</b>	<b>407,100</b>	<b>412,100</b>

Stockholding obligation <sup>4</sup>	2021	2022	2023
90 days of average daily net imports (in tons of crude oil equivalent)	106,290	106,920	108,180
61 days of average daily consumption (in tons of crude oil equivalent)	70,821	72,529	74,420

<sup>1</sup> Balance of Oil Products 2021; Statistical Office of Montenegro – MONSTAT; Release 151-2/2022 of 2 November 2022; p.2

<sup>2</sup> Balance of Oil Products 2022; Statistical Office of Montenegro – MONSTAT; Release 144-2/2023 of 4 July 2024; p.2

<sup>3</sup> Balance of Oil Products 2023; Statistical Office of Montenegro – MONSTAT; Release 97/2024 of 4 July 2024; p.2

<sup>4</sup> Annex 1 – Calculation of Stockholding Obligation for 2021, 2022 and 2023 – MOS Questionnaire

Table 1 shows that in the case of Montenegro, 90 days of average daily net import is greater than 61 days of average daily consumption of oil products. This means that the obligation to establish emergency oil stocks of Montenegro should correspond to the amount of 90 days of average daily net import.

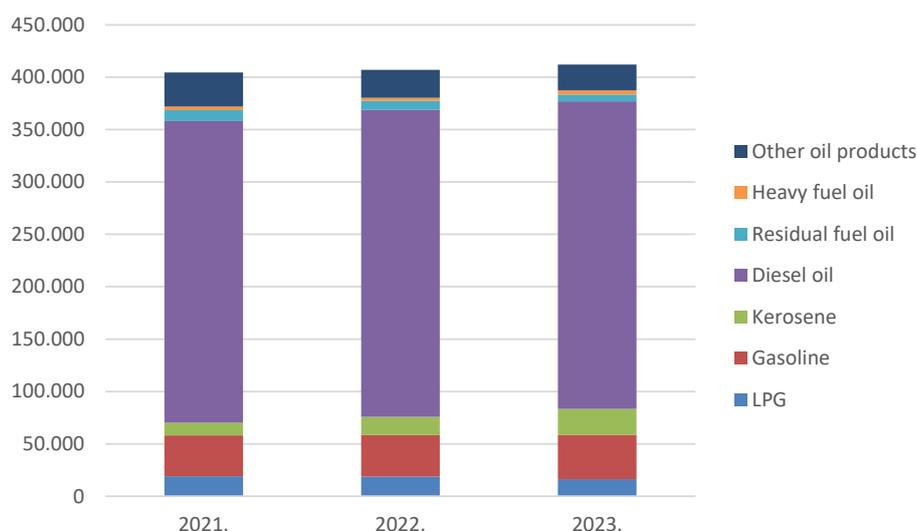
As Montenegro has neither indigenous oil production nor oil refineries it is certain that the national obligation shall be related to 90 days of average daily net imports. Nevertheless, separate calculations for both net imports and consumption are to be performed for each calendar year.

Calculations regarding the stockholding obligation are provided and submitted to the ministry responsible for hydrocarbons in a separate standalone document containing different detailed analysis referring to this Action Plan.

90 days of average daily net import from Table 1 was calculated by multiplying the net import of all petroleum products from MONSTAT’s oil balance for a particular year, expressed in metric tons, by a factor of 1.065 to obtain tons of crude oil equivalent, then divided by 365 (days) and multiplied by 90 (days).

Taking into account the very mild growth of domestic consumption during the period 2021 – 2023 (see Table 1 and Figure 1), it is estimated that the consumption will continue to grow very slightly in 2024 and 2025, meaning that the stockholding obligation will exceed 108,160 tons of crude oil equivalent calculated based on consumption of 412,000 metric tons of oil products in 2023.

**Figure 1: Consumption/net imports – 2021 to 2023 in metric tons<sup>5</sup>**



<sup>5</sup> Data source: Balance of Oil Products 2021, 2022 and 2023; Statistical Office of Montenegro - MONSTAT

Consequently, it is estimated that in 2025, Montenegro will be required to form emergency oil stocks in the amount of **110,000 tons of crude oil equivalent**, which corresponds to the consumption/net import of petroleum products in amount of around 415,000 metric tons.

Therefore, for the purposes of various calculations under this Action Plan (e.g., estimates of composition of stocks, necessary storage capacity, possible financial impacts), the estimated stockholding obligation in the amount of **110,000 tons of crude oil equivalent**, will be used for all calendar years over the period 2025 – 2030.

If in the meantime a significant increase in the stockholding obligation occurs, excess volumes can be covered through contractual agreements with economic operators (tickets).

If in the meantime a significant decrease in stockholding obligation occurs, the stockholding obligation imposed on oil importers can be reduced or excess stocks owned by the MHA can be sold or excess stocks owned by the MHA can be used for other purposes as decided by the Government.

## 6. Monthly oil data reporting

For the purpose of this Action Plan, the emergency stockholding obligation of Montenegro has been calculated based on the annual oil balances published by MONSTAT. These annual balances were published not earlier than July of the current year for the previous year.

However, due to time restrictions imposed by the Directive (and correctly transposed by the Law) for meeting the stockholding obligation for a current year, the annual oil balance is not the proper source of data for calculating the stockholding obligation.

According to the Law, the Monthly Oil Statistics (MOSOIL) questionnaire (a standardized questionnaire used jointly by the EU and IEA) is to be used as a means for fulfilling the reporting requirements under the Directive's annexes (i.e. net imports, inland consumption, and emergency stock levels).

The ground for filling out the Monthly Oil Statistics (MOSOIL) questionnaire timely and duly will be introduced by the Rulebook on the methodology of data gathering and processing and determination of average daily net imports, average daily inland consumption and level of emergency oil stocks.

The MOSOIL is a simplified oil balance, including details on import origins and stocks according to various categories. The information collected in the MOSOIL forms the fundamental basis for the stockholding obligation under the Directive (days of net imports or days of inland consumption), and its submission each month constitutes the formal declaration of compliance with the stockholding requirement. Compliance with the Directive requires that the MOSOIL questionnaire be submitted to Eurostat each month, within 55 days of the end of the month to which the data refers.

The MOSOIL will be filled in by MONSTAT based on oil data collected by the ministry responsible for hydrocarbons. MONSTAT shall assure that existing domestic data collection is sufficient and consistent with filling in the MOSOIL, and if necessary, make modifications to national statistical collections in order to assure full compliance with the MOSOIL submissions. The ministry responsible for hydrocarbons shall verify the overall results of the MOSOIL (e.g. stockholding compliance) and assure the timely submission of the questionnaire to Eurostat. The ministry responsible for hydrocarbons will assist MONSTAT in maintaining relations with oil companies to ensure they submit timely responses to MONSTAT and reply to any inquiries about data irregularities.

The quality of MOSOIL submissions is of utmost importance, not least because this determines the level of emergency stocks necessary under the Directive. Moreover, compliance with the Directive requires timely submissions each and every month.

Therefore, it is critical that the sufficient resources (e.g. man power, IT support, etc.) should be allocated to establishing and maintaining a monthly oil data collection process.

This includes ensuring that quality control measures be put in place (e.g. trained staff able to perform quality analysis, cross-checking), that all industry be obliged to participate (legal obligation to report each month, with possibility of posing significant penalties for non-reporting) and that the collection process be sustainable over the long-term (e.g. sufficient staff in statistics agency to cover vacation\sick leave\maternity leave\staff turnover).

The importance of monthly oil data should not be understated, and it should be recognized that the building up of capacities to collect and report quality data each month is as important a task as the building up of emergency oil stocks. Preparing for the ability to fulfil the MOSOIL should therefore also receive as high a priority, and given the necessary lead-time, as the subject of emergency oil stockholding.

## 7. Composition of emergency stocks and required amount of stocks

### 7.1 Composition of emergency oil stocks

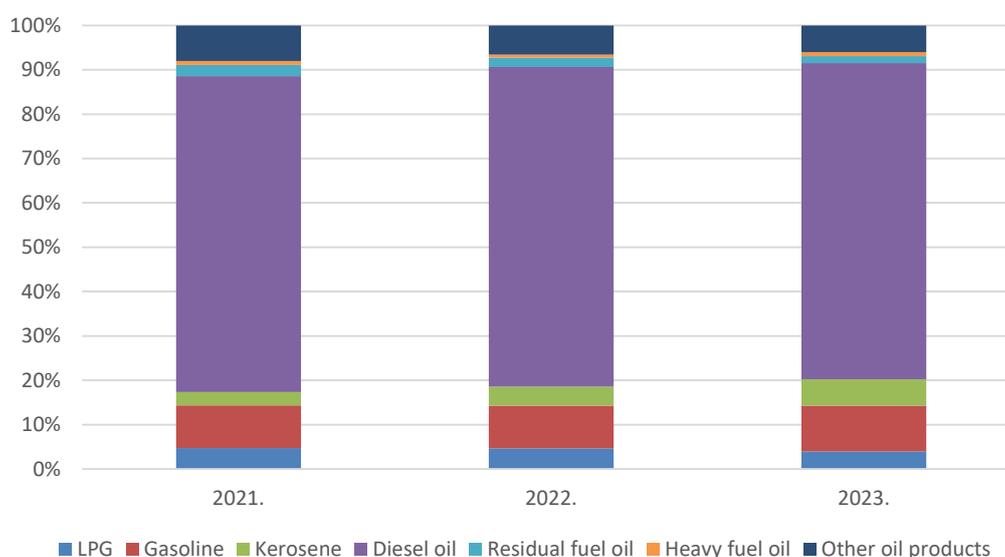
Emergency oil stocks of Montenegro shall consist exclusively of those petroleum products with combined market share, expressed in crude oil equivalent, exceeding the threshold of 75 percent of the total domestic consumption from the previous year, calculated in accordance with Annex II of the Directive and amendments to the Directive (implemented Commission Directive (EU) 2018/1581 of October 19 2018).

In order to make the stockholding system structurally lighter, more transparent, and easier to manage and control, emergency oil stocks of Montenegro shall, pursuant to Article 5 of the Law, consist exclusively of gasoline and diesel stocks, as long as their combined share exceeds the threshold of 75 percent of internal consumption of the preceding year.

Namely, combined market share of those petroleum products, expressed in crude oil equivalent, is currently far exceeding the threshold of 75 percent of the total domestic consumption from the previous year, calculated in accordance with Annex II of the Directive.

Based on the structure of consumption of oil products in the period from 2021 to 2023 (see Table 1 and Figure 2), the combined share of the consumption of gasoline and diesel/gas oil in the total consumption of oil products from 2021 to 2023 is higher than 80 percent, calculated in accordance with Annex II of the Directive.

