

Foreign Policy Association together with Friedrich-Ebert-Stiftung offer you a newsletter on foreign policy and European integration issues of the Republic of Moldova. The newsletter is part of the "Foreign Policy Dialogue" joint Project.

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NEWSLETTER

MONTHLY BULLETIN • NOVEMBER 2022 • NR.11 (201)

Synthesis and Foreign Policy Debates

The newsletter is developed by Mădălin Necșuțu, editor-coordinator

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"Pipeline system of Moldovagaz that transports gas for domestic consumers. Source: Moldovagaz/Facebook"

News in Brief



The Republic of Moldova faces multiple hybrid attacks, which take the most varied forms, said the Minister of Foreign Affairs of Romania, Bogdan Aurescu, in an interview for Agerpres. "We are talking about overlapping and artificially generated crises. Their purpose is very simple: to derail the course of reforms and European integration firmly assumed by the President of the Republic of Moldova and the Government, and clearly supported by the parliamentary majority. For example, the reduction by Gazprom, every month, of the volumes of natural gas delivered to the Republic of Moldova. However, the vigour and determination with which the authorities and citizens of the Republic of Moldova are standing up to these massive challenges is remarkable," said the head of Romanian diplomacy. In the context of the upcoming meeting of Foreign Ministers from NATO member countries, which will take place in Bucharest, on November 29-30, Bogdan Aurescu emphasized that it is "the first time that the Republic of Moldova is invited to such a format, which "confirms in fact, the importance that the allies attach to the stability of the Republic of Moldova, especially in these difficult moments for Chisinau".



The Republic of Moldova and Georgia could soon launch a maritime route between the ports of Giurgiulesti and Poti. A working group will assess the feasibility and discuss with private sector partners whether there is sufficient interest for a direct sea and river route between Giurgiulesti Port and Poti in Georgia. This fact would partially allow for the intensification of direct commercial relations, but would also facilitate trade between the entire region of the South Caucasus and the rest of the European space, through the Republic of Moldova. The issue was addressed at the meeting between the head of Moldovan diplomacy, Nicu Popescu, and his Georgian counterpart, Ilia Darchiashvili, who visited Chisinau on November 24. Popescu stated that concrete ways of intensifying commercial and economic relations were discussed at the meeting. At the same time, it is planned to organize a businessmen's forum in the spring. "There are more than 30 years of diplomatic relations with Georgia. Recently, the Republic of Moldova was visited by the Georgian president. On that occasion, a direct flight Chisinau-Tbilisi was inaugurated. This will allow the intensification of the ties between the two states - economic, social, touristic and political-diplomatic", noted the minister.



The President of Romania, Klaus Iohannis, of Lithuania, Gitanas Nausėda, of Latvia, Egils, and of Poland, Andrzej Duda adopted, on November 25, a joint declaration on regional security and European integration at the summit dedicated to strengthening the Eastern Flank of NATO, which provides for the support of Ukraine and the Republic of Moldova. Through this statement, the four presidents agreed, in Kaunas, Lithuania, to closely coordinate their efforts in strengthening regional security and defense capabilities. They also welcomed the significant achievements of Ukraine in advancing on the path of European and Euro-Atlantic integration and confirmed the assumed commitment to strengthen joint efforts in supporting the European integration of the Republic of Moldova, appreciating its progress on this path.

The Republic of Moldova facing a hard winter: between European support and Russian dependence



Moldovagaz's gas pipelines transport gas for domestic consumers. Source: Moldovagaz/Facebook

The Republic of Moldova is facing one of the most difficult winters since its existence as a state for 31 years. Moscow is again using its "energy weapon" in order to obstruct the European path of the Republic of Moldova.

More than ever, Russia has more than halved

its gas supplies under the renewed five-year contract from October 2021. Russia's excuse is that Ukraine "is stealing" from the gas destined for Moldova, a fact denied by Ukraine. In reality, Moscow is coordinating its reduced gas supplies with rampant attacks on

Ukraine's critical energy infrastructure.

