

## CUCIURGAN POWER PLANT. RISKS FOR THE REPUBLIC OF MOLDOVA

<b>Abstract:</b>	<i>Today, the energy dependence of the Republic of Moldova has its beginnings in the communist period. Through the secret Ribbentrop - Molotov pact (1939), Bessarabia was ceded to the USSR, which fully benefited from this territory, exploiting, and using all the natural and human resources to the maximum, therefore a multitude of plants and factories were being built for this purpose. However, given the fact that the small country located between the Prut and Dniester rivers has no natural fuel deposits and no energy resources of its own, to reduce production and logistics costs, it was necessary to supply this territory with energy. Thus, in 1964, the USSR built a thermoelectric plant not anywhere, but very strategically located on the banks of the Dniester River, in the city of Dnestrovsk in the region called Transnistria, on the border with Ukraine, which was closer to the USSR's sphere of influence than Romania. The operation of this energetic complex was also strategically thought out. The power plant was to operate based on natural gas, fuel oil and coal, which were not found on the territory of Bessarabia anyway. In 1992, through the direct involvement of the Russian Federation, the newly independent state Republic of Moldova, followingly lost constitutional control over this territory and the plant and other strategic industrial objectives. Heretofore, this territory is politically controlled by the Russian Federation, which, using the leverage it has in Transnistria, energetically blackmails the Republic of Moldova to obtain political dividends and to keep it in its sphere of political influence. However, the military conflict in Ukraine could change this situation in the region.</i>
<b>Keywords:</b>	<b>Power plant; Cuciurgan; Electricity; Gas; Chișinău; Tiraspol; Ukraine; Risks.</b>
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### Introduction

At the beginning of the 1950<sup>s</sup> of the 20<sup>th</sup> century, starts the great industrialization of the USSR<sup>1</sup>. This phenomenon also reaches the Moldovan SSR (Bessarabia), where was located the industrial core of the area, with a multitude of factories and plants<sup>2</sup>. But to achieve this great goal, it was imperative that a series of factors be met cumulatively: a) workforce, b) housing insurance for these workers, c) energy insurance.

Starting from this premise, in 1950, the construction of the Dubăsari hydroelectric plant began, and in 1951 the Chisinau - Dubăsari high voltage line was built<sup>3</sup>. At the end of 1954 this hydroelectric plant became functional, but with the increase in the number of industrial objectives, both on the side on the left bank of the Dniester, as well as on the right bank, this source of energy became insufficient, since in the region were no deposits and other energy resources that could be exploited. It was necessary to quickly find a solution.

In this sense, in 1959, a series of research were carried out on the shores of Lake Cuciurgan for the construction of a thermoelectric power plant. In 1961 the actual construction of the thermoelectric power plant

<sup>1</sup> John Pearce Hardt, Carl Modig, *The Industrialization of Soviet Russia in the First Half Century*, Research Analysis Corporation, Virginia, 1968, p. 41

<sup>2</sup> Vladislav Grosul, Nikolay Babilunga, *Istoriya Pridnestrovskoy Moldavskoy Respubliki*, RIO PGU, Tiraspol 2001, p. 250

<sup>3</sup> *Ibidem*, p. 254

began. Together with the power plant, in the same year the city of Dnestrovsk<sup>1</sup> was born, the city where in fact this objective is located, and on September 26, 1964, the first energy block of the power plant from Cuciurgan was already put into operation<sup>2</sup>.

The location of this major energy objective in the mentioned area was not chosen by chance, the geographical position of the power plant is exactly on the border between the Soviet Moldova (the left side of the Dniester) and the Soviet Ukraine, those being separated only by the Cuciurgan reservoir. This objective could also have been built elsewhere within the Moldovan SSR (Bessarabia), however, considering the geopolitical aspects and the historical events that took place previously (the union of Bessarabia with Romania in 1918)<sup>3</sup>, the leadership of the Communist Party in Moscow did not want such a strategically objective to be left in the hands of other countries in case history could repeat itself.

To deepen the interdependence, a network of energy connections was created, thus in 1957 the energy line Tiraspol - Bileaiivka (Ukraine) was put into operation, which allowed the interconnection of the energy systems of Moldova and the Odessa region with the USSR south energy system. With the commissioning in September 1964 of the first energy block of the Cuciurgan thermoelectric power plant, the Chisinau - Cuciurgan - Odessa thermoelectric power plant circuit was closed, so that in the end Moldovan SSR would be connected to this energy network. Initially, the power of the only energy block of the plant was only 600 thousand Kwh, following that in 1967, five other energy blocks were put into operation, generating a total power of 1.2 million Kwh. But the ambitions did not stop there. During the years 1967-1968, work was done to increase the energy generation power up to 2 million Kwh, but this also required the construction of more powerful Overhead Powerlines (OPL), with a voltage of 330 and, respectively 400 Kw, capable of receiving and transporting this energy to Chisinau, Odessa and even to Bulgaria, thus making the power plant be also an exporter for the Balkan area.