**Figure 2: Consumption/net-import of oil products in Montenegro – 2021 - 2023 (%)**



In terms of type of oil products and their quantity, the composition of emergency oil stocks of Montenegro should reflect the structure of domestic consumption of oil products in recent years.

In doing so, emergency stocks of gasoline will replace stocks of LPG while stocks of diesel fuel will replace stocks of kerosene Jet A-1, fuel oil and other oil products.

Thus, based on the structure of consumption of oil products in the period from 2021 to 2023, for the purposes of this Action Plan, the emergency oil stocks of Montenegro in 2025 will consist of: diesel 85 percent and unleaded motor gasoline 15 percent. This diesel/gasoline ratio will be used for different calculation throughout this Action Plan.

## 7.2 Required amount of stocks

The fulfilment of the obligation to hold emergency stocks is calculated by converting the available reserves of oil products into crude oil equivalent by applying Annex III (b) of the Directive.

**In order for Montenegro to fulfil the obligation to establish emergency oil stocks in the amount of 110,000 tons of crude oil equivalent (see Chapter 5), it is necessary to have at least 102,000 metric tons (MT) of diesel and gasoline, either in physical reserves or tickets.**

Table 2 shows the planned composition of emergency oil stocks of Montenegro, taking into account the estimated structure of consumption: 85 percent diesel and 15 percent motor gasoline.

**Table 2: Estimated required amount and composition of the emergency oil stocks of Montenegro**

		Quantity (metric tons - MT)	Crude oil equivalent (tcoe)
Oil products	Gasoline	15,000	16,200
	Diesel (ULSD)	87,000	93,960
<b>Total:</b>		<b>102,000</b>	<b>110,160</b>

The crude oil equivalent in Table 2 was calculated by multiplying the amount of emergency stocks of oil products in metric tons by a factor of 1.2 and subtracting 10 percent for unavailable stocks.

The quality of oil products that would be kept as emergency oil stocks of Montenegro should be in accordance with the current Montenegro's *Ordinance on the quality and quality control of liquid fuels of petroleum origin*, or even of the better quality.

Emergency oil stocks would be held segregated and/or commingled with the commercial goods of economic entities. In the case of segregated storage, it is necessary to renew the reserves when the fuel quality changes seasonally, unless the emergency stocks of gasoline are of the summer quality and diesel stocks of winter quality.

### **7.3 Obligation split between the MHA and the importers of oil products**

Pursuant to Article 8 of the Law, the emergency oil stocks of Montenegro shall be established by the MHA and importers of oil products.

Furthermore, in accordance with the Article 9, para. (5) point 3) of the Law, the MHA on the one side and the importers of oil products on the other side, shall establish ½ (one-half) of the stockholding obligation each.

However, in order to make emergency stockholding system more transparent and easier to manage and control, and also to avoid any possible discrimination due to limited availability of storage capacity in Montenegro, those importers that have imported less than 15,000 tons of gasoline or diesel in the previous calendar year, shall transfer their stockholding obligation to the MHA (Article 11, para. (1) of the Law).

It means that the stockholding obligation shall remain only with the “large importers” of oil products (those importing more than 15,000 tons of diesel or gasoline), and the MHA shall establish in the end, based on individual oil data provided by the Customs Authority, around of 55 percent (56,000 metric tons) of the total stockholding obligation estimated in amount of 102,000 metric tons of gasoline and diesel.

The following Table 3 presents the split of the stockholding obligation between the MHA and the large importers of oil products in terms of the stockholding obligation expressed in tons of crude oil equivalent (110,000 tcoe) and amount of stocks required to meet the stockholding obligation expressed in metric tons of stocks (102,000 MT).

**Table 3: Estimated stockholding obligation split between the MHA and “the large importers” of oil products in Montenegro**

Stockholding obligation – 110,000 tcoe			
Quantity of stocks required – 102,000 MT			
MHA		“Large importers” of oil products	
<b>55% of stockholding obligation</b>		<b>45% of stockholding obligation</b>	
(60,000 tons of crude oil equivalent)		(50,000 tons of crude oil equivalent)	
Gasoline	8,000 metric tons	Gasoline	7,000 metric tons
Diesel	48,000 metric tons	Diesel	39,000 metric tons
<b>Total:</b>	<b>56,000 metric tons</b>	<b>Total:</b>	<b>46,000 metric tons</b>

From the perspective of the stockholding obligation of Montenegro equal to 90 days of average net-imports, the split presented in Table 3 means that the MHA shall establish emergency oil stocks in amount of around 50 days of average net-imports, and importers 40 days of the average net-imports. Average daily net-imports is estimated in amount of 1,222 tons of crude oil equivalent per day (110,000 tons of crude oil equivalent divided by 90 days).

## 8. Requirements for storage capacity

In order to meet Montenegro's 90-day stockholding obligation under the Directive (estimated at 110,000 tons of crude oil equivalent), the MHA and the obliged oil importers will need storage capacity for accommodating 102,000 metric tons of physical petroleum products whether they will be purchasing products in physical form or contracting in immaterial form (tickets).

The grand total required storage capacity considering the composition of emergency stocks is presented in the Table 4 below. It has been estimated based on the assumed stocks composition (85 percent diesel and 15 percent gasoline) and ordinary density of gasoline (EN 228) and diesel (EN 590). The required storage capacity has been increased by 10 percent to account for the deduction made in the methodology for unavailable stocks (Annex 3 of the Directive).

**Table 4: Grand total storage capacity requirements for emergency stocks of Montenegro**

	Oil product	Quantity	Density	Nominal Capacity required
Emergency stocks of Montenegro	Gasoline	15,000 MT	755 kg/m <sup>3</sup>	22,000 m <sup>3</sup>
	Diesel	87,000 MT	845 kg/m <sup>3</sup>	114,000 m <sup>3</sup>
Grand Total:		102,000 MT		136,000 m <sup>3</sup>

Montenegro's emergency oil stocks, regardless of whether they are established by the MHA or by the oil importers, and maintained as physically accessible stocks or as tickets, shall be maintained in terminal(s)/capacities considered eligible for emergency stockholding.

Eligible for emergency stockholding means, as a general rule, that the emergency oil stocks will be stored at different locations and terminals in and out of Montenegro that have already been intended for the storage of oil products, which have the possibility of expansion, which oil companies regularly use for their own purposes, where there is the possibility of receiving/shipping of goods by various means of transport, which have the status of an excise or customs warehouse allowing deferred payment of VAT and/or excise duty and that comply with the principles of environmental protection.

Such an approach not only reduces the purchase price of the emergency stocks and the cost of maintenance and renewal of stocks, but also ensures the ability to rapidly drawdown the stocks in an emergency.

The strategic goal is for the largest part of the emergency oil stocks to be stored in Montenegro, while emergency oil stocks will be also stored to a lesser extent in the territories of other countries (EU Member States or Energy Community Contracting Parties) with which have been previously concluded agreements/memorandums on storage of emergency oil stocks. The conclusion of bilateral agreements/memorandums is planned at least with the following countries: Greece, Croatia, Slovenia and Italy.

### 8.1 Storage capacity required by the MHA

According to Article 14, para. (2) of the Law, the MHA shall hold its emergency stocks exclusively in physical form.

For doing so, based on the estimated stockholding obligation of Montenegro and the split of national obligation between the MHA and the importers of oil products (see Table 3), it is estimated that **75,000 m<sup>3</sup>** would be needed to accommodate the emergency stocks to be established by the MHA, as presented in the following Table 5.

**Table 5: Capacity requirements for emergency stocks of MHA**

	Oil products	Quantity	Density	Nominal Capacity required
Emergency stocks of MHA	Gasoline	8,000 MT	755 kg/m <sup>3</sup>	12,000 m <sup>3</sup>
	Diesel	48,000 MT	845 kg/m <sup>3</sup>	63,000 m <sup>3</sup>
Total:		56,000 MT		75,000 m <sup>3</sup>

The only exception of holding the stocks in physical form could be the emergency stocks purchased to compensate the stockholding obligation transferred to the MHA by the importers importing less than 15,000 tons of gasoline or diesel. Those stocks can be held in immaterial form (“tickets”) (Article 14, para. (3) of the Law).

The Law allows the MHA to hold the emergency stocks not only in Montenegro but also abroad. However, strategic goal is to hold all MHA’s emergency stocks in Montenegro.

The MHA should hold its stocks abroad, weather in physical or immaterial form, in case of insufficient availability of storage capacities and tickets in Montenegro, insufficient financial resources or in case that storage operators and/or ticket’s providers are misusing their market position.

## 8.2 Storage capacity required for emergency oil stocks of importers of oil products

The obliged importers of oil products in Montenegro are allowed by the Law to establish emergency stocks in the physical form and in the form of contractual rights to purchase certain quantities of petroleum derivatives ("tickets"), depending on available financial resources and storage capacities.

In any case, the estimated storage capacity needed for to store 46,000 metric tons of the emergency stocks of the obliged importers amounts around 61,000 m<sup>3</sup>, as presented in Table 6 below.

**Table 6: Capacity requirements for emergency stocks of the obliged importers (in metric tons - MT)**

			Density	Nominal Capacity required
Emergency stocks of obliged importers	Gasoline	7,000 MT	755 kg/m <sup>3</sup>	10,000 m <sup>3</sup>
	Diesel	39,000 MT	845 kg/m <sup>3</sup>	51,000 m <sup>3</sup>
Total:		46,000 MT		61,000 m <sup>3</sup>

Oil market of Montenegro is highly concentrated one meaning that four companies are supplying more than 90 percent of gasoline and diesel on wholesale market of Montenegro. Moreover, only one importer has sufficient storage capacity available for holding emergency stocks to meet its stockholding obligation.

Consequently, significant part of emergency stocks to be established by "large importers" of petroleum products will be held outside Montenegro, very likely in tickets, in countries where mother companies of obliged large importers in Montenegro have owned or rented oil infrastructure (Croatia, Slovenia).

Therefore, conclusion of bilateral agreements/memorandums with Slovenia and Croatia is a critical precondition for the establishment of emergency stocks of those importers which do not have their owned or rented storage capacity in Montenegro.

### 8.3 Availability of storage capacity in Montenegro – current state of affairs

Total existing nominal storage capacity in Montenegro currently amounts to around 206,000 m<sup>3</sup>. These capacities are concentrated within 6 terminals, as presented in Table 7 below, of which terminals in Bar, Bijelo Polje and Lipci are co-owned by Montenegro and Jugopetrol A.D. (co-owners have different stakes in individual terminals).

