

# Assessment Report

CGES – SS Brezna Project (54749)  
Case 2025/11

June 2026

The **Independent Project Accountability Mechanism (IPAM)** is the project grievance mechanism of the EBRD. It reviews environmental, social, and Project disclosure-related concerns raised by Project-affected people and civil society organisations. IPAM can address concerns through two avenues: i) Problem-solving, which supports dialogue between Requesters and Clients without attributing blame or fault; or ii) Compliance, which determines whether the EBRD has complied with its Environmental and Social Policy and Access to Information Policy in relation to the Project.

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# List of Abbreviations

<b>Abbreviation</b>	<b>Meaning</b>
AIP	Access to Information Policy
CGES	Crnogorski Elektroprenosni Sistem AD
CESI	CESI Italy (Consulting company / Project Implementation Unit consultant)
ESP	Environmental and Social Policy
EBRD	European Bank for Reconstruction and Development
EMF	Electromagnetic Fields
EU	European Union
GWh	Gigawatt-hour
IPAM	Independent Project Accountability Mechanism
Kv	Kilovolt
MW	Megawatt
NGO	Non-Governmental Organisation
NTS	Non-Technical Summary
OHL	Overhead Transmission Line
OpId	Operational Identification
PAP	Project Accountability Policy
PR	Performance Requirement
RE	Renewable Energy
SEP	Stakeholder Engagement Plan
SS	Substation

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# Executive Summary

This Assessment Report concerns [IPAM Case 2025/11 relating to the CGES – SS Brezna Project \(OpID 54749\)](#) in Montenegro. During the Assessment stage, IPAM reviewed the Request and supporting materials, examined relevant Project documentation, obtained and considered Management’s Response, and engaged with the Requesters, the Client and EBRD Management through virtual meetings and direct discussions. IPAM also undertook an assessment mission to Montenegro from 30 January to 1 February 2026, during which it met with the Client in Podgorica and visited Brezna to engage with community members and observe local conditions first-hand. These steps enabled IPAM to clarify the issues raised, understand the positions of the Parties, and assess whether there were conditions for advancing the Case through Problem Solving.

The Request was submitted by representatives of the Citizens’ Initiative “Save Brezna” on behalf of residents and property owners in Gornja Brezna. It alleges that the planned expansion of the substation threatens the community’s residential character and its prospects for agriculture, livestock and tourism-related development. The Request raises concerns regarding the accuracy of baseline information, stakeholder identification and engagement, access to information, potential impacts related to noise and electromagnetic fields, land acquisition and livelihoods, cumulative impacts associated with broader energy development in the area, and fear of intimidation or reprisals. The Requesters have consistently maintained that relocation of the substation away from the populated area is the only acceptable outcome.

The Project comprises the upgrade of the existing SS Brezna substation from 110/35 kV to 400/110/35 kV, supported by an EBRD sovereign-guaranteed loan approved on 3 July 2024, and classified as Category B under the 2019 Environmental and Social Policy (ESP). The Project forms part of Montenegro’s broader efforts to strengthen transmission infrastructure and enable the integration of renewable energy into the national grid. At the same time, the Assessment confirmed that the Project is located in or near an established community in Brezna, where residents have expressed concern regarding proximity to homes, effects on local livelihoods and tourism, and the implications of wider energy-related developments in the area. These contextual factors were central to IPAM’s understanding of the issues raised in the Request.

**IPAM concluded that a Problem-Solving Initiative is not feasible in this Case.** While the Client indicated a willingness to improve communication and to consider engagement through Problem Solving, the Requesters confirmed that they would not pursue that avenue unless relocation of the substation were under consideration, and the Client stated that relocation is not within its authority. In these circumstances, and consistent with the Requesters stated preference, **IPAM determined that the Case should proceed to Compliance Assessment to determine whether it meets the applicable eligibility criteria for a Compliance Review.** In accordance with paragraph 2.3(c) of the 2019 Project Accountability Policy, this Assessment Report will be submitted to the Board and the President for information, disclosed in the virtual case file in English and Montenegrin, and the Parties will be notified accordingly.