The Republic of Moldova is a collateral victim of these Russian military actions. Moscow's goal is to generate discontent and revolt among Moldovan society so that it turns against the current pro-European

► government and its reforms along the European path. Instead, the West is giving a helping hand so that the Moldovan citizens do not remain in the cold this winter. Aid is coming in the form of hundreds of millions of euros, volumes of gas, or lower-than-market prices as is the case with energy supplies from Romania.

The Republic of Moldova can no longer import cheap electricity from Ukraine or the Transnistrian region. Instead, its energy independence from Russia has changed proportions and now it only

depends on gas supplies. In this regard, the Republic of Moldova has already about 200 million cubic meters of gas stored, which is a quantity that would be enough for approximately two months of the cold season. It is the first time in the history of the Republic of Moldova when this happens, and the authorities are working intensively to get rid of the energy dependence on Russia and implicitly the political influence of Russia through this instrument.

In the short-medium term, the Republic of Moldova needs to ensure

its energy security by building new electricity lines that connect the country to Europe via Romania, as the safest option. Chisinau should make this energy strategy the number one priority and leave no room for compromise.

The West has already promised help for the energy sector, and if Europe has reduced its dependence on the Russian gas from 40 percent to less than 8 percent in a little more than half a year, it is imperative that Moldova also joins these policies.

The uncertainty of the position that the citizens on the left bank of the Dniester may take prevents Russians from using the scenario of closing the gas supply tap

The MP of the Action and Solidarity Party, Vasile Gradinaru, has discussed with the reporter of the FES/APE foreign policy bulletin about the scenarios before the cold season and Moldova's options in overcoming this extremely difficult winter. The parliamentarian also expressed a series of ideas related to the situation in the Transnistrian separatist region and how Moscow will play this card in relation to Chisinau. We are inviting you to read about this in the interview below:

■ We have seen at the Paris meeting of the Support Platform for the Republic of Moldova recently that the Western partners are again helping Chisinau with money and resources to overcome this upcoming difficult cold season. How do you assess this support with regard to the energy security?

■ The Republic of Moldova can only be grateful again for this help. It is a huge and hopeless support, which determines



the existence of the state of the Republic of Moldova, its independence, as well as its European future.

This help from Western partners is vital for the present and future of the Republic of Moldova. For the present, it is very necessary to be able to help the citizens of the country with the payment of bills. The Minister of Labour, Marcel Spataru, has announced significant aid

recently, which is still insufficient to cover the high value of the bills. Either way, this is an enormous support to citizens. At the same time, we also need help for the future. We are talking here about medium and long-term energy independence projects, about confidence in our European course, which would help us stay on the side of democracy and European development, and keep us away from the war.

■ **How do you assess the government's strategy to make gas reserves in Ukraine and Romania? Now there are about 190 million cubic meters of gas stored abroad, which would be enough for almost two winter months. Is this quantity sufficient or should there be more reserves made?**

■ The current government is doing what no other executive has done in the last 30 years. It takes care that Moldova not only has enough gas and energy at the moment, but is also thinking about the future, taking into account that the uncertainty of gas supplies is looming over the Republic of Moldova due to the fact that Russia is not fulfilling its contractual obligations.

Therefore, we are in the situation where we have to secure ourselves with natural gas reserves. We need to provide for fuel oil reserves to ensure Moldelectrica's consumption and to reduce the gas volume. We must make sure that we have contracts for alternative gas and electricity supply in order to provide for our energy security, in the event Russia decides to stop completely the gas supply to the Republic of Moldova.

Energy alternatives

■ **In the current conditions where around 90 percent of electricity comes from Romania, it could be possible, in the near future and by virtue of the good relations between Chisinau and Bucharest, that Romania replaces Russia in terms of gas supplies, but also as a source of electricity?**

■ This is already happening since 90% of electricity comes from Romania. When it comes to gas, there are talks with Romania, Azerbaijan, and Kazakhstan, but also with Slovakia and Norway.