**Table 7. Storage capacity in Montenegro<sup>6</sup>**

Terminal	Capacity
- Bar	124,800 m <sup>3</sup>
- Bijelo Polje	27,700 m <sup>3</sup>
- Lipci	22,400 m <sup>3</sup>
- Cerovo	21,000 m <sup>3</sup>
- Tivat	8,000 m <sup>3</sup>
- Podgorica	2,000 m <sup>3</sup>
<b>Total</b>	<b>205,900 m<sup>3</sup></b>

Of terminals listed in Table 7, the entire terminals in Bijelo Polje, Lipci and Cerovo have been out of operations for many years due to different reasons. Additionally, in the Bar terminal, 17,600 m<sup>3</sup> owned by Montenegro is currently unfit for purpose, with another 30,600 m<sup>3</sup> (owned by Jugopetrol) out of use for last 10 – 15 years due to commercial and technical reasons.

Therefore, the grand total of storage capacity in Montenegro currently operational amounts to around 87,000 m<sup>3</sup> (77,000 m<sup>3</sup> in Bar, 8,000 m<sup>3</sup> in Tivat, 2,000 m<sup>3</sup> in Podgorica). However, terminal in Tivat is used exclusively for supply of Jet A-1 fuel to Tivat airport, so utilization of Tivat terminal for emergency stockholding purpose cannot be taken into consideration. In addition, Podgorica terminal has only road access.

In Bar terminal, up to 70,000 m<sup>3</sup> of currently operational 77,000 m<sup>3</sup> should be sufficient to meet regular operational needs required by Jugopetrol and Jugopetrol's stockholding obligation as the obliged importer of oil products.

All in all, an estimated 7,000 - 10,000 m<sup>3</sup> may be currently available and considered eligible for storage of emergency stockholding of the MHA and/or large oil importers other than Jugopetrol. The estimated currently available capacity may slightly go up or down depending on individual tank sizes and how the emergency stocks are stored – commingled with stocks of other party/parties or segregated.

<sup>6</sup> Data source: Ministry of Mining, Oil and Gas, November 2024.

Combining the estimated emergency stocks of Jugopetrol and the estimated currently available storage capacity for other emergency stockholding obligation holders in Montenegro, it is estimated that Montenegro may currently (December 2024) store on its territory the emergency stocks in total amount of around **30 days of net-import** calculated in accordance with the Directive.

#### **8.4 Ensuring the availability of storage capacity for emergency stockholding**

After overlapping the estimated required storage capacity for meeting the emergency stockholding obligation (135,000 m<sup>3</sup>) with the estimated currently available storage capacity for emergency stockholding in Montenegro (up to 45,000 m<sup>3</sup>), it is unrealistic to expect Montenegro to hold all of its emergency oil stocks within its national territory (in particular, all emergency stocks of the obliged importers of oil products).

From the perspective of the obliged importers other than Jugopetrol, the aforementioned storage capacity gap will be neutralized by holding the emergency stocks abroad were resources of their mother companies or resources of other market players will be utilized.

Yet, the critical precondition for holding the emergency stocks of Montenegro abroad is the agreement/approval of the host country. Therefore, the ministry responsible for hydrocarbons shall urgently work with their counterparts in Croatia, Slovenia and Greece on establishing the formal legal and operational framework for holding the emergency stocks of Montenegro in those countries.

Additional storage capacity in Montenegro for the needs of MHA shall be provided by refurbishing the existing storage capacities in the coastal terminals of Bar and Lipci, rather than investing in new-build storage capacity and risking the stranded asset issue in a foreseeable future.

Namely, it is estimated that MHA requires around 65,000 m<sup>3</sup>, in addition to the currently available capacity estimated on 10,000 m<sup>3</sup> (see preceding subchapter 8.3).

The Bar terminal shall be prioritized for emergency stockholding, due to its location, size and technical capabilities. The existing capacity owned by Montenegro at the Bar terminal (17,600 m<sup>3</sup>) shall be urgently refurbished during 2025 by the ministry responsible for hydrocarbons. In parallel with refurbishment, the ministry responsible for hydrocarbons shall work on an agreement with Jugopetrol regarding a long-term utilization of Jugopetrol's unused capacity (ideally up to 30,600 m<sup>3</sup>), which will then allow Jugopetrol to refurbish these unused tanks.

The aforementioned agreement with Jugopetrol shall also include cooperation on refurbishment and utilization of Lipci terminal, which is also co-owned by Montenegro (10,200 m<sup>3</sup>) and Jugopetrol (12,200 m<sup>3</sup>).

Even if Jugopetrol decides to hold its emergency stocks in Greece in order to make more of the existing storage capacity at the Bar terminal available for MHA, Montenegro shall make its best efforts to find the model on how to refurbish its property (storage capacity and pertaining infrastructure) at Lipci terminal, with or without Jugopetrol.

Refurbishment of the existing, unused capacity in Bar and Lipci terminals would bring in-line at least additional 60,000 m<sup>3</sup>, allowing almost all emergency stocks of MHA to be on storage in Montenegro.

Apparently, an agreement (or more of them) between Montenegro and Jugopetrol regarding the joint utilization of oil terminals co-owned by them is a critical precondition for successful implementation of this plan. Therefore, work on conclusion of this/these agreement(s) should have the highest priority.

As long as the existing, unused capacity in Bar and Lipci terminals are not useable, the emergency stocks of the MHA shall be held abroad, in part or in whole as necessary. This is why bilateral agreement with Italy should also be arranged.

Bijelo Polje terminal would be considered for emergency stockholding, if jointly utilized with the oil company/companies and if Lipci terminal, for any reason, cannot be refurbished.

Irrespective of this plan to rely on the refurbishment of the existing storage capacity, Montenegro shall seriously consider any private initiative for developing new-build storage capacity, particularly at the coastal part of Montenegro.

Unit cost of storage to be paid by MHA to the storage operators shall reflect the following: the mid/long-term nature of cooperation, the need for investment in refurbishment/new construction of facilities, the fact that the MHA is not a commercial company trading daily with its emergency stocks and the fact that the MHA brings new income against existing fix costs.

## **9. Build-up of emergency stocks by the MHA**

The MHA should meet Montenegro's stockholding obligation in amount of 50-days of average net-import (remaining 40-days shall be established by "the large importers" of oil products). The 50-days emergency stocks of the MHA shall be established gradually, however, the formal deadline for establishment of stocks is currently unknown.

Namely, as an Energy Community Party, Montenegro missed the formal deadline for establishment of the emergency oil stocks (1 January 2023). On the other hand, the new deadline which would be an outcome of the EU accession negotiations is still unknown. Additionally, the Law does not set any deadline for the full establishment of emergency stocks. In the meantime, Montenegro is threatened by penalties from the Energy Community Secretariat.

To cope with the aforementioned challenges related to the deadline, Montenegro should build-up the stocks of the MHA as soon as reasonably possible from the perspective of financing, structure of stocks and security of supply. As soon as reasonably possible in this case means 5-years period (2025 – 2029), which is the best industry practice, and that is the main scenario elaborated by this Action Plan.

However, due to the possible request of the European Commission to build-up the stocks within the period that is even shorter than 5 years, this Action Plan also elaborates scenario of building-up the stocks of the MHA within 3-years period (2025 - 2027).

Build-up period which is shorter than 3-years is not considered because in such a case amount of tickets would reach an extremely high share in meeting the stockholding obligation. Consequently, the overall rationale of the stockholding system would disappear from an effectiveness and security of supply point of view.

### **9.1 Implemented approach of planning**

When considering possible models for the specific dynamics of building up emergency stocks, the ultimate goal shall always be to reach a stable and continuous growth in emergency stock levels (to reach the overall targeted level over a realistically set schedule), while at the same time having a stable revenue flow to cover total costs (i.e. to have the financial burden equally spread over several years).

There are two approaches implementable when planning building up emergency stocks:

- a) based on a fixed stockholding schedule (i.e. for each year there is a determined number of days of net import to be held),
- b) based on a fixed revenue to establish stockholding schedule.

A fixed stockholding schedule may intuitively appear more logical, as it demonstrates a clear path for progressing toward the final level of compliance. However, such an approach is in fact more complex in terms of consistent planning due to fluctuating costs (e.g. volatility of market prices for petroleum products) and necessitates a frequent adjustment to the stockholding fee which can vary significantly and pose substantial challenges for decision makers any time the stockholding fee must be increased.

In Montenegro's case, this substantial challenge of frequently adjusting stockholding fee accompanied by questionable availability of required storage capacity make the fixed revenue approach to establishing emergency stocks a far more appropriate choice for Montenegro.

Consequently, the stockholding fee for the MHA is to be set at an almost uniform level over several years and the funds generated from collecting this fee will be strictly dedicated to the purpose of building emergency stocks. The ability to use these funds should be sufficiently flexible (e.g. able to allow funds to accrue beyond a single fiscal year) in order to allow for the acquiring of emergency stocks on an advantageous basis or to buy the stocks to fill the tanks whose refurbishment was delayed (instead of being filled up in a planned year it has to be filled in a following year).

Planning the emergency stock build-up based on a fixed revenue approach signifies that the MHA's ability to purchase additional stocks decreases over time, as the costs of storage grow each year due to the accrued purchases made during the preceding calendar year.

This EU grant and part of compensation for importers of oil products collected during 2025 in total amount of 4.0 million EUR should be a buffer to compensate for the declining ability in the following years.

This planned build-up necessitates that the Government of Montenegro and the MHA:

- a) introduce the stockholding fee as soon as the Law is adopted,
- b) start building up of emergency stocks by purchasing emergency stocks in physical form,
- c) purchase the largest quantity of emergency stocks at the very beginning of the process (given the above stated decrease over time in the amounts able to be purchased).

The MHA may also consider a possible **financial strategy of using a loan** to take advantage of market conditions where it may maximise its ability to purchase emergency stocks. For example, if petroleum prices are low when commencing stock building, the MHA could take out a loan and contract the purchase of the full amount of emergency stocks. The reimbursements of this loan would be made over the course of time of physical stock build, by the revenues from the fee. Such a strategy would guarantee against rising refined product prices by locking a fixed price at a level deemed advantageous.

## **9.2 5-years build-up period (2025 - 2029)**

The duration of 2025 shall be spent on finalizing the legal framework for emergency stockholding by developing necessary secondary legislation and setting up the MHA – legally, organizationally, technically and financially.

On the side of the ministry responsible for oil, the oil data gathering system and emergency stockholding fee gathering system shall be introduced before the end of February 2025 at latest. These are the two critical components of emergency stockholding system.