# 1. Background

## 1.1 The Request<sup>1</sup>

On 7 August 2025, three representatives of the Citizens' Initiative "Save Brezna", a community initiative composed of residents of the village of Brezna, Montenegro, whose homes are located within a two kilometres radius of the [CGES – SS Brezna project \(OP ID 54749\)](#) presented a Request. The Requesters allege that the Project has misrepresented the community, which according to them (the Requesters) is populated by approximately 150 objects (houses, cottages, stables) and 75 owners. Considering this, they raise concerns about the permanence and sustainable future of the village, which they described as a growing, vibrant community focused on tourism, agriculture, and livestock. They raise concerns about increased noise and electromagnetic fields, with potential health risks (especially to children); loss of property value and erosion of economic activity (notably eco-tourism).

According to the Requesters, residents were not informed about the Project and no public consultation or hearing was held. They also allege that there has been no access to an effective grievance mechanism. They demand relocation of the substation to a non-populated area.

Prior to contacting IPAM, the Requesters sought to resolve the issues via the Client, local and national authorities, and the EBRD Montenegro Office without adequate resolution.

The issues raised in the Request are summarised below in Table 1 and appear to be linked to obligations set in the 2019 Environmental and Social Policy under Performance Requirements (PRs) 1, 4, and 10. The Request also raises allegations in relation to project-specific provisions of the 2019 Access to Information Policy (AIP).

**Table 1: Issues raised in the request and related Performance Requirements**

Issues raised	Allegations raised	Related PRs
Accuracy of Baseline Social Data	The Requesters allege that the Client submitted inaccurate and misleading baseline information, including claims that there are no residential or commercial buildings within a 2 km radius of the planned substation, despite the presence of numerous homes and residents in close proximity.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues; PR10 – Information Disclosure and Stakeholder Engagement
Stakeholder Identification and Engagement	The local community alleges that it was not identified as an affected stakeholder and was excluded from the project consultative process.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues; PR10 – Information Disclosure and Stakeholder Engagement
Public Consultation and Participation	The Requesters state that no public consultations, hearings, or meetings were held, and that the community became aware of the project only incidentally. They claim that no information disclosure, consultation, or engagement with residents of Gornja Brezna took place at any stage of project preparation. This allegedly deprived them of the opportunity to express views on project impacts and alternatives.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues PR10 – Information Disclosure and Stakeholder Engagement
Health and Safety Impacts	The Requesters allege that the planned substation and associated infrastructure pose serious risks to human health and safety due to noise, electromagnetic fields,	PR1 – Assessment and Management of Environmental and Social Impacts and Issues;

<sup>1</sup> The Request is available in the virtual case summary under [Case 2025/11](#)

Issues raised	Allegations raised	Related PRs
	and construction activities, particularly given the proximity of homes and vulnerable population groups.	PR4 – Health and Safety
Noise and Vibration Impacts	It is alleged that assessments underestimate noise and vibration impacts on nearby residents by wrongly assuming the absence of sensitive receptors, despite homes being located within a few hundred metres of the site.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues PR4 – Health and Safety
Land Acquisition and Expropriation	Allegations are raised that land acquisition is being pursued without transparent processes, fair compensation, or adequate engagement with affected owners, including ongoing disputes and claims of coercive practices linked to declarations of public interest.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues PR5 – Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
Economic Displacement and Livelihood Impacts	The Requesters claim that the project threatens existing and planned livelihoods, particularly eco-tourism, agriculture, and livestock farming, and could significantly reduce property values and economic viability of the village.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues
Cumulative and Long-Term Impacts	The community alleges that project assessments fail to consider cumulative impacts from existing and planned energy infrastructure in the area, including substations, transmission lines, wind farms, and associated developments.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues
Grievance Mechanisms and Access to Remedy	The Requesters state that, despite references to a grievance mechanism in project documentation, they were unaware of, or unable to access, any effective project level grievance process prior to submitting the Request.	PR1 – Assessment and Management of Environmental and Social Impacts and Issues PR10 – Information Disclosure and Stakeholder Engagement
Access to Information	Project documents were not shared or translated in a way that local stakeholders could access or understand. The EBRD must disclose records of public consultations and demonstrate inclusive engagement.	AIP 2019 and its Directive
Fear of intimidation and reprisals	Residents report fear of retaliation and being intimidated for voicing their concerns.	PR10 – Information Disclosure and Stakeholder Engagement

Source: The Request and ancillary documentation presented by the Requesters.