The Cuciurgan power plant was designed to run on coal, fuel oil and natural gas, but since its opening, it has only operated on coal and fuel oil, for the simple reason that there was no natural gas in the region. Thus, in 1966, the Odessa - Chisinau gas pipeline was put into operation, which transited the Transnistrian region of the Moldovan SSR and had a total length of 170 km. And between the years 1987-1988, the transition of four energy blocks of the plant from fuel oil to natural gas was carried out. During that period, the thermoelectric plant ended up having 12 energy blocks that generated a total power of 2,520 million Kwh, ensuring this way up to 80% of the energy needs of the Moldovan Soviet Socialist Republic<sup>4</sup>, (the left bank of the Dniester and the right bank). However, this situation takes a different turn with the collapse of the USSR and the fall of the communist colossus.

December 25, 1991 - the date on which the USSR ceased to exist as a subject of international law<sup>5</sup>, and the Russian tricolor was raised instead of the Soviet flag above the Kremlin, is also the date from which the chronology of a new geopolitical reality of the post-Soviet space begins<sup>6</sup>. The Transnistrian conflict, which started in 1989 on the background of the linguistic problem within the Soviet Socialist Republic of Moldova, during the evolution of events inside the USSR and the Moldovan SSR escalated into a political confrontation between Chisinau and Tiraspol with armed confrontations, and in the spring - July of 1992 evolved into a large-scale armed conflict with the participation of military units of the 14th Army<sup>7</sup>.

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<sup>1</sup> Pridnestrovie Tourism, *Istoria Dnestrovska*, <https://pridnestrovie-tourism.com/city/dnestrovsk/istorija-dnestrovska/> (23.11.2023)

<sup>2</sup> Tourismpmr, *Moldavskaya GRES*, <https://tourismpmr.org/registry/moldavskaya-gres/> (23.11.2023)

<sup>3</sup> Historia, *Unirea Basarabiei: prima treaptă spre idealul României Mari*, <https://historia.ro/sectiune/general/unirea-basarabiei-prima-treapta-spre-idealul-574190.html> (23.11.2023)

<sup>4</sup> Vladislav Grosul, Nikolay Babilunga, *Istoriya Pridnestrovskoy Moldavskoy Respubliki*, RIO PGU, Tiraspol 2001, pp. 256-257

<sup>5</sup> Robert Strayer, *Why Did the Soviet Union Collapse? Understanding Historical Change*, Routledge, London, 2016, p. 81

<sup>6</sup> Mihai Melintei, *Conflictul armat de pe Nistru în perioada martie-iulie 1992. Date și fapte*, "Yearbook of the Laboratory for the Transnistrian Conflict Analysis", <https://centers.ulbsibiu.ro/ccsprise/lact/mihai-melintei-conflictul-armat-de-penistru-in-perioada-martie-iulie-1992-date-si-fapte/> (29.11.2023)

<sup>7</sup> *Ibidem*

However, these problems were preceded by two events: a) in the last years of the Soviet Union, in the Moldovan SSR, similarly to other Soviet republics, there was an increase in the national movement<sup>1</sup>, culminating on August 31, 1989, with a declaration by the National Assemblies, which provided for the transition to the Latin script and the declaration of the state language, Romanian<sup>2</sup>, b) on the background of these historical tumults, on September 2, 1990, in Tiraspol, the declaration of sovereignty of the Transnistrian Moldovan Socialist Soviet Republic<sup>3</sup> (later renamed as the Pridnestrovian Moldovan Republic, PMR) was adopted, with the capital in Tiraspol, not recognized at the international level.

After July 21, 1992, the Tiraspol authorities nationalized all the infrastructure built on the left bank of the Dniester, including the energy infrastructure and the gas distribution network that transits this territory<sup>4</sup>.

On December 1, 2003, in the decree of the Tiraspol leader, No. 558, regarding the approval of the individual project regarding the privatization of 100% of the state-owned shareholding in the power plant at Cuciurgan, JSCo Moldavskaya GRES is talked about both the poor technical condition and the difficult financial situation of the enterprise. In the same privatization project, there is also talked about an estimated sale price of the power plant, but also about the amounts that should be invested by the potential buyer<sup>5</sup>.

The realization of the privatization project takes place on December 26, 2003, when, disregarding the intention of the Russian company Gazprom and those of RAO EES, the Tiraspol authorities sell the Cuciurgan power plant to a Russian-Belgian company for 29 million USD. However, during 2005, the owner of Moldavskaya GRES becomes the Russian holding company Inter RAO EES<sup>6</sup>. It should be noted that the Republic of Moldova rejects these privatizations and has adopted a law that stipulates that all privatizations in Moldova (including Transnistria) must be approved by the Moldovan Parliament<sup>7</sup>.