We have signed an act with Bulgaria recently through which we ensure gas transit to Romania and the Republic of

Moldova. And that is exactly what we're struggling for, namely to have a safer partner that honours its obligations, that doesn't politically condition gas delivery, that doesn't blackmail Moldova, and that lets it become truly independent, not just on paper.

Transnistria, a dilemma for Moscow

■ **What do you think about the fact that Russia, which has 220,000 citizens in the Transnistrian region, will act by virtue of the fact that it has citizens there and will not cut off gas to the Republic of Moldova? Is this the last argument why Russia does not stop gas supplies to the Republic of Moldova?**

■ Russia has tried all means to bring the Moldovan government to its knees, through all the tools at its disposal, and it will resort to this as well if it sees that all it used did not have the expected result. This is Russia's last tool now. In my opinion, it did not use it, because it cannot assess today what the effects of these total disconnections will be. If Russia stops supplying gas to both banks of the Dniester, we will get totally dependent on gas resources from other countries.

Yes, they may be more expensive for the right bank, but they will be enormously expensive for the left bank of the Dniester in the sense that the citizens on the right side of the Dniester were used to paying high bills like the ones they are paying now, and the Chisinau Government came up with financial compensations to help the population, while the left bank is not used to paying such prices, because they have never paid as an entity, as they claim, a market price for gas. They always provided gas to their citizens for a ridiculous price.

This very thing could really create a crisis. On the right bank, the income is increasing and the Government is

supporting this, while on the left bank this would not be possible. Moreover, the so-called Transnistrian budget will not be able to help in any way because the economy there totally depends on the Russian gas. All enterprises operating in this region use Russian gas as their basic resource.

If in the Transnistrian region they have to pay a market price for the gas, this will lead to a collapse of their economy. This uncertainty of the position that the citizens on the left bank of the Dniester may take, which cannot be assessed at the moment, not even in the Kremlin, prevents Russians from using the scenario of closing the gas supply tap for the Republic of Moldova. However, we do not rule out that, if Russia had no other levers to influence the situation in Chisinau, Moscow could ultimately resort to this manoeuvre in order to stop gas for the Republic of Moldova.

■ **Do you think if Russia turns off the tap for the Republic of Moldova, this will lead to the collapse of the separatist regime in Tiraspol? Can we thus expect a humanitarian crisis on the left bank of the Dniester?**

■ It may be possible, I am not an expert in the field, but it is obvious that ordinary people will "take up arms". The question is against whom, because, unfortunately, Russian propaganda in the Republic of Moldova works quite well, even though we have been making consistent efforts to fight it.

We see that disinformation continues, and so do the protests paid out of pocket. We do not know how these citizens' grievances can be diverted and then redirected, and also against whom. We are making every effort so that all Moldovan citizens, whether they are on the right or left bank of the Dniester, are provided with heat and electricity this winter. However, this does not depend entirely on us!

■ **Thank you!**

Editorial

“Energy terrorism” is just starting

Editorial by
Vitalie Calugareanu

We have to be aware that this winter Russia will be using the energy weapon to the full. And not only against Ukraine. We in Moldova have already felt several times what Russian “energy terrorism” means - on November 15 and 23, 2022.

The missile attacks on Ukraine’s critical infrastructure aim to create a humanitarian catastrophe in the dead of winter. What we have seen so far has probably only been “training” for target identification. Putin wants to cause a new humanitarian drama in our region and go down in history with it. It is his main stake after he got convinced that Ukraine cannot be defeated on the battlefield.

As harsh as this may sound in the 21st century, we cannot help but state the obvious: the extermination of civilians in Ukraine, who did not greet the Russians with flowers, is now the Kremlin’s primary objective. Moreover, history shows us that starving the population and lack of energy resources in winter is the Russians’ favourite weapon in such cases.