## 1.2 The Project and its Current Status<sup>2</sup>

On 3 July 2024, the EBRD Board of Directors approved a sovereign-guaranteed loan of up to EUR 28 million to Crnogorski Elektroprenosni Sistem AD (CGES), the Montenegrin transmission system operator, classified as category B under the Bank's 2019 Environmental and Social Policy. The proceeds of the EBRD financing are being used to finance the upgrade of the existing electrical substation (SS) Brezna located in the Municipality of Plužine from 110/35 kV to 400/110/35 kV by installing two power transformers 400/110 kV and connecting

<sup>2</sup> The information is sourced from the EBRD's Project Summary Document and Non-Technical Summary available [here](#).

them to the national transmission network via the new 400 OHL kV Lastva-Pljevlja, which is currently in the development stage.

SS Brezna is located in the municipality of Plužine, in the far eastern part of Gornji Brezna. In general, the terrain is sub-horizontal, with depressions in the terrain – sinkholes. There is no developed local hydrographic network. To the north, about 2 km, is the Komarnica canyon.

The entire development cycle of SS 400/110/35 kV Brezna is envisaged to be performed in two phases:

- Phase 1 (finished 2017) includes the construction of SS 110/35 kV Brezna and introducing 110 kV level to this region in order to close the 110 kV ring; review all the supplementary documentation from SS Žabljak to SS Kličevo, and to enable connections for new renewable energy sources to this substation. (current projects currently enable the connection of WPP Krnovo and several small HPPs).
- the Project, also known as Phase 2 (completion expected by 2028) of SS Brezna, which is the upgrade up to the 400 kV level by installing two power transformers 400/110 kV (2x300MVA) and connecting to the 400 kV national transmission network diverting the new 400 OHL kV Lastva – Pljevlja which is currently under development. The 400 kV section Lastva – Brezna has been built and put into operation at the 110 kV level. Phase 2 will make possible the evacuation of the electricity, which could be produced by the existing and upcoming RE plants into the 400 kV network.

When the Request was submitted the Project was in the Signed stage.

### 1.3 Case Processing to Date

The Request was registered by IPAM on 11 December 2025<sup>3</sup> under [Case 2025/11 CGES - SS Brezna \(OpID 54749\)](#) as it met the criteria for Registration established in Section 2.2 (b) of the Project Accountability Policy (PAP), and none of the exclusions set in Section 2.2 (c) of the PAP applied at that stage. The registration of a Request is an administrative step<sup>4</sup> establishing that the following criteria have been met:

- all mandatory information has been provided.
- issues raised relate to specific obligations of the Bank under the Environmental and Social Policy (ESP) and/or the project-specific provisions of the Access to Information Policy (AIP);
- it relates to a Project that the Bank has approved; and
- the Request submitted is related to an active project or is submitted within 24 months of the date in which the Bank has ceased to have a financial interest in the project.

Immediately after registration, the Request was transferred to the Assessment Stage, which has a standard duration of 40 business days, as established in para. 2.3 of the 2019 PAP, for IPAM to:

- develop a clear understanding of the issues raised in the Request.
- discuss the Problem Solving and Compliance functions with the Parties, their scope, and outcomes.
- assess the Parties' willingness to engage in each function.
- consider the updated status of other grievance resolution efforts, if applicable; and
- make a final determination with three alternative outcomes.
  - the Case could proceed to Problem Solving, based on the agreement of the Requesters and the Client; or

<sup>3</sup> The registration stage lasted longer than usual as more detailed information on the issues raised was needed to allow for a determination.

<sup>4</sup> Registration of a Request does not involve a judgement on the merits, truthfulness, or correctness of its content. Nor does it have the effect of suspending the Bank's interest in a Project.

- the Case would be transferred to Compliance Assessment if no agreement to pursue Problem Solving is reached and the Requesters would have expressly asked for this; or
- the Case would be closed.

For Case 2025/11, the Assessment was initiated on 12 December 2025 and completed in May 2026. A longer period was required to review all the supplementary documentation that the Requesters have sent to IPAM and schedule a mission to Montenegro. Particularly relevant to the length of the process was the December holiday period.