With the emergence of the new sovereign and independent state, Republic of Moldova, which was born on August 27, 1991<sup>8</sup>, a series of problems arose that had to be solved by the political class from Chisinau.

The energy problem was one of the most important and required finding quick solutions. In this sense, according to the Minister of Construction Vasile Cuhal, (May 2, 1991 - August 1992), "The political class in Chisinau was concerned with the country's energy security since independence, having clear plans in this direction. Thus, was proposed the solution as for the Republic of Moldova, in partnership with Romania, to invest in the construction of an energy block at the Cernavodă Nuclear Power Plant, with funds coming from external sources. But some decision-makers from Chisinau considered that there is a risk of getting too close to Bucharest, and this fact could upset Moscow. In the end, this proposal did not find political support and was abandoned"<sup>9</sup>.

During the 1990<sup>s</sup>, the Republic of Moldova was forced to import electricity from Ukraine, but also from the Russian Federation, the latter being dependent on both natural gas and electricity. Technically, almost all the imported energy had to pass through the power plant at Cuciurgan and then, reach the right side of the Dniester. But given the fact that the political relations between the authorities on the two banks of the Dniester were very complicated, in many cases to secure its energy needs, Chisinau had to make some concessions in

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<sup>1</sup> Alexandr Voronovici, *Anul 1924. Justificând separatismul: înființarea RASS Moldovenească și istoria politică în Republica Moldovenească Nistreană*, "Plural", Vol. 3, No. 1, Chișinău, 2015, p. 143

<sup>2</sup> Ziarul Național, *Istorie/Ziua Limbii Române*, 31.08.2023 <https://www.ziarulnational.md/istorie-ziua-limbii-romane-documentul-final-al-marii-adunari-nationale-din-27-august-1989-cerea-in-mod-expres-sa-fie-restabilite-numele-istoric-al-poporului-nostru-roman-dar-si-denumirea-limbii-lui-limba-romana/> (30.11.2023)

<sup>3</sup> Alexandr Voronovici, *Anul 1924. Justificând separatismul: înființarea RASS Moldovenească și istoria politică în Republica Moldovenească Nistreană*, "Plural", Vol. 3, No. 1, Chișinău, 2015, p. 148

<sup>4</sup> Anticorupție, *Caracatița Rusiei și controlul asupra obiectivelor energetice din Republica Moldova*, 28.06.2022 <https://anticoruptie.md/ro/investigatii/economic/caracatița-rusiei-si-controlul-asupra-obiectivelor-energetice-din-republica-moldova> (04.12.2023)

<sup>5</sup> PMR, *Ukaz prezidenta Pridnestrovkoi Moldavskoy Respubliky* 01.12.2003 <https://ulpmr.ru/ul/show/AErFEvp5CnJ1ybkfwFYPRwQNdxgw6GDyTbJ0=> (04.12.2023)

<sup>6</sup> Compro mat, *Aferisty Pridnestrovia ili kak ukrasty u naroda 71 mln*, 20.11.2005 [https://www.compro mat.ru/page\\_17776.htm](https://www.compro mat.ru/page_17776.htm) (04.12.2023)

<sup>7</sup> Raport Transnistria, *Dezghetarea unui conflict înghețat: Aspecte legale ale crizei separatiste din Moldova*, [https://statistica.gov.md/publications/137/ro/Raport\\_Transnistria\\_Meyer\\_rom.pdf](https://statistica.gov.md/publications/137/ro/Raport_Transnistria_Meyer_rom.pdf), p.52 (08.12.2023)

<sup>8</sup> Curtea Constituțională, *Declarația de independență a Republicii Moldova*, 27.08.1991 <https://www.constcourt.md/pageview.php?l=ro&idc=11&id=276&t=/Prezentare-> (08.12.2023)

<sup>9</sup> *Personal archive (interview)*

favor of those from Tiraspol. In 1998, the Republic of Moldova faced a major energy crisis, when, due to external factors, the Cuciurgan plant stopped supplying energy to the right bank of the Dniester. The government in Chisinau expected to make up for the energy deficit by importing from Ukraine, but Kiev also drastically reduces the amount of energy delivered, relying on the electricity debts accumulated up to that point<sup>1</sup>.