These are war crimes, but Putin is no longer irritated by this label. What he is doing now, by destroying the Ukrainian infrastructure on the brink of winter, is a different kind of “sweeping the bridges” that our grandmothers told us about - a different kind of Holodomor. After the Ukrainians, we will be the next affected.



Vital aid from Western partners

Moldova has no shield of its own - neither military nor energetic. Militarily, we can only count on the resilience of Ukraine, and from an energy point of view, without grants from foreign friends, we have almost zero capacity to pay our winter bills at current rates.

However, if “Gazprom” closes completely our tap, the tariffs will increase, because we will have to buy very expensive gas from the market. More expensive gas and electricity means higher inflation and poorer people in the face of winter.

The two power outages in Moldova, caused by the massive Russian bombing of the Ukrainian energy infrastructure, have revealed all our vulnerabilities. When the light came on, many of us

looked for the map with the high voltage lines on the “Moldelectrica” website to understand why when rockets fall in Ukraine the light goes out in Moldova.

Though we receive electricity from Romania, we do not have any direct high-capacity energy connection with Romania. High capacity connection means 350-400 kilovolt lines. The three lines of 110 kilovolts that energetically unite the banks of the Prut are said to be only “for balancing the systems”. However, according to some sources no current has passed through them since 1996.

Crises and opportunities

On November 1st, the Cuciurgan Power Plant completely stopped the delivery of electricity to Chisinau, and the Republic of Moldova began to gradually import

electricity from Romania. It continued to buy, in parallel, energy from Ukraine until November 15th, when the first massive attack by the Russian occupiers on the Ukrainian energy system took place.

Ukraine had a power deficit and could no longer deliver electricity to Moldova, so Chisinau started buying Romanian energy on the OPCOM exchange. This was possible after, in the first days of the war, Moldova and Ukraine synchronized their energy systems with the European one, disconnecting from the Soviet system. If Moldova had not done it then, today it would be in the dark and without solutions.

Therefore, from November 1st, 2022, Romania covers 80% of the electricity needs of the right bank of the Dniester through two overhead lines: in the north, through the Balti NHE Dnestrovsk line of 330 kilovolts and, in the south, Isaccea-Vulcanesti-Chisinau of 400 kilovolts.

Both pass through Russia-invaded and missile-attacked Ukraine. So, the energy systems of Moldova and Ukraine have been united since the time of the USSR. Therefore, when the Russians attack Ukraine's energy infrastructure, the transit lines through which Moldova imports electricity from Romania (via Ukraine) are automatically disconnected in emergency mode.

If that didn't happen, the grids, power stations and plugged-in appliances in people's homes would go out of order. Resuming power supplies to consumers cannot happen by simply flipping a switch, as some would imagine. If the high-voltage lines remained intact after the Russian bombings, the reconnection takes place in an isolated way in order to avoid unbalancing the system, until all

consumers receive power again. This can take hours, but it can also take days.

Increased vulnerabilities

The most important 400 kilovolt Isaccea-Vulcanesti-Chisinau power line is doubly vulnerable. The first vulnerability is that it can be unbalanced by the Russian missiles that fall in Ukraine, and the second vulnerability is (if we analyze the map with the power lines) that the energy hub in Cuciurgan is managed by the pro-Russian separatist regime from Tiraspol.

Energy wise, we are at their discretion in spite of the fact that we receive energy from Romania. The leaders of the separatist regime are now taking advantage of this and are asking Chisinau to pay for the fact that they accept Romanian energy to pass through that energy hub and come further to Chisinau.

The switch of this high-voltage power line is located in the Transnistrian region, because this is how the cables were laid during the USSR, and in more than 30 years since we have been dealing with separatism, no government in Chisinau has seen this as a problem.