Also, by the end of March 2025, the refurbishment of storage capacity in Terminal Bar which are owned by the state should be contracted. The ministry is planning to complete the works within 9 months i.e. before end of 2025 so, the storage capacity should be available and filled up by diesel in 2026 realistically.

Besides completing the refurbishment works in Bar, it will be necessary to make a long-term arrangement with Jugopetrol on joint utilization of storage terminals co-owned by the state and Jugopetrol.

Simultaneously, the ministry shall work with the host countries on allowing the storage of Montenegro's emergency stocks abroad, specifically in Slovenia, Croatia, Greece and Italy.

On the other side, the MHA shall regulate with the tax authorities its status regarding the VAT and deferred payment of excise duty. This is a crucial precondition for successful implementation of this Action Plan.

## Procurement policy and plan

The main task of the MHA is to establish the emergency stocks **in amount of 56,000 metric tons** (50 days of net-imports based on the stockholding obligation of 60,000 tcoe) within the given budget, ideally in terms of quality, composition and form as planned by this Action Plan, despite the market volatility of petroleum products prices.

Procurement of stocks shall be carried out in accordance with the Public Procurement Law and in agreement with the Ministry of Finance, considering the availability of the dedicated stockholding fee paid to the state budget by the importers of petroleum products.

Due to the state budget's constraints (e.g. limited capability of making huge single payments, limited liquidity during November and December), the emergency stocks on a yearly basis shall be likely purchased in several (smaller) lots rather than in a single (large) lot. The approach should be harmonized with the Ministry of Finance in order to allow for spending as much as possible (ideally all) of the stockholding fee allocated and collected through the budget year.

The emergency stocks will be purchased with delayed excise duty payment and with no bio components and/or fuel markers added.

If the physical stocks owned by the MHA shall be on storage segregated of commercial stocks, then the gasoline shall be of summer grade quality and the diesel of winter grade quality. In case of the commingled storage with commercial stocks, then the gasoline and diesel shall be of seasonal quality.

The basic principle of building up of emergency stocks owned by the MHA is that the purchase of physical stocks and storage domestically to the full extent that this is possible shall be given priority, followed by the purchase of physical stocks and storage abroad. Realistically, both the purchase of physical stocks in Montenegro and the purchase of physical stocks abroad should commence in 2025.

The tickets shall be purchased at the very end, in 2029, just if needed to fully comply with the stockholding obligation of 50 days of net-imports.

The procurement plan is determined considering the available budget (see Chapter 4 – Funding of emergency oil stocks), intended composition of stocks (see Chapter 6 - Composition of emergency oil stockholding system), storage availability (see Chapter 7 – Storage capacities) and estimated petroleum product prices.

The planned purchases of stocks in both physical and tickets form at an annual level, under the different purchase price scenarios, are given in Table 8 here in:

**Table 8. Planned annual procurement of emergency stocks in the period 2025 – 2029 (in MT)**

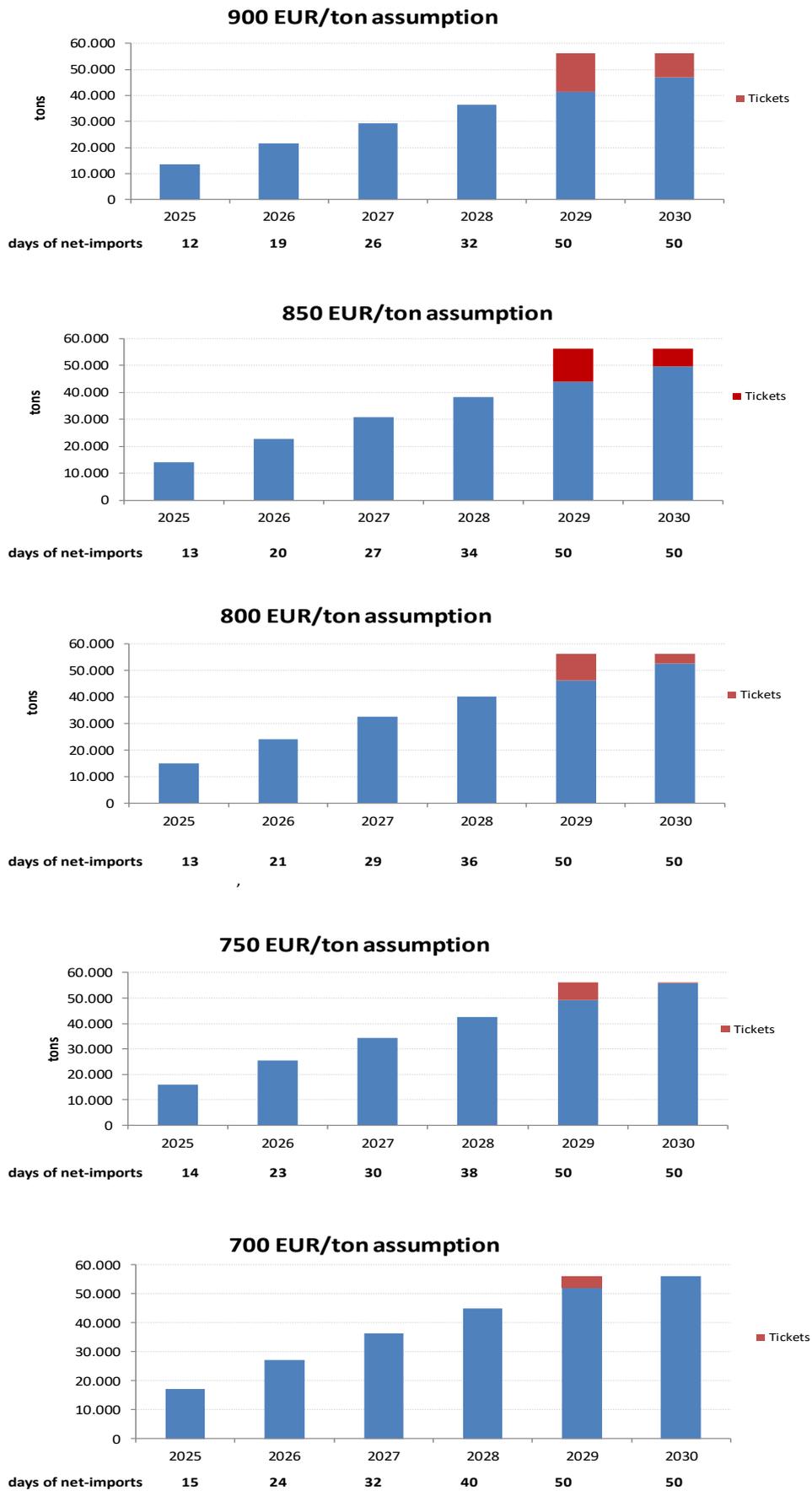
Price scenario	Fuel	Form	2025	2026	2027	2028	2029
<b>900 EUR/t</b>	ULSD	Physical	13,400	8,200	4,600	4,100	5,200
		Tickets					12,600
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
<b>850 EUR/t</b>	ULSD	Physical	14,200	8,600	5,000	4,400	5,600
		Tickets					10,300
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
<b>800 EUR/t</b>	ULSD	Physical	15,000	9,100	5,400	4,700	6,100
		Tickets					7,800
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
<b>750 EUR/t</b>	ULSD	Physical	16,000	9,600	5,800	5,100	6,600
		Tickets					5,000
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
<b>700 EUR/t</b>	ULSD	Physical	17,100	10,100	6,200	5,400	7,200
		Tickets					2,100
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000

Depending on petroleum products prices, purchases of emergency stocks in physical form during the initial year (2025) should amount to between 13,400 and 17,100 tons; in 2026 between 8,200 and 10,100 tons; in 2027 between 7,600 and 9,200 tons; in 2028 between 7,100 and 8,400 tons and in 2029 between 5,200 and 7,200 tons.

The amount of tickets purchased in 2029 should vary from 4,100 tons to 14,600 tons. If the stockholding fee would amount 0.02 EUR/litre even during 2030 than the tickets would be needed just if the average purchase price of petroleum products exceeds 800 EUR/ton (excise duty and VAT not included), in amount between 3,500 to 9,600 tons.

The following Figure 2 demonstrates what the overall build-up dynamics in terms of the days of net-imports would be achieved by the proposed procurement plan.

**Figure 3: 5-years (2025-2029) stock build-up – different average price scenarios**



## Storage capacity

The storage capacities required for physical oil products owned by the MHA under the planned schedule and composition of emergency oil stocks are given in the following Table 9. The required capacities were calculated based on inputs provided in Table 8, ordinary densities and 10% deduction as described in Chapter 8.

**Table 9. Required nominal storage capacity annually to accommodate the emergency stocks of the MHA in the period 2025 – 2029 (m<sup>3</sup>)**

Price scenario	Fuel	2025	2026	2027	2028	2029
<b>900 EUR/t</b>	ULSD	17,500 m <sup>3</sup>	28,100 m <sup>3</sup>	34,100 m <sup>3</sup>	39,500 m <sup>3</sup>	46,200 m <sup>3</sup>
	Gasoline			4,400 m <sup>3</sup>	8,800 m <sup>3</sup>	
<b>850 EUR/t</b>	ULSD	18,500 m <sup>3</sup>	29,700 m <sup>3</sup>	36,200 m <sup>3</sup>	42,000 m <sup>3</sup>	49,200 m <sup>3</sup>
	Gasoline			4,400 m <sup>3</sup>	8,800 m <sup>3</sup>	
<b>800 EUR/t</b>	ULSD	19,500 m <sup>3</sup>	31,400 m <sup>3</sup>	38,400 m <sup>3</sup>	44,500 m <sup>3</sup>	52,500 m <sup>3</sup>
	Gasoline			4,400 m <sup>3</sup>	8,800 m <sup>3</sup>	
<b>750 EUR/t</b>	ULSD	20,900 m <sup>3</sup>	33,300 m <sup>3</sup>	40,900 m <sup>3</sup>	47,500 m <sup>3</sup>	56,100 m <sup>3</sup>
	Gasoline			4,400 m <sup>3</sup>	8,800 m <sup>3</sup>	
<b>700 EUR/t</b>	ULSD	22,300 m <sup>3</sup>	35,400 m <sup>3</sup>	43,500 m <sup>3</sup>	50,500 m <sup>3</sup>	59,900 m <sup>3</sup>
	Gasoline			4,400 m <sup>3</sup>	8,800 m <sup>3</sup>	

Considering the limitations of the state budget in respect of transferring unspent stockholding fee from the current budget year into the following budget year, the MHA shall purchase physical stocks at the full extent possible even if the storage capacity domestically is currently unavailable. The stocks shall be held abroad until the storage capacity domestically becomes available.