### **Gas insurance of the Republic of Moldova**

On the background of a transition economy, the period of 1990-2000 was a difficult one from an economic point of view for the Republic of Moldova, which led to the accumulation of several external debts, especially for the supply of natural gas and electricity. As we have noted above, in addition to electricity, the Republic of Moldova also had to import natural gas, the only commercial partner in this energy segment being the Russian Federation through its SAP company Gazprom which through commercial contracts, signed with the State Concern MoldovaGaz founded in 1994, delivered natural gas on both banks of the Dniester. A good part of these deliveries was made on debt.

Thus, in 1998, by converting part of the claims held by the Russian giant on the Republic of Moldova, JSCo. Moldovagaz was founded. Gazprom took possession of the entire pipeline infrastructure of the Republic of Moldova, including the one controlled by the authorities on the left side of the Dniester. Currently, the shareholding structure of JSCo Moldovagaz is as follows: Gazprom - 50%, the Public Property Agency of the Republic of Moldova - 35.33%, and the Property Management Committee of Transnistria (left side of the Dniester) - 13.44%, in 2007 these shares were transferred to the management of Gazprom. The other 1.23% of the company's shares are owned by natural persons<sup>2</sup>.

Tiraspoltransgaz is a gas company on the left bank of the Dniester, which in 1993 took over the entire gas distribution network in this region and since then has commercial relations with JSCo. Moldovagaz for gas insurance of PMR.

Among the biggest gas consumers in Transnistria are Moldavskaya GRES, which produces electricity and sells most of it on the right bank, and the Rybnitsa Metallurgical Plant, another industrial colossus built on the left bank of the Dniester back in Soviet times, which produces steel and various metal alloy products<sup>3</sup>, which they mostly export to European Union countries.

Based on what has been stated above and a simple analysis, it can be deduced that the basis of the formation of the Transnistrian region's budget is natural gas, which brings money to the region from exports from the two companies<sup>4</sup>. It should be noted, however, that while Moldovagaz pays Gazprom for gas consumption on the right bank of the Dniester, the money collected from Transnistria does not end up in Gazprom's pockets, but in the Transnistrian annual budget<sup>5</sup>. In the Transnistrian region, domestic tariffs do not cover the market price of gas, and all the income from the sale of gas are accumulated on the so-called "special gas account", after which the operator transfers them in the form of a loan to the regional budget<sup>6</sup>. The problem has persisted since the 90s and has a perpetual aspect, generating at the same time a trilateral dispute between

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<sup>1</sup> Agora, *Porția de istorie, Cum a trecut R. Moldova prin criza energetică de la finele anilor 1990 și ce lecții au fost (ne)învățate*, 29.10.2022 <https://agora.md/stiri/109305/portia-de-istorie-cum-a-trecut-r-moldova-prin-criza-energetica-de-la-finele-anilor-1990-si-ce-lectii-au-fost-neinvatate> (14.12.2023)

<sup>2</sup> Anticorupție, *Caracatița Rusiei și controlul asupra obiectivelor energetice din Republica Moldova*, 28.06.2022 <https://anticoruptie.md/ro/investigatii/economic/caracatita-rusiei-si-controlul-asupra-obiectivelor-energetice-din-republica-moldova> (14.12.2023)

<sup>3</sup> MMZ, *Uzina Metalurgică Moldovenească (MMZ) este o uzină modernă specializată în fabricarea de articole metalice de înaltă calitate*, <https://www.aommz.com/ro/about-us> (17.12.2023)

<sup>4</sup> Europa Liberă, *Bugetul regiunii transnistrene, fără majorări de pensii și salarii*, 02.12.2019 <https://moldova.europa-libera.org/a/bugetul-regiunii-transnistrene-f%C4%83r%C4%83-major%C4%83ri-de-pensii-%C8%99i-salarii/30303935.html> (17.12.2023)

<sup>5</sup> Anticorupție, *Caracatița Rusiei și controlul asupra obiectivelor energetice din Republica Moldova* 28.06.2022, <https://anticoruptie.md/ro/investigatii/economic/caracatita-rusiei-si-controlul-asupra-obiectivelor-energetice-din-republica-moldova> (17.12.2023)

<sup>6</sup> Watchdog, *Moldova vs Gazprom: cine de fapt are datorii?*, 10.2022 [https://www.watchdog.md/wp-content/uploads/2020/10/Moldova-vs-Gazprom\\_cine-de-fapt-are-datorii.pdf](https://www.watchdog.md/wp-content/uploads/2020/10/Moldova-vs-Gazprom_cine-de-fapt-are-datorii.pdf), p. 2 (20.12.2023)

Moscow, Chisinau, and Tiraspol, regarding the historical debts totaling 756 million USD (as of 31.10.2021)<sup>1</sup> accumulated for the consumption of natural gas. It should be noted that over the years, the authorities from Chisinau have made efforts to pay at least part of these debts, but Gazprom, with the money paid by the Republic of Moldova, closed the debts of those from Tiraspol, and the Moldovan authorities are being still in debt<sup>2</sup>.