The oligarchs and politicians on the two banks of the Dniester, together with certain political-criminal groups from Moscow, have always built obscure schemes through which, together, they made a lot of money from the sale of electricity to the population. They had no interest in getting Moldova out of Russia's energy blackmail.

In the shelter of corrupt prosecutors, they simply used, together, the "black hole" called Transnistria, to fill their offshore accounts. Things became

known only after the fall of the Plahotniuc regime and the electoral failure of Igor Dodon. There are criminal cases pending now in connection with those schemes.

Only in 2021 was the first project initiated that will connect us directly to Romania's electricity system. It is the Vulcanesti-Chisinau high voltage line. The first pillars will be "knocked into the ground" in the spring of 2023, with the project to be completed in the next three years. Then, neither Russia nor the separatist regime from Tiraspol will be able to blackmail Chisinau with energy.

Dark scenarios

But what do we do until then, and most importantly, what awaits us this winter? Energy challenges will continue! If we look once more at the energy map of Moldova, namely at the 330 kilovolt line from the north (Balti NHE Dnestrovsk), we could sense the terrorist plan of the Russian occupiers, who have dark interests in Transnistria.

Their goal is to do it in such a way that Chisinau remains exclusively dependent on the Isaccea-Vulcanesti-Chisinau power line, which passes through Cuciurgan. And in order to raise the stakes and create the most advantageous corridor for the separatists from Tiraspol in the negotiations with Chisinau left in the dark, they will hit the northern line with missiles in order to disable it when it is very cold outside or in the eve of the winter holidays.

The likely scenario has a double target: restarting the Cuciurgan Power Plant with gas paid by Moldovans and antagonizing the population against the current pro-European government by "freezing" Moldova.

Stopping of gas supplies by Gazprom for the Republic of Moldova is a real scenario

Sergiu Tofilat, energy expert and former presidential advisor spoke in an interview for the FES/APE foreign policy bulletin about the energy needs for this winter and what we can expect from international actors. They are divided into those who help the Republic of Moldova and those who blackmail it in order to destabilize it on all levels: social, economic, and political. We are inviting you to read the interview below.

■ If is to analyze the energy security of the Republic of Moldova, where are we today?

■ On the long way that we have to go, we have only taken the first steps. Mostly due to external factors. We are somehow at the starting point now, as so far we have not even started the process because of the political decision-makers in the Republic of Moldova. Now at least we have taken the first steps. However, I am optimistic about the future, because the situation in the region is changing and there is no way back. We can no longer maintain this status quo and should keep pace with the situation in the region.

Everyone is now dissociating themselves from the Russian gas and Russian influence, and for us those things have been the biggest obstacles. That is why we should take measures not to remain prisoners of the past and stagnate.



■ **What could be the scenarios if Gazprom decides to completely stop gas supply to the Republic of Moldova? At present, about half of the contracted quantity is still offered to Moldova, compared to the normal provisions of the contract with the Russian company. What do you think about that?**

■ The stopping of gas volumes by Gazprom for the Republic of Moldova is a real scenario, especially since, at the Kremlin's order, energy blackmail is applied by Moscow to the whole Europe. In fact, Russia has disconnected several European states from gas supplies. Yes, such a

risk exists. However, because of the Transnistrian region, where Putin has interests, Moscow cannot interrupt the contract with Moldovagaz, because that would also affect the left bank.

Putin would like to disconnect Moldova from gas, but he does not want to take responsibility for Transnistria, which will freeze from cold. What he wants to do and what he is doing de facto is limiting the gas volumes to Moldova, thus trying to pass the responsibility on the government in Chisinau so that it decides who will receive gas and who will freeze to death.

Problems and possible solutions

■ **What possibilities does Moldova have today to receive electricity, but also gas from sources other than Russian or which are under Russian control?**

■ The situation is quite good in the gas sector. The pipeline infrastructure allows us to bring gas from any direction we need and suits us. As to the electricity, the situation is more complicated.