In line with the approach established in the PAP (see section 2.3), the IPAM team undertook the following activities during the Assessment stage:

- revision of all documentation submitted by the Requesters and relevant Project documents
- virtual meetings with Requesters, the Bank team responsible for the Project, and representatives of the Client.
- site visit to Brezna and Podgorica, Montenegro on 30 January 2026 - 01 February 2026.

In addition, IPAM requested a formal Management Response which was received on 22 January 2026.

## 2. Context

The electrical SS Brezna is a key project for CGES, strategically designed to ensure a stable and reliable supply and distribution of electrical energy to consumers. This project is specifically oriented towards integrating energy generated from renewable sources into the existing transmission grid (RES integration).

SS Brezna is located in the Plužine Municipality, which spans 854 km<sup>2</sup>. It shares borders with Niksic to the west, Zabljak and Savnik to the east, and Bosnia and Herzegovina to the north

According to the 2011 census in Montenegro, the total population in Plužine Municipality was 3,286 inhabitants, in 1,140 households. Closest settlements to SS Brezna are Gornja Brezna and Duži with population of 48 inhabitants and 106 inhabitants, respectively.<sup>5</sup>

The Phase 2 project is managed by CGES through a formal Project Implementation Unit (PIU), which is anticipated to receive additional support from a PIU Support Consultant.

A grant by the Western Balkans Investment Fund supported the preparation of a feasibility study, including preliminary design for the potential construction of an 110kV overhead transmission line (OHL) from Vilusi to Herceg Novi and of the associated 400/110/35 kV Brezna Substation. Once built these investments would allow for the integration of renewable energy resources into the national grid, particularly wind, as well as for a better connection to the Trans-Balkan Corridor<sup>6</sup>.

The consultancy firm Mott MacDonald, IPF was responsible for the environmental and social due diligence undertaken in early 2018 as well as for the SS Brezna upgrade, adjacent to the existing 110/35 kV substation Brezna, commissioned in 2017 and within the corridor of the transmission line Lastva-Pljevlja, which at the time was under construction. The assessment did not identify then residential or other types of properties or sensitive locations in the vicinity of the Brezna substation.

The only road leading to the SS Brezna is a local road branching off from the regional road E762 Plužine-Niksic-Podgorica. This narrow local road passes through the settlements of Donja Brezna (5-7 km from the SS Brezna) and Gornja Brezna, extending all the way to the SS Brezna, making it a critical route for both residents and visitors<sup>7</sup>.

In late 2023, an additional E&S review of the Project was undertaken, as well as a comprehensive reassessment of the geotechnical characteristics of the land plot designated for the Phase 2 expansion. Consequently, detailed geotechnical surveys and investigations were undertaken, revealing that the soil characteristics are more complex than initially assumed. This critical information prompted a revision of the Preliminary Design, specifically addressing the appropriate foundation method for these conditions and the associated civil works.

For purposes of the EBRD financing, the response from Management to IPAM<sup>8</sup> states that based on the environmental and social due diligence (ESDD) confirmation of no material E&S risks and impacts associated with the upgrade of the existing medium voltage substation, the Project was categorised as B under the

<sup>5</sup> The Montenegro Statistical Office website reports 2,143 inhabitants for the Pluzine Municipality in 2024. No information is provided for Brezna.

<sup>6</sup> WBIF Electricity Network Expansion for the Development of New Renewable Energy Sources: Feasibility Study, including Preliminary Design. Grant reference number: WB6-MNE-ENE-06.

<sup>7</sup> CGES-SS Brezna NTS. Section 4 Environmental and Social Baseline Settings.

<sup>8</sup> Management Response to the complaint from Citizens' Initiative Save Brezna dated 22 January 2026.

2019 ESP, and a Project Summary Document (PSD) was prepared and disclosed on the EBRD website on February 20, 2024. While not required for category B projects as per Bank's procedures, the EBRD also prepared and posted publicly Non-Technical Summary (NTS) and Stakeholder Engagement Plan (SEP) in both English and Montenegrin languages in March 2024. It also mentions that a public consultation meeting was held on 20 May 2025, to provide an update of the project status to key local stakeholders.

