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## Moldova's current and future energy governance

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In light of Moldova's striving for EU membership, and given the country's high energy dependence on Russia, the delivery stop of natural gas on January 1, 2025, was not unexpected. Moldova was left with a limited supply of natural gas, and its breakaway Transdnistria region was left completely without. The electricity supply was severely affected throughout the country, as Transdnistria's gas-operated Kuchurgan power plant provides a significant portion of Moldova's electricity facilitating the operation of nearly one hundred industrial enterprises. Amidst the political turmoil, I had the opportunity to spend a highly insightful time in Moldova at the end of 2024. Alongside colleagues from Germany and at the invitation of Institut für Europäische Politik, we engaged in discussions with political decision-makers and civil society representatives. During the visit, it became evident how urgent and challenging the issue was for the government. This trip served as the inspiration for my analysis, in which I explore the origins of Moldovan energy governance. I then discuss the challenges and propose potential longtime solutions.

### Reasons for the energy crisis

Gazprom justified this decision referring to Chişinău's refusal to pay the so-called "historical debt". According to Gazprom, Moldova owes a substantial \$709 million – a figure stemming from the 1990s, which breaks down into \$433 million in principal and \$276 million in penalties. The Moldovan authorities reject this claim, referencing an independent audit commissioned by the Moldovan government in September 2023, which determined that the actual debt is only \$8.6 million (Radio Free Europe,

2025). The interruption of gas supply was timed with the expiration of Russia's contract with Ukraine for the transit of natural gas to Europe at the end of 2024. Until the last moment, there was a vague hope in Chişinău, that Gazprom could redirect gas supplies to Transdnistria via the Trans-Balkan or Turk-Stream pipelines. At the end of November, Moldovan Energy Minister Victor Parlicov travelled to St. Petersburg to negotiate with Alexey Miller over the issue, but there was no breakthrough due to different estimations of the size of the debt. Ukraine had refused to make an independent contract with Chişinău, pointing out that 50 percent of Moldavagaz, which transports Russian gas, is actually owned by Gazprom, which is under sanctions from Kyiv (Ibragimova, 2024).

There is an active political debate in Moldova over questions of the political and security consequences of the gas supply stoppage – a debate that has acquired even more urgency in the context of pressing economic and social challenges as tens of thousands were directly affected in the Transdnistria region. Moldovan authorities view the Russian decision to stop the gas supply as a political stunt. Moldova's forthcoming parliamentary elections in the second half of 2025 and the country's obvious approximation towards the EU clarify Russia's action. Russia perceives the re-election of the current political leadership and Moldova's potential accession to the EU as a significant threat. Russia's tactic is not only about influencing the electoral outcome but also creating tensions between Chişinău and Transdnistria adding complexity to the political landscape. The consequences, particularly for Transdnistria have been hard. In order to prevent most serious humanitarian

consequences, Chişinău implemented several energy-saving measures (McGrath / Obreja, 2025). It tried also to negotiate in parallel with Tiraspol on finding solutions to overcome the current energy crisis. According to the Moldovan authorities, the proposed mechanisms have been rejected rigorously by Transdniestrian representatives (Government of the Republic of Moldova, 2025). Recognizing the urgency of the situation, Brussels also proposed a €30 million emergency assistance package to support Moldova in tackling the crisis. The grant is designed as a short-term fix to secure the energy supply in Moldova, particularly in Transdniestria. The financial support will restore electricity and heat supply in the region and also enable the supply of electricity to the entire country (European Commission, 2025).

### **Necessary reforms and risks**

It is obvious that these measures will only have a short-term impact. Due to the high politicization of the energy discourse, security risks for Moldova remain unchanged. In particular, the lack of indigenous supplies and the rising dependence on imported energy have led to more insecurity. In order to reduce those vulnerabilities, the government has taken significant steps in recent years. The diversification of energy supply continues to be the key strategic priority in this regard. This topic is also one of main objectives of the two-year Comprehensive Strategy for Energy Independence and Resilience of Moldova, negotiated between Brussels and Chişinău in February 2025. The Moldovan government is intensifying efforts to diversify its energy sources and imports to reduce the insecurities of Russian supply of energy. In particular, diversifying gas supplies is a top priority for Chişinău, given Russia's aggressive actions. Notably, significant progress has already been made in this area. In 2023, the state-owned energy company Energocom signed new gas supply contracts with the Greek company DEPA (which is 65% owned by the Greek Treasury) and with a Romanian company (Calus, 2023). Between January and September 2024, the two largest gas producers in Romania, Petrom and Romgaz, already delivered nearly two-thirds, namely 61%, of the natural gas imports of the Republic of Moldova (Ernst, 2024). Moldova is also striving to fully implement the assumptions of the EU's third energy package that will enable it to unbundle the supply system and establish separate companies, each responsible for the purchase, transmission and distribution of gas in the country. On 5 September 2023, Moldova has leased its gas transmission system to Romanian operator Vestmoldtransgaz for a period of five years, which operates the gas pipeline connecting Moldova and Romania from Iasi in Romania via Ungheni to Chisinau (Interfax, 2023).