Since March, the Republic of Moldova and Ukraine have been connected to the European energy network ENTSO-E, but due to the fact that in mid-November the Russian army launched more than 100 missiles in one day on Ukraine, these attacks destroyed the infrastructure energy, especially the connection between Ukraine and Poland (one of the connection hubs with the European energy network).

Due to the fact that the connection hub between Poland and Ukraine was destroyed, the power line that connects us with Romania was automatically disconnected, which is the second connection hub of the Republic of Moldova with the European energy system. As a result, Ukraine and the Republic of Moldova have been disconnected from the European energy grid.

Moldova and Ukraine must now restore the infrastructure. We do not know now whether the power lines or the transformers were destroyed. We need to investigate what the damage is and how soon we can restore the connection so that we can continue to receive energy from the European system. Without this, the situation will be

much more complicated, but we hope that we will be able to restore the connection.

■ **Speaking of complicated situations, we know that Moldres has the button that could stop the electricity coming from Romania. Does Moldova have leverages to counteract a possible blackmail with regard to this issue?**

■ We should start from the fact that we (the two banks of the Dniester) have been interdependent, since the Soviet period. The main power lines start from Moldres, some go to Ukraine, and the other to Romania and Bulgaria.

To overcome this problem and no longer depend on Moldres, we have to build additional lines. But you can't do that overnight or even over the winter. This will take a few years. Based on existing infrastructure, Moldres and Tiraspol can indeed disconnect our power lines and we can no longer get electricity from Romania.

However, in parallel, Tiraspol is also affected in the same way. So they can cause us problems, but they will also suffer, in the sense that Moldres can produce electricity only if there is a minimum consumption on the left bank. Specifically, they have very large energy blocks of 200 megawatts/hour. At minimum load, they can work at 80 megawatts. If the Transnistrian region consumes less, which happens in certain periods, it cannot even turn on those energy blocks, thus cannot work. And then they can also have disconnections. Being in the same boat, it is more rational not to argue and cause problems for each other.

Chisinau could cause much more serious problems for Tiraspol, for

example, related to the supply of food products and many others. But it is more rational to find a common ground and get through this difficult winter period together.

While the Republic of Moldova can get gas and electricity through financial assistance from development partners, the Transnistrian region cannot do so. In such a scenario, they will basically go bankrupt. They will not bring money to the budget and will not be able to pay pensions and salaries, without gas. Under these conditions, people will have to emigrate from there and we may confront with a new wave of immigrants on this bank.

It should be mentioned that the Moldovan Government has deficiencies when it comes to communication. The government should appoint a person responsible for the negotiations with the Transnistrian region, and the negotiation team from Chisinau should be prepared for the entire agenda. This does not necessarily have to be public, but the people should be informed about what is being discussed and what is Chisinau's position, more precisely, what our conditions are.

Today we do not know about the discussion agenda. We receive information mostly from the Transnistrian press, which is not normal. More than that, there are all kinds of profiteers who come to Tiraspol with all kinds of personal enrichment intentions and claim to come with a mandate to discuss from the ministries in Chisinau, the Presidency, etc. If we have not designated any responsible person, whom with in Chisinau should the Transnistrians talk?



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Synthesis and Foreign Policy Debates

Calculations in the eve of winter

■ **If we were to do an empirical simulation, what approximate amount would the Republic of Moldova need in order to get through this winter, both for gas and electricity?**

If we were to make calculations for the gas, the annual consumption of the Republic of Moldova is around one billion cubic meters of gas. If Termoelectrica switches permanently to fuel oil, this being the biggest consumer, we would need about 30 percent less gas. Also, public institutions, some economic agents, or households could make savings. Thus, we could admit that we could reduce gas consumption by about 35 percent. This means that we would need a minimum of around 650 million cubic meters of gas annually.