Prior to the IPAM Request, the Client and the Bank had received several complaints from the "Save Brezna" community group, as well as an appeal request related with the Access to Information Policy of the EBRD. As a response, EBRD fielded a visit to the project site on 13-17 October 2025 to verify the allegations of 'false information' and 'misrepresentation' raised by the Requesters. The site visit was led by ESD and Banking team and included extended meetings with the Requesters, land users/owners, cottage owners, local municipalities, and other key local stakeholders.

## 3. Assessment activities and Parties' perspectives

This section provides the views of the Requesters, the Client, Bank management as captured by IPAM during virtual and in-person meetings from December 2025 when the team initiated its Assessment, including information gathered first hand by the IPAM team during the site visit undertaken in January 2026, and until the completion of this report in June 2026.

### 3.1 IPAM assessment activities

As indicated above, the IPAM team visited Montenegro from 30 January to 1 February 2026 to engage in-person with the Requesters, the Client and the EBRD resident staff. IPAM met in Podgorica with officials from CGES to gather background information regarding the Project, its development, and their views regarding the concerns raised in the Request and their amenability to participate in a Problem-solving process.

The team also visited the Project area to meet with the Requesters who showed IPAM the area, indicated the location of the substation and provided further insights into the concerns raised in the Request. The team also engaged with members of the community (individually and as a group) to listen to their views on the Project and gather insights into their amenability to engage in Problem-Solving.

While visiting the area, IPAM engaged with residents living close to the substation and whose houses are adjacent to the access road to the project site.





Source: IPAM

**Table 2. Project and Case timeline**

Year/Month	Activity
2017 - 2019	
2017	Construction of Brezna Substation by Krnovo Green Energy
2018	Feasibility study, ESIA and Preliminary Design for SS Brezna completed
2018	Requester allegations regarding illegal installation of towers on private land
2019	CGES acquires Brezna substation
2022 - 2023	
2022	Update of the ESIA and Preliminary Design was completed in December 2022
2024	
Feb	Revision of the preliminary design, expected to be completed in February 2024
Feb	Disclosure of substation expansion project
Mar	Publication of disclosure documents including the SEP and NTS
3-Jul	EBRD Board of Directors approves Project
2025	
20-Jun	Requesters engage with EBRD Management
07-Aug	Requesters submit Request to IPAM
25-Aug	IPAM acknowledges receipt
21-Oct	Save Brezna submits a request for project information under the Access to Information Policy
13-17 Oct	Management monitoring mission to Montenegro
08-Dec	Requesters submit a Request to the Access to Information Appeal Panel
11- Dec	EBRIPAM registers the Request under Case 2025/11
2026	
30 Jan - 1 Feb	IPAM Assessment mission to Montenegro
May	Assessment stage is completed
1-Jun	Assessment Report is disclosed and case transferred to the Compliance function

Source: IPAM

## 3.2 Requesters

During the Assessment period, IPAM has engaged several times with the Requesters who have also provided multiple documents in support of their Request, including their Access to Information appeal. In addition to these exchanges, IPAM engaged with the larger community group as part of its Assessment mission to Montenegro.

During the mission, the IPAM team visited several households in Gornja Brezna and Donja Brezna and held a collective meeting with ten village residents. The meeting provided an opportunity for participants to share their individual perspectives on the EBRD-financed project and to reiterate their concerns related to the planned substation expansion and, in general, with the development of the area as an energy hub.<sup>9</sup>

The IPAM team confirmed that there are individuals who permanently reside in both Donja Brezna and Gornja Brezna, where the substation is located. The team met with the main representative of the local community and verified that she had been formally nominated to speak on behalf of residents. The concerns raised by the representative were consistent with those expressed in bilateral discussions by other community members, indicating that the issues reflect the wider views of the Brezna community.

Community members explained that the municipality is actively promoting Brezna as a tourist destination and that building permits are currently issued primarily for tourism related developments. The Requesters reported ownership of several large plots of land and shared plans to develop ecolodges. They emphasised that Brezna has been home to families for generations, with many community members living abroad intending to return upon retirement and younger generations increasingly interested in investing in family land in line with the growth of eco-tourism. They stated, however, that uncertainty related to the planned substation expansion is discouraging such investment.