### **Electricity insurance of the Republic of Moldova**

For the time being, the Republic of Moldova can cover its electricity consumption from its own sources only in volume of 25-30%, the rest being ensured from imports.

Internally, the energy system of the country (the right bank of the Dniester) has only regional and industrial power plants (sugar factories) with a total capacity of 443.5 MW, including a hydroelectric power plant (CHE Costești)-16 MW, thermoelectric power plants (CET-1, CET-2, CET-Nord) – 330 MW, power plants of sugar factories – 97.5 MW<sup>3</sup>, apart from HEPP Costești all other plants generate electricity in large volume only in the cold period of the year when they also produce heating agent. But at the same time, during this period the consumption of electricity also increases, which anyway leads to the import of energy to ensure the country's energy stability.

As it can be seen, the consumption requirement of the Republic of Moldova far exceeds the volume of energy produced under its own direction, this situation has been going on since 1991 and continues to this day. After the Declaration of Independence, to ensure its electricity needs, the Republic of Moldova opts for the two suppliers from the immediate vicinity, the import of energy from Ukraine and from the Cuciurgan Thermoelectric Power Plant. It should be noted that from 2002 until the summer of 2006, Moldova also imported electricity from the Russian Federation based on a Moldovan-Russian-Ukrainian trilateral agreement. According to the document, Moldova received electricity in equal amounts from Ukraine and the Russian Federation. In June 2006, Russian deliveries were stopped on the grounds that the Ukrainian side increased the energy transport and transit tariff. Consequently, the significant price increase was no longer convenient for Moldova. Therefore, since summer of 2006, Ukraine has monopolized the supply of energy to Moldova, with the result that from January 1, 2009, the Moldovan (CERS) State Republican Power Plant from Cuciurgan will also supply electricity to the right bank of the Dniester<sup>4</sup>.

This situation regarding the supply of electricity out of two external sources continued until the fall of 2022, when, after the Russian bombing of the Ukrainian energy system, a part of the Republic of Moldova was left without electricity.

After these events, to be able to cover their own needs, the Ukrainian authorities decided to stop exporting energy to Moldova. At the same time, MGRES decided to stop energy supplies to the right bank due to the decrease in the volume of gas delivered by Gazprom to Moldovagaz and respectively, to Tiraspoltransgaz. In this situation, Chisinau turned to energy operators from Romania to procure electricity from the stock exchange, but at a much more expensive price than the one with which it was importing until then from the mentioned sources. As a result of the negotiations between Chisinau and Tiraspol, in December 2022 a new electricity purchase contract from the Cuciurgan Power Plant was signed. The contract stipulated that Tiraspol receives the entire volume of gas delivered by Gazprom to Chisinau (5.7 mln. m<sup>3</sup>/day), and the validity of the contract will be extended monthly with the agreement of the parties<sup>5</sup>. The contract between

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<sup>1</sup> Zdg, *Integral. Raportul de audit al datoriilor istorice ale Moldovagaz*. Sergiu Tofilat: „Consumatorii de pe malul drept nu au datorii față de Gazprom”, 06.09.2023 <https://www.zdg.md/stiri/doc-integral-raportul-de-audit-al-datoriilor-istorice-ale-moldovagaz-sergiu-tofilat-consumatorii-de-pe-malul-drept-nu-au-datorii-fata-de-gazprom/> (21.12.2023)

<sup>2</sup> Watchdog, *Moldova vs Gazprom: cine de fapt are datorii?*, 10.2022 [https://www.watchdog.md/wp-content/uploads/2020/10/Moldova-vs-Gazprom\\_cine-de-fapt-are-datorii.pdf](https://www.watchdog.md/wp-content/uploads/2020/10/Moldova-vs-Gazprom_cine-de-fapt-are-datorii.pdf), p. 9 (20.12.2023)

<sup>3</sup> Alexandru Baltag, Dorina Baltag, *Securitatea energetică a Republicii Moldova: Alternative viabile*, ”IDIS Viitorul”, No. 3, Chișinău, 2009, p. 16

<sup>4</sup> *Ibidem*, p.17

<sup>5</sup> Europa Liberă, *Chișinăul va cumpăra energie electrică mai ieftină de la Cuciurgan*, 31.03.2023 <https://moldova.europalibera.org/a/chi%C8%99in%C4%83ul-va-cump%C4%83ra-energie-electric%C4%83-mai-ieftin%C4%83-de-la-cuciurgan-/32343656.html> (23.12.2023)

Energocom, the energy market operator on the right bank, and the Cuciurgan Power Plant was extended in October 2023 for a span of one year, with the established price of 66 USD/MWh<sup>1</sup>.