During 2025, refurbishment of storage capacity in Bar which is owned by the state will take place allowing storage in 2026, possibly forcing the MHA to temporarily hold part of its stocks abroad.

Also, in 2025 technical documentation regarding the refurbishment of Lipci terminal should be completed. Reconstruction of Lipci terminal would take place during 2026 and 2027, as well as the reconstruction of existing 20,000 m<sup>3</sup> in Bar owned by Jugopetrol.

However, an agreement on cooperation between the state and Jugopetrol is a critical precondition for any utilisation of storage capacities in Montenegro which are co-owned by the state and Jugopetrol.

## Funding

In this Action Plan, the build-up of stocks has been analysed based on a fixed annual revenue in the amount of 8.6 million EUR generated from collecting the stockholding fee set at a rate of 0.02 EUR/litre for gasoline and diesel/gasoil and 0.02 EUR/kg for LPG.

The stockholding fee in amount of 0.02 EUR/litre/kg was already successfully implemented in Croatia, Serbia and Ireland.

In order to compensate for declining purchase ability, in 2025 the MHA's budget should, besides the revenue from the stockholding fee also include EU grant in amount of EUR 3.0 million and part of the compensation for importers of oil products estimated in amount of EUR 1.0 million.

The following Table 10 demonstrates that a **stockholding fee of 0.02 EUR/litre** is the appropriate rate, allowing for the establishment of Montenegro's emergency oil stocks in terms of quantity, composition and form as planned by this Action Plan even if the average of petroleum products prices to be purchased amounts to 900 EUR/ton during the period 2025 – 2029.

Such a stockholding fee has a resulting price impact considerably lower than the potentially magnitude of ordinary two-week changes in product prices in Montenegro (which can be as much as 0.05 EUR/litre).

The planned build-up of emergency stocks has been calculated for different average price scenarios of emergency stocks to be purchased ranging from 700 to 900 EUR/ton. It can be concluded that the generated revenues allow MHA to buy huge majority of all emergency stocks in physical form as originally planned (and thus decreasing the need for ticketing of other emergency stocks) in all cases where the average market price for petroleum products is below 900 EUR/ton.

Basic assumptions used for analysis of 5-years build up period (2025 - 2029) are the following:

- Stockholding obligation to be met by 31 December 2029 amounts to 60,000 tons of crude oil equivalent (calculated based on total oil consumption of 415,000 tons (110,000 tcoe) and the MHA's stockholding obligation share of 55%)
- Emergency stocks to be established by 31 December 2029 in total amount of 56,000 tons (48,000 tons of diesel and 8,000 tons of gasoline)
- Emergency stocks in physical form purchased by MHA are not loaded with excise duty (regime of delayed payment)

- Oil stockholding fee is charged at a rate of 0.02 EUR/litre of motor gasoline, diesel/gasoil and 0.02 EUR/kg of LPG
- Oil stockholding fee is charged on grand total of 430,000,000 litres of gasoline/diesel and kilograms of LPG annually (total yearly budget amounts 8.6 million EUR)
- In 2025 total available funds amounts 12.6 million EUR (8.6 million EUR + 1 million EUR of compensation that belongs to the large importers + 3 million EUR of EU grant)
- Average annual cost of storage of petroleum products amounts 60 EUR/ton for the physical stocks purchased in the previous calendar year and 30 EUR/ton for physical stocks purchased in the actual calendar year
- Average annual ticket price amounts 84 EUR/ton
- Other annual operational costs (insurance, Q&Q control, forwarding) amount 5 EUR/ton of the established stocks

**Table 10: The MHA emergency stock build-up scenarios for various price scenarios (2025 – 2029 build-up period)**

**Stockbuilding scenario - summary**

<b>900 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	13.400	8.200	7.600	7.100	5.200	5.400
Established physical stocks in actual year (MT)	13.400	21.600	29.200	36.300	41.500	46.900
Tickets purchase in actual year (MT)	0	0	0	0	14.600	9.200
<b>Total emergency oil products stocks (tons)</b>	<b>13.400</b>	<b>21.600</b>	<b>29.200</b>	<b>36.300</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	900	900	900	900	900	900
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+other costs)	12.529.000	8.538.000	8.510.000	8.536.500	8.520.900	8.565.300
Remaining funds (Funds available - Total Costs) (EUR)	71.000	62.000	90.000	63.500	79.100	34.700
<b>Days of net-imports coverage</b>	<b>12</b>	<b>19</b>	<b>26</b>	<b>32</b>	<b>50</b>	<b>50</b>

<b>850 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	14.200	8.600	8.000	7.400	5.600	5.800
Established physical stocks in actual year (MT)	14.200	22.800	30.800	38.200	43.800	49.600
Tickets purchase in actual year (MT)	0	0	0	0	12.300	6.500
<b>Total emergency oil products stocks (tons)</b>	<b>14.200</b>	<b>22.800</b>	<b>30.800</b>	<b>38.200</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	850	850	850	850	850	850
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+other costs)	12.567.000	8.534.000	8.562.000	8.551.000	8.533.700	8.558.500
Remaining funds (Funds available - Total Costs) (EUR)	33.000	66.000	38.000	49.000	66.300	41.500
<b>Days of net-imports coverage</b>	<b>13</b>	<b>20</b>	<b>27</b>	<b>34</b>	<b>50</b>	<b>50</b>

<b>800 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	15.000	9.100	8.400	7.700	6.100	6.300
Established physical stocks in actual year (MT)	15.000	24.100	32.500	40.200	46.300	52.600
Tickets purchase in actual year (MT)	0	0	0	0	9.800	3.500
<b>Total emergency oil products stocks (tons)</b>	<b>15.000</b>	<b>24.100</b>	<b>32.500</b>	<b>40.200</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	800	800	800	800	800	800
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+other costs)	12.525.000	8.573.500	8.580.500	8.542.000	8.578.700	8.581.500
Remaining funds (Funds available - Total Costs) (EUR)	75.000	26.500	19.500	58.000	21.300	18.500
<b>Days of net-imports coverage</b>	<b>13</b>	<b>21</b>	<b>29</b>	<b>36</b>	<b>50</b>	<b>50</b>

<b>750 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	16.000	9.600	8.800	8.100	6.600	6.800
Established physical stocks in actual year (MT)	16.000	25.600	34.400	42.500	49.100	55.900
Tickets purchase in actual year (MT)	0	0	0	0	7.000	200
<b>Total emergency oil products stocks (tons)</b>	<b>16.000</b>	<b>25.600</b>	<b>34.400</b>	<b>42.500</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	750	750	750	750	750	750
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+ other costs)	12.560.000	8.576.000	8.572.000	8.594.500	8.566.500	8.547.300
Remaining funds (Funds available - Total Costs) (EUR)	40.000	24.000	28.000	5.500	33.500	52.700
<b>Days of net-imports coverage</b>	<b>14</b>	<b>23</b>	<b>30</b>	<b>38</b>	<b>50</b>	<b>50</b>

<b>700 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	17.100	10.100	9.200	8.400	7.200	4.100
Established physical stocks in actual year (MT)	17.100	27.200	36.400	44.800	52.000	56.100
Tickets purchase in actual year (MT)	0	0	0	0	4.100	0
<b>Total emergency oil products stocks (tons)</b>	<b>17.100</b>	<b>27.200</b>	<b>36.400</b>	<b>44.800</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	700	700	700	700	700	700
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs C23	12.568.500	8.535.000	8.530.000	8.540.000	8.568.900	6.393.500
Remaining funds (Funds available - Total Costs) (EUR)	31.500	65.000	70.000	60.000	31.100	2.206.500
<b>Days of net-imports coverage</b>	<b>15</b>	<b>24</b>	<b>32</b>	<b>40</b>	<b>50</b>	<b>50</b>

### 9.3 3-years build-up period (2025 - 2027)

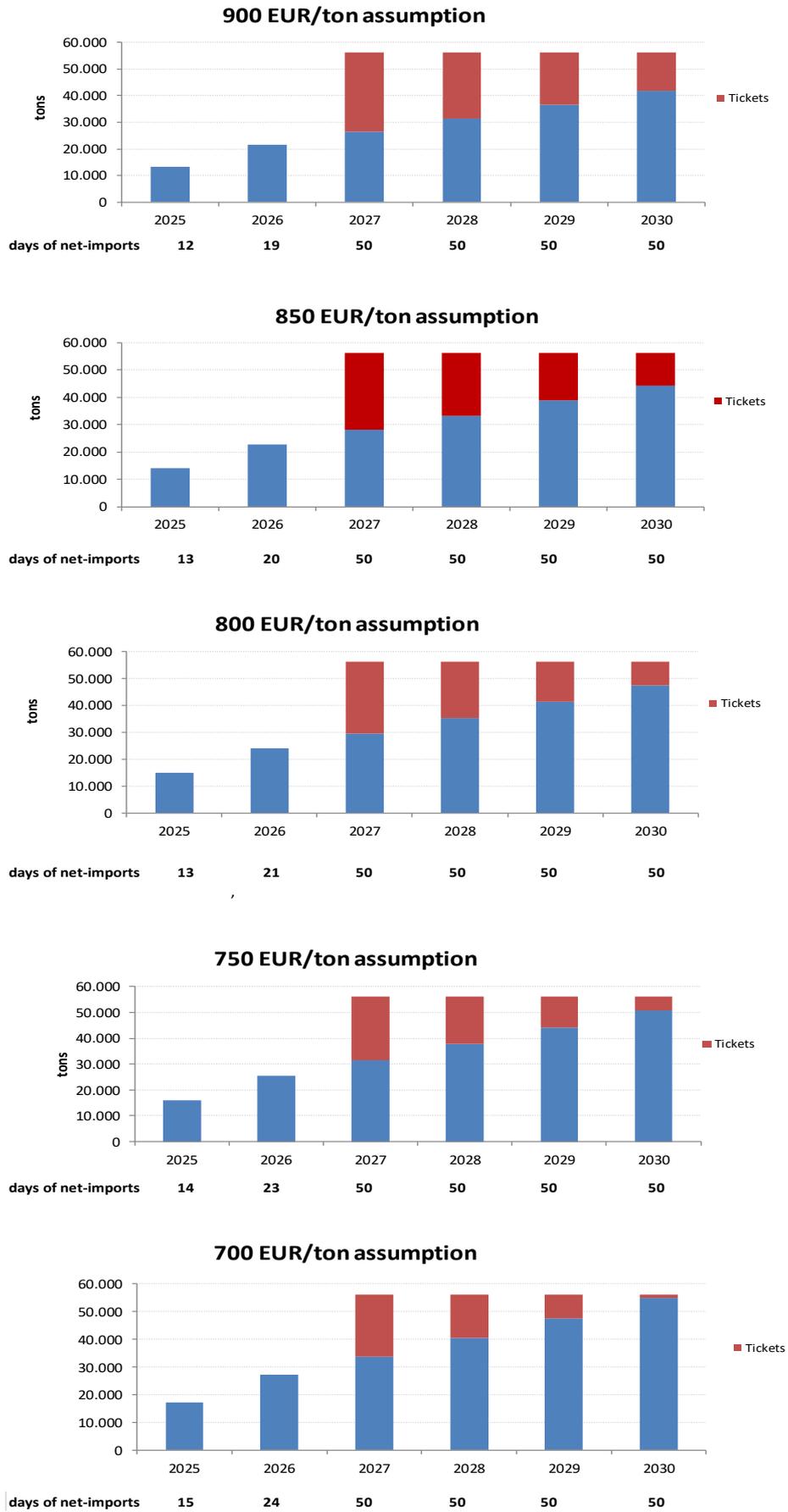
If Montenegro would be required to establish the emergency stocks at the full extent before end of 2027, it would mean that MHA would be exclusively buying physical stocks only in 2025 and 2026 while in 2027 huge quantity of tickets would be purchased just to fully comply with the Directive, as presented in the following Table 11 and Figure 4.