There appears to be a longstanding lack of trust between the Client and the community, linked to the initial construction of the substation in 2017. Residents stated that they currently lack clear information regarding the scope of the proposed expansion, including the number of additional transmission towers that may be required. The IPAM team observed signs placed at the entrance to the village as part of a community campaign opposing the expansion, as they consider that the substation will involve the development of multiple overhead transmission lines. They presented to IPAM a picture of the area where multiple superimposed red lines had been drawn to exemplify the overhead lines they believe will crisscross their community.

As regards access to the substation, the IPAM team confirmed the existence of a single road running through the village, with residential houses located in close proximity to the road. Residents living along this access route expressed concerns that increased construction traffic would result in regular dust and noise pollution.

Community members also raised concerns regarding the absence of adequate geological studies for the area. They noted that the terrain has been known since the 1970s to be prone to mudslides and sinkholes. Several residents expressed concern that the planned expansion of the substation in these conditions could increase the risk of landslides and ground sinking with the potential of major fires.

The IPAM team observed several houses and ecolodges located near the substation, and within a two-kilometre radius. Residents from multiple households raised concerns associated with the increased capacity of the substation and the anticipated addition of new transmission lines, including potential health

<sup>9</sup> Representatives from a neighbouring village where a wind energy project which is in the early development stage and could potentially receive funding from EBRD, also attended the meeting and raised related concerns.

impacts related to electromagnetic radiation, adverse effects on biodiversity, particularly referencing declining bee populations, and difficulties in securing insurance for agricultural land and livestock.

This visit complemented the interactions held virtually with the representatives of the community. They also confirmed that their preferred option would be to change the location of the substation and allow them to develop the tourism sector in the area.

Finally, during the last call held on 29 April 2026, the representatives confirmed to IPAM that they were not interested in Problem Solving and would want their case to be considered under the Compliance function.

A draft version of this report was circulated to all Parties to ensure that the perspectives of each Party were adequately summarised in this Report. In the comments sent by the Requesters on 24 May 2026, they expressed their dissatisfaction with the summary. They particularly expressed reservations about the use of a summarised version of their allegations. Furthermore, the Requesters shared that they felt unequal treatment, as they had not had the opportunity to engage with the perspectives of Management and/or the Client.

IPAM would like to note that presenting a summarised version of perspectives in the Assessment Report is standard procedure, and that all information presented by the Requesters will be considered in the Compliance Assessment.

### 3.3 Client

IPAM held virtual meetings with the Client and visited CGES offices in Podgorica during its mission to Montenegro. During the in-person meeting, the Client described in detail the Project and expressed its willingness to improve communication with the community and seek resolution through Problem Solving. However, it also noted, that they were unable to concede on the community requests for the relocation of the substation, as that decision was taken by the Government of Montenegro and CGES has no authority in this regard. They also informed IPAM on the context of the Project, whereby the location of the substation was integrated into all spatial planning documents of the Plužine municipality and Montenegro since 2011, with the grid and 400 kV line Lastva-Pljevlja constructed accordingly.

During IPAM's visit, the Client provided the background in relation to some of the issues raised in the Request. The Krnovo wind farm was developed by a previous investor and was later acquired by CGES, along with the substation. According to the Client, during the transfer of ownership, key information relating to the terrain was not conveyed. In response to this risk, CGES engaged a geotechnical expert to assess the terrain surrounding the substation area that would be affected by the expansion. Based on this assessment, the expert recommended a design solution incorporating advanced studies and deeper foundations at three critical points during construction. CGES further noted that clear safety procedures are envisaged in the event of a natural hazard.

CGES also noted that, in Brezna, many residents primarily reside in Podgorica and typically return to the area during the tourist season. From their perspective, the expansion of the substation is expected to have minimal impacts in this context. They confirmed that access to the substation is currently available only via a single road connecting Donja Brezna to Gornja Brezna but indicated that traffic management measures and community impact considerations will be incorporated into a mitigation plan.

The Client also discussed with IPAM its ideas to support the economic development of the community which could be one of the items for discussion in a Problem Solving process.