### **What has been done for the achievement of energy security?**

Republic of Moldova is found on the geographical position that does not have the access to underground deposits, especially fossil ones. Since its formation as an independent and sovereign state, the Republic of Moldova has been and still is a net importer of both, electricity and natural gas. This fact is making it very vulnerable from the point of view of energy security, a pillar that is of major importance in the field of security of a state in general.

Starting from this statement, can be mentioned that the energy resilience of the state largely depends on external factors which cannot be controlled by the Chisinau authorities.

Referring to the natural gas segment - the first intentions regarding the change of the existing natural gas supply system of the Republic of Moldova were launched in 2009. An example of this is the construction of the Iași - Ungheni gas pipeline, which was put into operation in August 2014. At the time of before, the capacity of the Iasi - Ungheni - Chisinau gas pipeline is 1.3 billion cubic meters of gas per year but work still occurs to develop the gas pipeline's capacities<sup>2</sup>. At the same time, the uncertainties regarding the signing of a new gas transit agreement between Ukraine and Russia motivated Moldovagaz in 2020 to mobilize efforts to ensure the delivery of gas also in reverse mode through the Trans-Balkan gas pipeline<sup>3</sup>.

Chisinau has been forced to fully use these alternative routes since the fall of 2022, when Gazprom decided to drastically reduce gas supplies to the Republic of Moldova, an aspect that forced the Chisinau authorities to diversify their natural gas supply sources.

Currently, Moldovagaz receives daily 5.7 million cubic meters of gas from Gazprom, which it fully transfers to the left bank of the Dniester, because of agreements between Chisinau, Moscow, and Tiraspol. The Republic of Moldova, with the help of external partners through various forms of subsidies, grants, and loans, secures all its gas needs from the European markets<sup>4</sup>.

At the moment- on the electricity segment- some directly quantifiable elements for the diversification of energy supply sources cannot be traced. Currently, the main and only external source of electricity remains the Cuciurgan Thermoelectric Power Plant, which provides energy needs of the right bank in a proportion of 80-90%, at an ad said, dumping price, which is equivalent to 66 USD for one MWh, (by comparison, in October 2022 with all the discount offered, the purchase price of one MWh from Romania was 90 EUR<sup>5</sup>, and in peak hours it ended up costing more than 200 EUR), the consumption difference being ensured by Thermoelectric Power Plants and green energy sources.

From another point of view, this situation suits both those from Chisinau and those from Tiraspol. On one hand, as I mentioned, the Republic of Moldova can secure its gas stocks from sources other than Gazprom and can afford to sell the 5.7 million cubic meters of gas to Tiraspol which uses it mostly to produce electricity, which Chisinau then buys at that irresistible price. On the other hand, MGRES practically has only one buyer for the electricity produced by them, namely, Chisinau.

That being said, through a simple circuit of the 5.7 million cubic meters of gas, two economies are kept afloat, the left bank - has gas for its own needs, but also money that enters the budget from energy sales to

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<sup>1</sup> TVR Moldova, *Victor Parlicov: Contractul semnat cu Centrala de la Cuciurgan pune la dispoziție energie electrică la un preț avantajos pentru Chișinău și vine în sprijinul populației din stânga Nistrului*, 25.10.2023 <https://tvrmdoia.md/article/b70b52e1b2f33bd8/victor-parlicov-contractul-semnat-cu-centrala-de-la-cuciurgan-pune-la-dispozitie-energie-electrica-la-un-pret-avantajos-pentru-chisinau-si-vine-in-sprajinul-populatiei-din-stanga-nistrului.html> (23.12.2023)

<sup>2</sup> Mihai Melinte, *Securitatea energetică a Republicii Moldova depinde de dosarul transnistrean*, "Energynomics", 16.08.2023 <https://www.energynomics.ro/securitatea-energetica-a-republicii-moldova-depinde-de-dosarul-transnistrean/> (05.01.2024)

<sup>3</sup> Watchdog, *Moldova vs Gazprom: cine de fapt are datorii?*, 10.2022, [https://www.watchdog.md/wp-content/uploads/2020/10/Moldova-vs-Gazprom\\_cine-de-fapt-are-datorii.pdf](https://www.watchdog.md/wp-content/uploads/2020/10/Moldova-vs-Gazprom_cine-de-fapt-are-datorii.pdf), p. 16 (05.01.2024)

<sup>4</sup> Europa Liberă, *Tiraspolul anunță că a ajuns la un "acord" în privința gazelor*, 20.10.2023 <https://moldova.europalibera.org/a/tiraspolul-anunta-ca-a-ajuns-la-un-acord-in-privinta-gazelor-/32646417.html> (05.01.2024)

<sup>5</sup> MIDR, *Republica Moldova va putea cumpăra energie electrică din România*, 13.10.2022 <https://midr.gov.md/noutati/republica-moldova-va-putea-cumpara-energie-electrica-din-romania> (05.01.2024)

Chisinau, the left bank has electricity at a price far below the average of the region, and with the price difference it covers his other quotidian expenses.