**Table 11. Planned annual procurement of emergency stocks in the period 2025 – 2027 (in MT)**

Price scenario	Fuel	Form	2025	2026	2027	2028	2029
900 EUR/t	ULSD	Physical	13,400	8,200	1,800	2,000	5,100
		Tickets			29,700	24,700	17,600
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
850 EUR/t	ULSD	Physical	14,200	8,600	2,200	2,300	5,500
		Tickets			28,100	22,800	15,300
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
800 EUR/t	ULSD	Physical	15,000	9,100	2,600	2,700	5,900
		Tickets			26,400	20,700	12,800
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
750 EUR/t	ULSD	Physical	16,000	9,600	3,000	3,200	6,400
		Tickets			24,500	18,300	9,900
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000
700 EUR/t	ULSD	Physical	17,100	10,100	3,500	3,800	7,000
		Tickets			22,400	15,600	6,600
	Gasoline	Physical			3,000	3,000	
		Tickets					2,000

The unacceptably high share of tickets (see Figure 3) would be decreased by additional buying of physical stocks by the MHA in 2028, 2029 and 2030, meaning that the 3-years build-up period would force Montenegro to unreasonably spend more funds to reach the same amount of emergency stocks in physical form as purchased within 5-years build-up period.

**Figure 4: 3-years (2025-2027) stock build-up – different average price scenarios**



**Table 12: The MHA emergency stock build-up scenarios for various price scenarios (2025 – 2027 build-up period)**

Stockbuilding scenario - summary

<b>900 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	13.400	8.200	4.800	5.000	5.100	5.200
Established physical stocks in actual year (MT)	13.400	21.600	26.400	31.400	36.500	41.700
Tickets purchase in actual year (MT)	0	0	29.700	24.700	19.600	14.400
<b>Total emergency oil products stocks (tons)</b>	<b>13.400</b>	<b>21.600</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	900	900	900	900	900	900
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+other costs)	12.529.000	8.538.000	8.535.300	8.589.300	8.553.900	8.516.100
Remaining funds (Funds available - Total Costs) (EUR)	71.000	62.000	64.700	10.700	46.100	83.900
<b>Days of net-imports coverage</b>	<b>12</b>	<b>19</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

<b>850 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	14.200	8.600	5.200	5.300	5.500	5.500
Established physical stocks in actual year (MT)	14.200	22.800	28.000	33.300	38.800	44.300
Tickets purchase in actual year (MT)	0	0	28.100	22.800	17.300	11.800
<b>Total emergency oil products stocks (tons)</b>	<b>14.200</b>	<b>22.800</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	850	850	850	850	850	850
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+other costs)	12.567.000	8.534.000	8.584.900	8.539.700	8.571.700	8.559.200
Remaining funds (Funds available - Total Costs) (EUR)	33.000	66.000	15.100	60.300	28.300	40.800
<b>Days of net-imports coverage</b>	<b>13</b>	<b>20</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

<b>800 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	15.000	9.100	5.600	5.700	5.900	6.100
Established physical stocks in actual year (MT)	15.000	24.100	29.700	35.400	41.300	47.400
Tickets purchase in actual year (MT)	0	0	26.400	20.700	14.800	8.700
<b>Total emergency oil products stocks (tons)</b>	<b>15.000</b>	<b>24.100</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	800	800	800	800	800	800
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+ other costs)	12.525.000	8.573.500	8.592.100	8.532.300	8.544.700	8.552.300
Remaining funds (Funds available - Total Costs) (EUR)	75.000	26.500	7.900	67.700	55.300	47.700
<b>Days of net-imports coverage</b>	<b>13</b>	<b>21</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

<b>750 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	16.000	9.600	6.000	6.200	6.400	6.500
Established physical stocks in actual year (MT)	16.000	25.600	31.600	37.800	44.200	50.700
Tickets purchase in actual year (MT)	0	0	24.500	18.300	11.900	5.400
<b>Total emergency oil products stocks (tons)</b>	<b>16.000</b>	<b>25.600</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	750	750	750	750	750	750
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs (stock purchase+storage+tickets+ other costs)	12.560.000	8.576.000	8.554.500	8.549.700	8.540.100	8.575.600
Remaining funds (Funds available - Total Costs) (EUR)	40.000	24.000	45.500	50.300	59.900	24.400
<b>Days of net-imports coverage</b>	<b>14</b>	<b>23</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

<b>700 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	17.100	10.100	6.500	6.800	7.000	7.300
Established physical stocks in actual year (MT)	17.100	27.200	33.700	40.500	47.500	54.800
Tickets purchase in actual year (MT)	0	0	22.400	15.600	8.600	1.300
<b>Total emergency oil products stocks (tons)</b>	<b>17.100</b>	<b>27.200</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>	<b>56.100</b>
Average oil product purchase price (EUR/MT)	700	700	700	700	700	700
Funds available (EUR)	12.600.000	8.600.000	8.600.000	8.600.000	8.600.000	8.600.000
Total Costs C23	12.568.500	8.535.000	8.539.100	8.576.900	8.542.900	8.568.700
Remaining funds (Funds available - Total Costs) (EUR)	31.500	65.000	60.900	23.100	57.100	31.300
<b>Days of net-imports coverage</b>	<b>15</b>	<b>24</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

## **10. Build-up of emergency stocks by oil importers**

In 2025, large importers of oil products shall meet the Montenegro's stockholding obligation in amount of around 40-days of average net-import (around 46,000 metric tons) of within 200 days of determining their stockholding obligation by the ministry responsible for hydrocarbons.

From 2026 onwards, stockholding obligation shall be met from 1 July of the current year until 30 June of the following year.

According to the Customs Authority data for 2023, only four importers would be obliged to hold the emergency stocks of diesel and one importer should hold the stocks of gasoline.

Currently, only one large importer (Jugopetrol) has available storage capacity in Montenegro which could be used for storage of emergency oil stocks. Based on this limited availability of the storage capacity, it is likely that other large importers then Jugopetrol shall either purchase tickets from Jugopetrol in Montenegro or purchase tickets from mother companies and/or other third parties in Slovenia and Croatia.

Conversely to other large importers, Jugopetrol may decide to hold its own stocks in physical form as emergency stocks in Montenegro or it may decide to purchase tickets from mother company in Greece, or combine the two.

In any case, it is clear that the significant part of the stockholding obligation imposed on large importers of oil products shall be held outside Montenegro, thus the ministry responsible for hydrocarbons shall urgently work to allow storage of Montenegro's emergency stocks in Slovenia, Croatia and Greece.

### **Compensation for emergency stockholding**

The establishment and maintenance of emergency oil stocks should be financially neutral for the large importers meaning that they stockholding obligation holders should neither earn nor lose money while coping with the emergency stockholding obligation.

Thus, the large importers shall be compensated for the carrying costs while holding the emergency oil stocks. Carrying costs of the obliged importers shall include cost of capital/financing and the risk premium, as well as the cost of storage (the costs of acquiring their own physical stocks shall not be included).

The amount of compensation shall be determined by the Government within 6 months of bringing the Law in force. Until then, the Law shall introduce the compensation of the large importers in amount of 0.01 EUR/litre of gasoline and gas oils and 0.01 EUR/kg of LPG.

The compensation in amount of 0.01 EUR/litre/kg is calculated based on the average annual costs for the establishment of emergency stocks of "large importers" currently estimated in amount of **EUR 3,864,000 (100% of the ticket) to EUR 4,919,700 (100% own reserves)**, depending on whether the obligation is fulfilled by contracting a ticket or keeping own stocks, which are the two extremes.

The average annual costs of "large importers" are estimated based on the following assumptions:

- stockholding obligation of the "large importers" amounts 46,000 metric tons/year;
- the average value of stored petroleum products that are held as emergency stocks – 810 EUR/ton (goods in the regime of deferred payment of excise duty and VAT);
- average cost of storage of own stocks- 30 EUR/ton/year;
- average ticket price – 84 EUR/ton/year;
- cost of financing and risk premium – 9.50%/year.

**Cost of holding 100 percent own stocks** = cost of financing and risk premium + storage cost

Cost of financing and risk premium = 46,000 [t] x 810 [EUR/t] = 37,260,000 EUR x 9.50% = 3,539,700 EUR

Storage cost = 46,000 [t] x 30 [EUR/t] = 1,380,000 EUR

**Cost of holding 100 percent own stocks** = 3,539,700 EUR + 1,380,000 EUR = **4,919,700 EUR**

**Cost of holding 100 percent tickets** = 46,000 [t] x 84 [EUR/t] = **3.864.000 EUR**

If the large importers would hold **100 percent tickets** to meet the stockholding obligation than the compensation would amount **0.0089 EUR/litre/kg** (3,864,000 EUR / 430,000,000 litre/kg).

If the stockholding obligation of the large importers would be met by holding **100 percent own stocks**, the compensation would amount **0.00114 EUR/litre/kg** (4,919,700 EUR / 430,000,000 litre/kg).

It is estimated that, under current market conditions, a compensation in the amount of 0.01 EUR/litre/kg allows importers to establish and maintain emergency stocks with a neutral effect on their business results, keeping part of the obligation in their own goods and part in tickets.