CGES stated that construction activities related to the substation expansion would be scheduled for the autumn and winter months to avoid disruption during the tourist season. Furthermore, they did not expect

construction to commence before autumn 2027, with geotechnical studies planned to begin around spring of that year.

In relation to transmission lines, the Client stated that the substation can accommodate connections from only two additional renewable energy facilities, thereby limiting the total number of transmission lines in the region.

### 3.4 EBRD Management

IPAM engaged with Management in headquarters and the Podgorica resident office to discuss the issues raised in the Request and listen to their views in relation to them. Additionally, at IPAM's request, a Management Response was prepared and received by IPAM on 22 January 2026.

Management provided an overview of the Project and its relationship with the Montenegrin energy transition plan which is part of the reforms required for its anticipated accession to the European Union in 2028. In line with this, there is strong momentum at the national level to advance this transition, with efforts focused on establishing the institutional frameworks and policy measures necessary to support increased reliance on renewable energy. This process is supported by investments from the EBRD, as well as financing provided through the Western Balkans Investment Framework.

It also noted that in October 2025, a Management team visited Montenegro and the Bank A Strategic E&S Assessment. Their overall concern was in relation to the wider energy development plans in the area. As the Bank is considering further investments in the area, it deemed timely to undertake a Cumulative Impact Assessment and investigate other technical solutions to mitigate the impacts of the OHLs near the substation. However, it also notes that consideration of technical solutions by the Bank are limited to those projects that the institution foresees will receive financing, given that the Bank has influence only on those projects it supports.

During that visit, the Project team agreed with CGES a revised Environmental and Social Action Plan (ESAP) to align the key ESAP actions with the revised timeline for Project implementation and reflect the concerns raised by different stakeholders, including the Requesters.

In relation to specific issues raised in the Request, Table 3 below provides a summary of the perspective of Management in relation to each of them.

**Table 3. Management's views in relation to the issues raised in the Request**

Issues raised	Management Response
Accuracy of Baseline Social Data	Management agrees project documents were unclear on nearby households (language "could have been clearer"). A Bank site visit confirmed some isolated houses within ~200 m of the site,
Stakeholder Identification and Engagement/Public consultation and participation	Project information was disclosed via a Project Summary Document (PSD), Non-Technical Summary (NTS) and Stakeholder Engagement Plan (SEP) on EBRD's website (Feb-Mar 2024, in English & local language), and a consultation meeting was held in Brezna in May 2025, in line with Category B requirements. However, considering the overall delay with the project implementation, SEP could not be implemented as originally envisioned, and no further consultation meetings were carried out by the CGES.. The Client will reinforce stakeholder engagement moving forward.

Issues raised	Management Response
Public Consultation and Participation	Project information was disclosed via a Project Summary Document (PSD), Non-Technical Summary (NTS) and Stakeholder Engagement Plan (SEP) on EBRD's website (Feb–Mar 2024, in English & local language), and a consultation meeting was held in Brezna in May 2025. Management acknowledges stakeholder consultation was limited: the SEP was not fully implemented as planned (only one meeting took place, with no subsequent updates)
Health and Safety Impacts	The Requesters allege that the planned substation and associated infrastructure pose serious risks to human health and safety due to noise, electromagnetic fields, and construction activities, particularly given the proximity of homes and vulnerable population groups.
Noise and Vibration Impacts	No significant noise/EMF impacts expected. Due diligence found compliance with WHO noise (55 dB day/45 dB night) & ICNIRP EMF standards for the nearest house (~200 m away). Mitigation measures are built into the Environmental & Social Action Plan (ESAP), including noise/EMF monitoring and gas-insulated transformers to further reduce emissions
Land Acquisition and Expropriation	Allegations are raised that land acquisition is being pursued without transparent processes, fair compensation, or adequate engagement with affected owners, including ongoing disputes and claims of coercive practices linked to declarations of public interest.
Economic Displacement and Livelihood Impacts	Management indicates no evidence of policy breach on land acquisition: process falls under national law, and no irregularities have been identified. They also state there is no clear sign of property value loss; a local official even noted land prices rose (from ~€2 to €5/m <sup>2</sup> ) after the substation was developed (likely due in part to broader market factors)
Cumulative and Long-Term Impacts	Management says no cumulative impact assessment (CIA) was deemed needed during 2024 appraisal. The Bank A Strategic E&S Assessment (SESA) is under consideration (not a CIA) at country level. The main output of this exercise is an environmental and social sensitivity map to help the government plan generation and/or transmission/distribution assets and start corresponding appraisal but will not have any impact on the assets already planned in the region.
Grievance Mechanisms and Access to Remedy	Management notes a grievance mechanism was in place (described in the SEP) from early 2024, but due to project delays the client did not communicate it to the Brezna community. Management states that a revised SEP and new Community Liaison Officer (CLO) will ensure the mechanism is effectively communicated going forward
Access to Information (AIP)	Management maintains that all AIP requirements were met: the Project Summary Document was published (in Montenegrin) in Feb 2024, with Board documents disclosed after approval, and additional documents (NTS, SEP) made public in English & Montenegrin in Mar 2024. Management notes that AIP doesn't require public disclosure of consultation records, and states that evidence of a community meeting exists (though not formally recorded) and that the Representative attended said meeting.
Fear of intimidation and reprisals	Management agrees that CGES should continue to proactively strengthen its communication and engagement with the local community and the Requester. Continued efforts to rebuild dialogue and encourage the Requester to re-engage in discussions aimed at finding an amicable solution are important and have been noted from