Several normative acts were also adopted to foster renewable energy production (BTI, 2024) and increase its use in the gross final energy consumption and electricity sector. Renewables have great potential in the Republic of Moldova. Wind energy has the greatest technical potential at approximately 77.3%, followed by solar potential equal to approximately 9.3%; biomass constitutes about 8.3%,

of which, solid biomass constitutes 7% and biogas potential is estimated at 1.2%, and hydro potential is about 5.2% (Energy Community Secretariat, 2024). In the Moldovan Energy Strategy, Chişinău has set a target of achieving a 40% share of renewable energy in its energy mix by 2030 while also addressing challenges associated with energy infrastructure. Using new and emerging technologies to enhance the capacity of the outdated grid infrastructure is one of the primary goals of this strategy. A particular focus is hereby on the decoupling Moldova's electricity grid system from the Unified Power System of Russia and integrating it into the Western European energy network (Ministry of Energy of Moldova, 2025). In this regard, Moldova failed to achieve their objectives set due to the extensive need for reforms, system restructuring, and inadequate protection of the foreign investment environment, however, obvious efforts have been made in recent years and renewable energy has gained considerable space in the energy discourse.

Inadequate attention has been paid to energy efficiency, which is key to achieve energy security objectives. While energy efficiency targets already exist in the National Energy Development Strategy 2030, the implementation is slower than planned. There are delays in adopting of the strategic, legislative, and institutional framework as documented in the annual report of the Energy Community (Energy Community Secretariat, 2024). The general problem is the lack of sufficient institutional, administrative, and professional capacities, overlapping competencies and effective coordination. The Ministry of Energy, which is responsible for the energy policy of the state, has only been founded in 2017. The only competent framework represents ANRE (National Agency for Energy Regulation). Its functions have been significantly expanded to include the regulation of the gas sector, safety, regulation of the Single Electricity Market. ANRE's decisions are legally binding, however any licence withdrawal requires validation by the judiciary. At the same time, ANRE is not equipped with necessary competences to implement energy efficiency objectives.

There is also considerable space for increasing energy efficiency in both the housing and the district heating sector which would in the long-term reduce energy demand. Generally, the main challenge in Moldova's energy sector remains to overcome the high energy consumption in the residential sector, which represents the largest share of the country's total final energy consumption (40 %) (IEA, 2023). To cover their heating needs, most households rely on bioenergy-fuelled stoves with high indoor air pollution or natural gas boilers, particularly in regions without access to district heating infrastructure. Only seven Moldovan cities, including the capital, have access to district heating systems. In addition, the energy consumption of existing buildings in Moldova is high, as the majority of them are old and do not match current energy efficiency standards in the building sector. Over 80% of the building stock in Moldova was built during the Soviet period. The energy efficiency was not a priority of the Soviet legacy, because energy sources

were very cheap. According to the latest household energy consumption survey conducted by the Moldovan National Bureau of Statistics in 2022, only around 25% of the walls, floors and ceilings of homes and apartments in Moldova are insulated. Centralized heating systems in Moldova, in terms of technical parameters, are some of the most efficient. However, this is not felt at the consumer level, because the heat distribution systems inside the blocks have not yet been modernized, and the blocks have low energy efficiency.

For this reason, enhancing energy efficiency is a key aspect of the European-Moldovan energy partnership. Several European countries, including Germany, Denmark, and France, have committed financial and technical support, especially in recent months. In February, a cooperation project valued at €25.3 million has been launched by the German Government, with co-funding from the European Union and Norway. Denmark has also pledged support for the initiative. The project is designed to accelerate Moldova's energy transition, with a particular focus on reducing dependency on energy imports and generating financial benefits for Moldovan households through improved energy efficiency (EU4Moldova, 2025). On March 10, Moldova and the French Development Agency reached a major agreement worth €30 million to boost the energy efficiency of the post-Soviet country. This deal represents a significant milestone in Moldova's efforts to minimize energy waste, reduce costs, and strengthen its energy efficiency (Reuters, 2025).

## Outlook

The modernization of the heating system and the reduction of energy consumption in housing is one of the crucial aspects of Moldova's energy efficiency policy and will pose the next significant challenge for the country. The implementation of such a transition necessitates the understanding of the level of their social acceptability and cost-benefit structures for different social groups. In Moldova, it could be a critical driver of social conflicts and will impact especially marginalized and vulnerable populations. Without mitigating policies for vulnerable population segments, tariff increases could provoke greater poverty and discomfort for low-income households that cannot afford home efficiency upgrades.

Taking into account the ongoing energy transition and above-mentioned challenges, strong and inclusive energy governance must be a priority for Chişinău. It will encourage collaboration between various government levels (national and sub-national especially) but also across different sectors and regions. It will foster the sustainability of energy action plans and connectivity of

the implementation of addressed objectives. The Energy Development Strategy 2030 undoubtedly has the potential to address these shortcomings in the long term. However, its successful implementation will depend on how effectively cooperation is organized among various stakeholders and society, as well as the level of commitment to sustainable reform.

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**About the project**

The CAPACITY4EU project aims to support civil society's role in the democratic transformation process in the Republic of Moldova. The civil society exchange between the Republic of Moldova and Germany on issues relating to EU accession negotiations, EU communication and combating disinformation is a central component of the project.

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