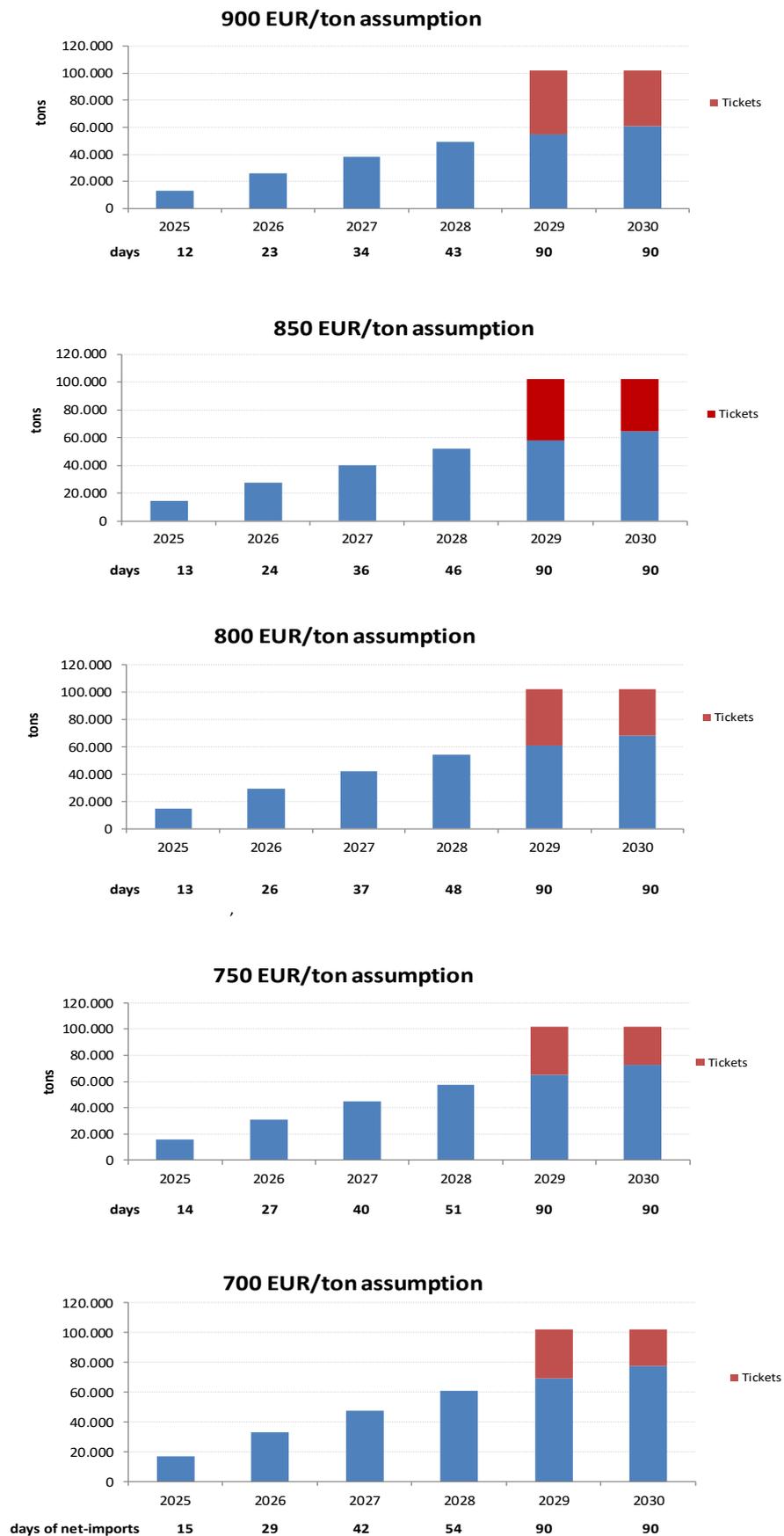
The appropriateness of the amount of compensation shall be continually evaluated (based on assessment of capacity needs and market conditions) by the ministry responsible for hydrocarbons, importers of oil products and the MHA.

If the large importer(s) would be misusing their market position, or misusing relationship with their mother companies (e.g. transfer pricing) and/or the third parties' tickets are contracted without due skill, care and diligence, the ministry responsible for hydrocarbons and the Government shall consider transferring complete stockholding obligation on MHA.

Additionally, if the MHA successfully completes its tasks for 2025 as determined by the Law and this Action Plan, and the compensation of large importers in amount of 0.01 EUR/litre/kg remains stable over the whole 2025 and during the first quarter of 2026, the Government should also consider transferring the whole stockholding obligation on MHA.

Namely, the following charts presented at Figure 5 and Table 13 demonstrate that if the stockholding fee for MHA would amount 0.03 EUR/litre/kg during the period July 2026 - end 2029, the MHA would be able to buy between 13,600 (900 EUR average purchase price) and 17,100 metric tons (700 EUR average purchase price) more stocks in physical form compared with currently projected stockholding fee for MHA in amount 0.02 EUR/litre/kg.

**Figure 5: MHA to establish all emergency stocks – different average price scenarios**



**Table 13: The MHA to establish all emergency stocks - scenarios for various price scenarios (2025 – 2029 build-up period)**

**Stockbuilding scenario - summary**

<b>900 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	13.400	12.800	11.900	11.100	5.900	6.000
Established physical stocks in actual year (MT)	13.400	26.200	38.100	49.200	55.100	61.100
Tickets purchase in actual year (MT)	0	0	0	0	46.900	40.900
<b>Total emergency oil products stocks (tons)</b>	<b>13.400</b>	<b>26.200</b>	<b>38.100</b>	<b>49.200</b>	<b>102.000</b>	<b>102.000</b>
Average oil product purchase price (EUR/MT)	900	900	900	900	900	900
Funds available (EUR)	12.600.000	12.900.000	12.900.000	12.900.000	12.900.000	12.900.000
Total Costs (stock purchase+storage+tickets+other costs)	12.529.000	12.839.000	12.829.500	12.855.000	12.888.600	12.831.600
Remaining funds (Funds available - Total Costs) (EUR)	71.000	61.000	70.500	45.000	11.400	68.400
<b>Days of net-imports coverage</b>	<b>12</b>	<b>23</b>	<b>34</b>	<b>43</b>	<b>90</b>	<b>90</b>

<b>850 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	14.200	13.500	12.500	11.600	6.300	6.500
Established physical stocks in actual year (MT)	14.200	27.700	40.200	51.800	58.100	64.600
Tickets purchase in actual year (MT)	0	0	0	0	43.900	37.400
<b>Total emergency oil products stocks (tons)</b>	<b>14.200</b>	<b>27.700</b>	<b>40.200</b>	<b>51.800</b>	<b>102.000</b>	<b>102.000</b>
Average oil product purchase price (EUR/MT)	850	850	850	850	850	850
Funds available (EUR)	12.600.000	12.900.000	12.900.000	12.900.000	12.900.000	12.900.000
Total Costs (stock purchase+storage+tickets+other costs)	12.567.000	12.870.500	12.863.000	12.879.000	12.849.600	12.857.600
Remaining funds (Funds available - Total Costs) (EUR)	33.000	29.500	37.000	21.000	50.400	42.400
<b>Days of net-imports coverage</b>	<b>13</b>	<b>24</b>	<b>36</b>	<b>46</b>	<b>90</b>	<b>90</b>

<b>800 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	15.000	14.200	13.100	12.100	6.800	7.000
Established physical stocks in actual year (MT)	15.000	29.200	42.300	54.400	61.200	68.200
Tickets purchase in actual year (MT)	0	0	0	0	40.800	33.800
<b>Total emergency oil products stocks (tons)</b>	<b>15.000</b>	<b>29.200</b>	<b>42.300</b>	<b>54.400</b>	<b>102.000</b>	<b>102.000</b>
Average oil product purchase price (EUR/MT)	800	800	800	800	800	800
Funds available (EUR)	12.600.000	12.900.000	12.900.000	12.900.000	12.900.000	12.900.000
Total Costs (stock purchase+storage+tickets+other costs)	12.525.000	12.832.000	12.836.500	12.853.000	12.845.200	12.831.200
Remaining funds (Funds available - Total Costs) (EUR)	75.000	68.000	63.500	47.000	54.800	68.800
<b>Days of net-imports coverage</b>	<b>13</b>	<b>26</b>	<b>37</b>	<b>48</b>	<b>90</b>	<b>90</b>

<b>750 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	16.000	15.000	13.800	12.700	7.400	7.700
Established physical stocks in actual year (MT)	16.000	31.000	44.800	57.500	64.900	72.600
Tickets purchase in actual year (MT)	0	0	0	0	37.100	29.400
<b>Total emergency oil products stocks (tons)</b>	<b>16.000</b>	<b>31.000</b>	<b>44.800</b>	<b>57.500</b>	<b>102.000</b>	<b>102.000</b>
Average oil product purchase price (EUR/MT)	750	750	750	750	750	750
Funds available (EUR)	12.600.000	12.900.000	12.900.000	12.900.000	12.900.000	12.900.000
Total Costs (stock purchase+storage+tickets+ other costs)	12.560.000	12.815.000	12.848.000	12.881.500	12.848.400	12.879.600
Remaining funds (Funds available - Total Costs) (EUR)	40.000	85.000	52.000	18.500	51.600	20.400
<b>Days of net-imports coverage</b>	<b>14</b>	<b>27</b>	<b>40</b>	<b>51</b>	<b>90</b>	<b>90</b>

<b>700 EUR/ton assumption</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Physical stocks purchase (MT/year)	17.100	16.000	14.600	13.300	8.100	8.400
Established physical stocks in actual year (MT)	17.100	33.100	47.700	61.000	69.100	77.500
Tickets purchase in actual year (MT)	0	0	0	0	32.900	24.500
<b>Total emergency oil products stocks (tons)</b>	<b>17.100</b>	<b>33.100</b>	<b>47.700</b>	<b>61.000</b>	<b>102.000</b>	<b>102.000</b>
Average oil product purchase price (EUR/MT)	700	700	700	700	700	700
Funds available (EUR)	12.600.000	12.900.000	12.900.000	12.900.000	12.900.000	12.900.000
Total Costs C23	12.568.500	12.871.500	12.882.500	12.876.000	12.846.600	12.846.000
Remaining funds (Funds available - Total Costs) (EUR)	31.500	28.500	17.500	24.000	53.400	54.000
<b>Days of net-imports coverage</b>	<b>15</b>	<b>29</b>	<b>42</b>	<b>54</b>	<b>90</b>	<b>90</b>

## **11. Emergency response organizational structure and contingency plans**

The Directive requires that, in addition to meeting the minimum stockholding obligation and regular reporting requirements, each Member State must ensure that they have procedures in place and take necessary measures in order to enable their competent authorities to release quickly, effectively and transparently some or all of their emergency stocks and specific stocks in the event of a major supply disruption, and to impose general or specific restrictions on consumption (article 20 of the Directive).