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Issues raised	Management Response
	the Client's side. CGES has consistently expressed its openness to engage in this spirit. Management also reiterates the importance of maintaining a fair and open stakeholder engagement process in line with PR10.

Source: Management's Response dated 22 January 2026, and comments received on 28 May 2026.

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## 4. Assessment Determination

Based on the Assessment activities undertaken in relation to [Case 2025/11 CGES – SS Brezna](#), IPAM confirmed the following facts:

- The project is situated within Montenegro's broader energy transition agenda, supported by international financing and national targets for renewable energy, although it was acknowledged that stakeholder engagement over the course of the project could have been more comprehensive.
- The substation expansion forms part of the Trans-Balkan Corridor, increasing capacity from 110 kV to 400 kV;
- Community members reported concerns related to the planned substation expansion, including uncertainty around its scope, limited information on transmission infrastructure, and potential cumulative impacts related to the energy transition plans for the area.
- Brezna is an established residential area and an emerging tourism destination, with plans for eco-tourism development; residents stated that uncertainty linked to the substation expansion is discouraging investment and future settlement.
- Longstanding mistrust was reported in relation to the original substation construction, including prior installations on private land without notification, alongside concerns regarding construction traffic, dust, noise, geological risks, and proximity to homes and eco-lodges.
- Environmental and social concerns were raised regarding potential health impacts from electromagnetic radiation, risks to biodiversity, challenges in securing insurance, and the absence of adequate geological studies in an area known to be prone to landslides.
- Inaccurate or outdated information in public documents has increased the concerns of the residents,
- The Requesters have formally expressed that they would be interested in Problem Solving if the relocation of the substation was part of the agenda. However, the Client has stated that although amenable to Problem Solving, the relocation is not within its authority, therefore could not be considered.

Based on this, IPAM made the following determinations regarding the [Case 2025/11 CGES – SS Brezna](#) process:

- After an in-depth analysis of the concerns raised, IPAM determined that the Request meets the Registration criteria.
- Given that the Requesters have expressed their desire to have their Case considered under the Compliance function as the relocation of the substation would not be open to discussion, IPAM has determined that a Problem-Solving Initiative is not feasible.

## 5. Conclusion and Next Steps

Based on the activities undertaken during the Assessment stage, IPAM has determined that a Problem-Solving Initiative is not feasible. At the behest of the Requesters, [Case 2025/11 CGES - SS Brezna](#) will be assessed by the Compliance team to determine if it meets the criteria to initiate a Compliance Review.

As per 2.3 (c) of the 2019 PAP, the Assessment Report is to be submitted to the Board and the President for information, and the Parties will be notified of its disclosure in the IPAM Case Registry under the virtual file [Case 2025/11 CGES - SS Brezna](#) in English and Montenegrin.

IPAM wishes to thank the Requesters, the Client, Bank Management, as well as other stakeholders for their time and the inputs provided during the Assessment stage.