It is necessary to be mentioned that the Republic of Moldova has several ongoing projects to diversify electricity supply sources, which are the result of actions taken by the Moldovan authorities to become part of the community acquis. Becoming a member of the Energy Community in 2009, the Republic of Moldova committed itself to the transposition of the legal framework approved in the European Union to bring the standards and operating conditions of the electricity and natural gas sector closer to those of the EU member countries. In October 2011, the Chisinau Government signed the agreement for the transposition of the Directives and Regulations that form the III Energy Legislative Package. According to the agreement, this transposition was to be carried out by 2016<sup>1</sup>. The main objectives of the Package are the liberalization of the internal energy market and the diversification of energy supply sources.

In this regard, the Chisinau authorities have approved a series of normative and administrative acts to bring national legislation in line with European legislation, such as: Law 108/2016 on natural gas<sup>2</sup>, Law 107/2016 on electricity<sup>3</sup>, Government Decision no. 102/2013 regarding the Energy Strategy of the Republic of Moldova until 2030<sup>4</sup>, the Energy Strategy of the Republic of Moldova 2050<sup>5</sup>, and many others. In parallel with the legislative changes, agreements were also signed with external development partners to diversify the sources of electricity supply - the Isaccea-Vulcănești-Chisinau Overhead Powerline project with a capacity of 400 KW and a length of 157 km financed from EBRD and EIB loans. The purpose of this project is to bring electricity to the country without it passing through MGRES, but due to the uncertainty of the decision-makers in Chisinau, the status of the works did not exceed 20%, an estimated delivery time in exploitation would be 2025<sup>6</sup>. Another interconnection project with the European electricity grids would be the construction of the Suceava - Bălți Overhead Powerline. Up to this moment, only the feasibility study has been completed. There should also be the Strășeni - Iași line, which is only an undefined project, however, the Moldovan authorities consider that these lines should be operational by 2030<sup>7</sup>.

In the same vein, it can also be mentioned that in March 2022 the Electricity Transmission and System Operators (TSO) of Continental Europe achieved the emergency synchronization of the European Continental Energy System of ENTSO-E with the electricity systems of Ukraine and Moldova, thus ensuring the energy security of the two states<sup>8</sup>.

### **Energy risks for the Republic of Moldova**

Although over the years the authorities from Chisinau have taken several actions to minimize the risks in the state's energy field, this risk remains high today. The degree of risk is directly dependent on a) the geopolitical situation in the region, b) the political situation in the international community, which are also strategic partners for development and financing of projects that are or are to be implemented in the country, c) and last but not the least, the political situation inside the country.

Therefore, these risks can be divided into two categories, external and internal:

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<sup>1</sup> Renergy, *Pachetul trei energetic și reformarea pieței gazelor*, 08.09.2023, <https://renergy.md/pachetul-trei-energetic-si-reformatarea-pieteii-gazelor/> (12.01.2024)

<sup>2</sup> Registrul de stat, *Lege Nr. 108 din 27-05-2016 cu privire la gazele naturale*, [https://www.legis.md/cautare/getResults?doc\\_id=105945&lang=ro](https://www.legis.md/cautare/getResults?doc_id=105945&lang=ro) (12.01.2024)

<sup>3</sup> Registrul de stat, *Lege Nr. 107 din 27-05-2016 cu privire la energia electrică*, [https://www.legis.md/cautare/getResults?doc\\_id=121988&lang=ro](https://www.legis.md/cautare/getResults?doc_id=121988&lang=ro) (12.01.2024)

<sup>4</sup> Registrul de stat, *Hotărâre Nr. 102 din 05-02-2013 cu privire la Strategia energetică a Republicii Moldova până în anul 2030*, [https://www.legis.md/cautare/getResults?doc\\_id=68103&lang=ro](https://www.legis.md/cautare/getResults?doc_id=68103&lang=ro) (12.01.2024)

<sup>5</sup> Energie, *Strategia Energetică a Republicii Moldova până în anul 2050 (SEM 2050)*, [https://energie.gov.md/sites/default/files/concept\\_strategia\\_enenergetica\\_act.\\_-clean\\_1.pdf](https://energie.gov.md/sites/default/files/concept_strategia_enenergetica_act._-clean_1.pdf) (12.01.2024)