This necessitates a permanent framework to constantly monitor emergency oil stocks and market circumstances, and to maintain a decision-making structure for activating crisis response.

The Law (Article 38) defines the Council for Security of Oil Supply as the authority to promote the activation of emergency measures, including the release of emergency stocks, subject to the final decision by the Government.

The Government shall establish the Council within 60 days of bringing the Law in force (Article 52 of the Law).

The Council will consist of the representatives of the relevant ministries, state institutions and largest importers and retailers of oil products in Montenegro and it will be chaired by the representative of the ministry responsible for hydrocarbons.

Staff within the ministry responsible for hydrocarbons will have primary responsibility for coordinating emergency response policies among all relevant ministries, government agencies and industry. This operational emergency response structure is termed the country's NESO (national emergency strategy organization) which serves as the central contact point for information sharing, reporting and coordination of emergency actions, both domestically and with international partners (e.g. the European Commission; the Energy Community Secretariat; other Energy Community Contracting Parties).

The core body of the NESO shall consist of a small number of experts in the department responsible for oil market issues within the ministry responsible for energy. This core NESO body shall maintain close operational contact with the Hydrocarbons Administration, importers of oil products, oil data experts within MONSTAT, and all relevant oil industry operators. It is responsible for ensuring emergency preparedness, and therefore for maintaining response procedures and contingency plans, monitoring and verifying emergency stocks, and for ensuring MONSTAT's timely and accurate monthly reporting.

In order to ensure their effectiveness in a crisis, the process of drawing down emergency stocks should be planned and implementation prepared prior to a crisis. Therefore, an elaborated national emergency response plan shall be developed by the NESO in close collaboration with the MHA and importers of oil products.

This response plan shall comprehensively cover emergency response, thus including all emergency actions in addition to stock drawdown, and clearly defining the roles and responsibilities of all main actors. Contingency plans for crises of varying types and degrees, as well as the relevant communication strategy will be an integral part of the national response plan. The core body of the NESO will maintain the response plan up-to-date and make regular tests to ensure its operability.

The response plan shall be adopted by the Government within 12 months of bringing the Law in force (Article 53 of the Law).

## 12. Timeframe for implementation of the Action Plan

### 12.1 Legislative and strategic framework

Measure	Deadline	Responsible institution
Introduction of the Rulebook on oil data gathering	January 2025	Ministry of Mining, Oil and Gas; MONSTAT
Introduction of the Rulebook on stockholding fee gathering	January 2025	Ministry of Mining, Oil and Gas; Ministry of Finance
Adjustment of the Decree on retail price methodology	January 2025	Ministry of Mining, Oil and Gas
Introduction of the stockholding fee	February 2025	Ministry of Mining, Oil and Gas
Appointment of the Council for Security of Oil Supply	February 2025	Ministry of Mining, Oil and Gas Government
Submission of oil data for 2023 and 2024	February 2024	Ministry of Mining, Oil and Gas Importers of oil products
Determination of the stockholding obligation of oil importers	March 2025	Ministry of Mining, Oil and Gas
Determination of the stockholding obligation of the MHA	April 2025	Ministry of Mining, Oil and Gas
Adoption of the Annual Plan for establishment of emergency stocks by the MHA	April 2025	MHA Ministry of Mining, Oil and Gas Government
Determination of the stockholding fee in terms of amount and proportion	June 2025	Ministry of Mining, Oil and Gas Government
Agreement(s) to hold the emergency stocks abroad	September 2025	Ministry of Mining, Oil and Gas and Ministry of Foreign Affairs
Emergency Response Plan	December 2025	Ministry of mining, Oil and Gas
Completion of the refurbishment of storage capacity owned by the state in Bar Terminal	December 2025	Ministry of Mining, Oil and Gas
Agreement with Jugopetrol on joint utilization of the co-owned storage facilities	December 2025	Ministry of Mining, Oil and Gas Government
Completion of the technical documentation on refurbishment of Lipci Terminal	December 2025	Ministry of Mining, Oil and Gas MHA

## 12.2 Institutional and administrative framework

Measure	Deadline	Responsible institution
Setting up the MHA for emergency stockholding	December 2025	MHA
Education and trainings for the employees of the MHA	continuously	MHA

## 12.3 Build-up of emergency stocks

Measure	Deadline	Responsible institution
Procurement of oil stocks in amount of cca 40 days of net imports based on 2024 oil data	November 2025	Importers of oil products
Procurement of oil stocks in amount of 12-15 days of net imports based on 2024 oil data	December 2025	MHA
Procurement of oil stocks in amount of cca 40 days of net imports based on 2024 oil data	1 July 2026	Importers of oil products
Procurement of oil stocks in amount of 19-24 days of net imports based on 2024 oil data	December 2026	MHA
Procurement of oil stocks in amount of cca 40 days of net imports based on 2026 oil data	1 July 2027	Importers of oil products
Procurement of oil stocks in amount of 26-32 days of net imports based on 2024 oil data	December 2027	MHA
Procurement of oil stocks in amount of cca 40 days of net imports based on 2027 oil data	1 July 2028	Importers of oil products
Procurement of oil stocks in amount of 32-40 days of net imports based on 2024 oil data	December 2028	MHA
Procurement of oil stocks in amount of cca 40 days of net imports based on 2028 oil data	1 July 2029	Importers of oil products
Procurement of oil stocks in amount of cca 50 days of net imports based on 2024 oil data	December 2029	MHA

## Annex 1 – Montenegro’s stockholding obligation calculation - net-imports

Determine Obligation based on Net Imports Annex I of the Directive			
Unit: Thousand Metric Tons			
<b>Step 1</b>			
<b>Crude oil component (Crude oil net imports adjusted for stock change)</b>			
		2021	2022
		2023	
01.	Crude, NGL, Feedstocks Imports	0	0
02.	Crude, NGL, Feedstocks Exports	0	0
03.	Crude, NGL, Feedstock Total Stocks		
	Opening	0	0
04.	on national territory	0	0
	Closing	0	0
05.	<b>Net imports of Crude, NGL, Feedstocks adjusted for stock change (01.-02.-(04.-03.))</b>	0	0,0
		0,000	
<b>Step 2</b>			
<b>Naphtha Yield</b>			
		2021	2022
		2023	
06.	Naphtha Gross Refinery Output	0	0
07.	Naphtha Refinery Fuel	0	0
08.	Naphtha Backflows from Petrochemical Sector to Refineries	0	0
09.	Crude, NGL and Feedstocks Refinery Intake (Calculated)	0	0
10.	<b>Naphtha Yield ((06.-07.-08.)/09.)</b>	0	0
		0	0
<b>Step 3</b>			
<b>Naphtha actual consumption</b>			
		2021	2022
		2023	
11.	Naphtha Gross Inland Deliveries Observed	0	0
12.	Naphtha net actual consumption (11.-08.)	0	0
13.	<b>Crude oil equivalent of Naphtha actual consumption (07.) * 1.065</b>	0	0
		0	0
<b>Step 4</b>			
<b>Petroleum product component (Petroleum product net imports adjusted for stock change)</b>			
		2021	2022
		2023	
14.	Total Products Imports	421	402
15.	Naphtha Imports	0	0
16.	Total Products Exports	16	5
17.	Naphtha Exports	0	0
18.	Total Products Bunkers	0	0
19.	Naphtha Bunkers	0	0
20.	Total Product Stocks (Total)		
	Opening	3	10
21.	on national territory	0	0
	Closing	0	0
22.	Naphtha Stocks (Total)		
	Opening	0	0
23.	on national territory	0	0
	Closing	0	0
24.	<b>Net imports of Products adjusted for stock change (14.-15.)-(16.-17.)-(18.-19.)-(21.-23.-(20.-22.))</b>	408	407
25.	<b>Crude oil equivalent of Net imports of petroleum products (24.) * 1.065</b>	434,520	433,455
		438,780	
<b>MS has chosen the following method for calculating the deduction for naphtha yield: 0</b>			
<b>Step 5</b>			
<b>Method to calculate the average daily imports and associated commitments on the basis of:</b>			
Method <input type="text"/>			
<input type="radio"/> 4% default value for naphtha yield (Method 1)			
<input type="radio"/> The average naphtha yield (Method 2)			
<input checked="" type="radio"/> The net actual naphtha consumption (Method 3)			
<b>Method 1 (4%)</b>			
26.	Net Imports (Crude and petroleum products) (05. * 0.96 +25.)	434,520	433,455
27.	Daily Net Imports (26.) / days of year	1,187	1,184
28.	90 Days Commitment (27.) * 90	106,849	107,897
<b>Method 2 (Average naphtha yield)</b>			
29.	Net Imports (Crude and petroleum products) (05.-05.*10.+25.)	434,520	433,455
30.	Daily Net Imports (29.) / days of year	1,187	1,184
31.	90 Days Commitment (30.) * 90	106,849	107,897
<b>Method 3 (Net actual naphtha consumption)</b>			
32.	Net Imports (Crude and petroleum products) (05.-13.+25.)	434,520	433,455
33.	Daily Net Imports (32.) / days of year	1,187	1,184
34.	90 Days Commitment (33.) * 90	106,849	107,897

## Annex 2 – Montenegro’s stockholding obligation calculation - consumption

Determine Obligation based on Inland Consumption  
Annex II of the Directive

*Unit: Thousand Metric Tons*

Step 6		2021	2022	2023
<b>Total Inland Consumption</b>				
35.	Motor Gasoline - Gross Inland Deliveries Observed	39	39	43
36.	Aviation Gasoline - Gross Inland Deliveries Observed	0	0	0
37.	Gasoline TypeJet Fuel - Gross Inland Deliveries Observed	0	0	0
38.	Kerosene type jet fuel - Gross Inland Deliveries Observed	12	18	25
39.	Other Kerosene - Gross Inland Deliveries Observed	0	0	0
40.	Gas / Diesel Oil - Gross Inland Deliveries Observed	288	293	294
41.	Fuel Oil - Gross Inland Deliveries Observed	14	12	10
42.	<b>Inland Consumption (35.+36.+37.+38.+39.+40.+41.)</b>	353	362	372
43.	<b>Crude oil equivalent of Inland Consumption (42.) * 1.2</b>	424	435	446
44.	<b>Daily Consumption (43.) / days of year</b>	1,157	1,188	1,220
45.	<b>61 Days Commitment (44.) * 61</b>	70,601	72,492	74,400