The market price right now is around USD 1,000 – USD 1,200 per thousand cubic meters and it varies. The ordinary Moldovan citizens cannot afford to pay this money. So we need subsidies. I think we could actually pay around USD 600-700 per thousand cubic meters.

The official average salary in the Republic of Moldova is approximately USD 500. In Germany, a person is considered poor if he/she has a real income of less than USD 1,200. So there is a difference. In this situation, we have to see how much the Moldovan consumers can pay at a price of USD 700 per thousand cubic meters.

As I have said above, we need 650 million cubic meters per year. We can pay a price of about USD 700 and what is above this price should be compensated by the state. Thus, if the gas price rises to, let's say, USD 1,500 per thousand cubic meters, USD 700 could be paid by consumers, and the remaining USD 800 by the state, through compensations.

Therefore, based on such a calculation, it would appear that the aid from the state could amount to about USD 500 million. These would be the calculations for the gas.

When it comes to energy, until now we have paid a tariff that was calculated from the price of about USD 80 per megawatt hour. However, when we have a gas deficit and we can't even take energy from Ukraine, nor does Moldgres produce energy, we will have to substitute the energy imports from Ukraine or the Transnistrian region with energy from the free market.

The European electricity market is much more expensive. We are talking about prices between 200-300 Euros per megawatt/hour, but it can be even more expensive. If we make a calculation starting from next year's energy price - it will be 300 Euro, and we are paying now 80 Euro - it means that we will have to compensate 220 Euros per megawatt.

The total annual consumption of the Republic of Moldova is 4.6 million megawatts. Network losses and technological consumption are also added here. About 80% of the energy consumed by the Republic of Moldova

comes from imports. That means an amount of 3.8 million megawatts of energy. If we multiply this figure by 220 Euro, we arrive at a sum of about USD 800 million. It should be noted that the figures are adjusted according to how market prices are determined.

■ **What sources could be identified to get through this winter? And is the policy of making gas reserves still valid given that Moldova already has around 190 million cubic meters of gas stored outside its borders?**

One thing is to store gas for the state strategic reserve in case of emergency, which would cover the consumption for one winter month. I think that for the month of January, we would get 140-150 million cubic meters of gas.

We are talking here about the coldest time of the year. The question is more about the opportunity than whether to buy gas or not. At the end of October, gas had become quite cheap on the European market. There is a surplus of ships filled with liquefied gas.

However, prices have started to rise and the question is what is more appropriate today: to buy gas today at USD 1,000-1,200 or wait longer for December or January? Given that consumption increases in winter, there may be shortages and prices may rise. Therefore, I think it makes more sense to continue buying gas now when it is cheaper as I don't expect gas to get cheaper in December or January.

■ **Thank you!**

Expert Opinion

An analysis of the energy security of the Republic of Moldova

Victor Parlicov, energy expert

The energy expert, Victor Parlicov, has made an analysis of the energy security situation of the Republic of Moldova and summarized the most important aspects that have to be taken into account in the eve of winter and the difficult situation in which the Republic of Moldova finds itself today.

Electrical system scheme

Moldova now has seven high voltage lines through which we are interconnected with Ukraine. Almost each of them is able to support the entire consumption of the Republic of Moldova. At the same time, the only high-intensity connection with Romania is the Isaccea-Vulcanesti line through which the energy can only be brought to Chisinau via the Moldgres thermal power plant in the Transnistrian region. If the Ukrainian system fails, the Vulcanesti line can save us as long as there is goodwill and cooperation on the left bank of the Dniester.

The unsuccessful attack on the Novodnestrovsk energy hub in the western Ukraine and northern Moldova aimed among others to disable the only high voltage line with which Moldova is interconnected with Ukraine, bypassing the Transnistrian region. All the other six lines cross the Transnistrian region.

As long as the Ukrainian system holds up and the Novodnestrovsk-Balti line works, the Republic of Moldova is good. The Moldovan electro-energy system resists, obviously also with the support of the Isaccea-Vulcanesti southern line.