<sup>6</sup> IPN, *Constantin Borosan: Linia electrică Vulcănești-Chișinău va fi gata în 2025*, 07.02.2023, [https://www.ipn.md/ro/constantin-borosan-linia-electrica-vulcanesti-chisinau-va-fi-gata-7965\\_1095078.html](https://www.ipn.md/ro/constantin-borosan-linia-electrica-vulcanesti-chisinau-va-fi-gata-7965_1095078.html) (12.01.2024)

<sup>7</sup> Europa Liberă, *De ce a fost amânată din nou construcția liniei care va aduce curent din România?*, 11.09.2023, <https://moldova.europalibera.org/a/explainer-de-ce-a-fost-amanata-din-nou-construcția-linii-care-va-aduce-curent-din-romania-/32587794.html> (16.01.2024)

<sup>8</sup> MIDR, *Republica Moldova și Ucraina au finalizat procesul de sincronizare la rețeaua energetică europeană ENTSO-E*, 16.03.2022, <https://midr.gov.md/noutati/republica-moldova-si-ucraina-au-finalizat-procesul-de-sincronizare-la-rețeaua-energetica-europeana-entso-e> (16.01.2024)

### **External Risks:**

- The Republic of Moldova stores its gas stocks on the territory of Ukraine, which is engaged in an armed conflict with the Russian Federation. If this conflict escalates in the regions where Moldova stores its gas, it may lose the reserves (but it is also in the process of negotiating with other countries in region).
- Nearly all the amount of gas coming from Gazprom to Moldova transits the territory of Ukraine. The latter has already announced its intention not to extend the transit contract signed between Naftogaz (UA) and Gazprom (RU), which expires at the end of 2024<sup>1</sup>.  
For the left bank - the economy of the Transnistrian region can no longer be sustainable without "free" Russian gas. No more gas, no more money (MMZ from Râbnița and MGRES will no longer be able to operate), and this can be a premise for the economic collapse of the region and therefore, a possible humanitarian catastrophe, since around 400 thousand people live in the region, and around 350 thousand are Moldovan citizens.  
For the right bank - a high price at the level of the European electricity market, a dilemma for the political class from Chisinau. Where to get gas for the left bank? Under what conditions can it be sold to them? Given the fact that Tiraspol does not have the capacity to pay, where would Chisinau get the money for this amount of gas, still considering the scenario of giving the gas away for free? It is possible an influx of citizens from the left bank to the right bank.
- To complete all the projects started, Moldova needs external financing, which can come or be continued only in the case of an international political stability, 2024 being an election year both for the international community (the European Parliament), in the EU member states, and in the Russian Federation and the United States of America. The results of these elections can directly influence the continuity of the started projects but also the economic development of the country. There is a risk that the started projects will no longer be sustainable or the political actors in the region will no longer be interested in them.

### **Internal Factors:**

- Delayed decisions, the lack of interest from authorities in completing the started projects, the underfunding of these projects.
- Changing the political vector - in the Republic of Moldova, in 2024 there will be presidential elections, and in 2025 parliamentary elections. The result of these elections could directly influence the vector of foreign policy and, consequently, the interest of development partners for the projects started in the region.
- Domestic political destabilization - which would result in the stagnation of the country's economic development, external partners manifesting prudence towards investments at the country level.

### **Conclusions**

For over three decades, the Republic of Moldova has had a problem regarding energy security, and this fact makes it vulnerable and at the same time, dependent on third parties that have influenced and still influence the state's development course. With a conflict frozen for over 30 years on its constitutional territory and with another armed ongoing conflict right on its border, the Republic of Moldova is still looking for solutions to ensure its energy security. To be able to reach independence and a stable energy situation, political willpower, and a clear vision of the overall picture by the political class in Chisinau is needed. At the same time, we can also mention the interdependence of the two banks of the Dniester, as it was also seen from the undertaken research, currently there is no solution to regulate the energy situation without the participation of one of the parties, whether we are talking about Chisinau or Tiraspol.

Another important aspect is the geopolitical situation in the region, Moldova is being directly affected by the evolution of events in the area, but also by the decisions made in one context or another, both by the important actors in the Black Sea region, by those in the European Community and by the leaders worldwide.

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<sup>1</sup> Ziare, *Ucraina a decis să întrerupă tranzitul gazelor rusești spre Europa pe teritoriul său din 2024*, 29.10.2023, <https://ziare.com/naftogaz/naftogaz-nu-prelungeste-contract-livrare-gaze-rusesti-1833175> (16.01.2024)



At the local level, it is necessary for the dialogue between Chisinau and Tiraspol to have continuity to reach a compromise and to overcome the crisis situations that could possibly arise. Internally, the Republic of Moldova needs political stability, but also the strengthening of its administrative capacities to implement and complete the large-scale projects that have been started so far and which can be of major importance in ensuring its energy security. The diversification of external sources of energy supply, but also the diversification of own energy sources could contribute to the energy independence of the Republic of Moldova.

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