Yet, if the Ukrainian system fails or if only the Novodnestrovsk-Balti line fails, then the Republic of Moldova remains at the mercy of those on the left bank of the Dniester, because only they can ensure the transfer of the necessary capacity on the territory of the Republic of Moldova.

Alternatives for gas and electricity

There are no problems with gas, but when it comes to electricity, we do have a problem. It is not so much about electricity generation as the Republic of Moldova has no production capacity anyway, which is only on the left bank of the Dniester. The problem consists in the transmission lines. If the Ukrainian system survives, there is no problem, because Moldova can also get energy through the ENTSO-E system.

Financial simulation for the winter

If we were to make an estimate, we would also need a basis for comparison. If we were to compare with the prices at which Moldova previously purchased



the energy from the Transnistrian region, this would be one aspect. If we were to calculate the total cost of energy during this period, it is another thing. The total cost is not very predictable either, taking into account that prices also fluctuate on the Romanian market from one hour to the next.

The figure of EUR 1.1 billion advanced by the Foreign Minister Nicu Popescu to get through this winter seems a bit exaggerated, but that depends on what it is calculated. If we calculate the total energy costs - electricity, gas, fuel, etc. - then this might be a plausible figure.

If we were to calculate the amount of money the budget would need to support the vulnerable sections of the population that do not have the capacity to pay high prices, then we are certainly talking about much smaller amounts.

Compensation by the state

The way this compensation system is designed is much healthier and appropriate for the challenges. The challenge is about the availability of resources, because the money originally allocated for compensations did not take into account possible increases in electricity tariffs. It was due to the support of external partners that Moldova could face the energy crisis by paying compensations.

This system is flexible enough and well targeted to proportionately help those in need and not waste the money like in the case of last year's compensation.

Longer-term energy security

For the energy security area, the money promised by external donors did not arrive. However, the Republic of Moldova will have enough money to overcome the crisis only this winter. I share the concerns of external partners that the Republic of Moldova must limit itself to a compensation system for consumers.

Moldova must think about how to strengthen its energy security in the future. There are no quick solutions to this question. Nor was the European market as a whole ready for these high

prices. These are partly caused by the sudden abandonment of a dependence of about 40 percent on gas volumes from Russia.

While even the entire European Union had a stressful situation with regard to high energy prices, the Republic of Moldova alone could not even talk about strengthening energy security with several hundred million euros.

Reintegration of the Transnistrian region

On the one hand, the challenge is currently to go through this winter period. The second most important challenge is related to the reintegration of the Transnistrian region. Eventually, the war will end and it is clear now that the Russian armed forces cannot advance towards Odessa.

Russia could give up Transnistria. Moscow is already sending signals it is giving up the Transnistrian region. This will push the population on the left bank of the Dniester - about 300,000 people – on the account of Chisinau.

Then the challenge, which is way bigger than the energy prices, will be to integrate our citizens from the left bank of the river. This should be seen in a much wider context. It is not just about social issues, not just about pensions and wages or the integration of

legal and economic systems, but about solving a frozen conflict with regional repercussions.

The Republic of Moldova should ask for the support of external development partners, not through financial compensation of certain costs, but by finding solutions to the problems after solving this frozen conflict. On the other hand, in order to stabilize the integration course of the banks of the Dniester, a reintegration will be needed, including through investments and an infrastructure offer.

Vulcanesti-Chisinau power line

For now, we do not know the developments in relation to this project. If there is a problem with the ability of the Indian company to implement the project, then a new tender can be reorganized, but this usually involves new deadlines.

This would take at least half a year to develop the technical requirements, prepare the orders, and evaluate bids and calls. This is not going to speed up the process, it is only about resuming it. If things are slow, economic and legal mechanisms must be found, since the project is financed by the World Bank, in order to push things so that the company which won the tender fulfills its obligations.

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