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Moldova diversifies gas import sources

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On 4 December, Vadim Ceban, the head of Moldovan gas operator Moldovagaz, announced that as of 5 December Moldova will draw gas from two sources. The first will remain Russia's Gazprom, which supplies 5.7 million m^3 per day (mcm/d) under the five-year contract signed in October 2021. The second source, with a daily volume of 3.7 mcm/d, will be Energocom, Moldova's state-owned energy trading company. The company holds an estimated 250 mcm of gas reserves which Moldova accumulated in Romania and Ukraine during recent months. However, it is possible that Energocom will simultaneously import gas from non-Russian suppliers, including through the reverse-operated Trans-Balkan gas pipeline. Earlier, on 2 December, the company reported Moldova's first-ever commercial purchase of gas through this connection (4.3 mcm, imported from an unspecified Mediterranean supplier). A day later, as a test, Moldova also ordered 1 mcm of gas from Romania, which was sent via the Iași-Ungheni-Chișinău pipeline.

Commentary

- It is crucial for Moldova to diversify its gas supplies in view of the actions of Gazprom, which in recent months has substantially reduced the amount of gas shipped to the country. Despite its existing contract, the corporation is currently supplying Moldova with just 5.7 mcm of gas per day, which represents approximately 70%, 50% and 43% of the volumes contracted for October, November and December 2022 respectively. The reduction in supply led first to a reduction (in October) and then a complete halt (from 1 November) in the transmission of electricity from separatist Transnistria to right-bank Moldova. The Moldovan GRES power station, which is located in the Russian-controlled region, had been supplying as much as 80% of Moldova's electricity needs since 11 October (i.e. since Ukraine halted electricity exports). This situation led to power shortages in Moldova and forced Chișinău to purchase energy from Romania at a much higher price than before. Electricity imported from Transnistria cost around €60/MWh, while the average price of energy imported from its western neighbour in November exceeded €230/MWh.
- All of the gas sourced from Gazprom is to go to Transnistria, while the needs of right-bank Moldova (i.e. the territory controlled by the government in Chișinău) will be met by gas supplied by Energocom. The Moldovan authorities' decision has allowed a new contract for the transmission of electricity from Transnistria to be signed; this will meet most of Moldova's needs, and will dramatically reduce the need to purchase expensive electricity from Romania. Under the new agreement, the price of 1 MWh of energy imported from the separatist region is €73. At the same time, Chișinău has stated that

Transnistria will be obliged to pay for the gas supplied to it by Gazprom. However, there is no question that in practice the region will not have to pay its debts to the company (it has not paid for Russian gas for many years); this will lead to a further increase in the so-called Transnistrian gas debt, which currently amounts to around US$8–9 billion.

- The first commercial delivery of gas to Moldova via the Trans-Balkan route is significant not only for Moldova, but also for all the countries along the route of the pipeline, which until 2020 had been used to export Russian gas from north to south, via Ukraine, Moldova and Romania to Bulgaria, Greece and the Western Balkan countries & Turkey. The launch of the reverse flows required a number of agreements between all the actors and transit countries, as well as additional formal, technical (including meeting the requirements of individual operators regarding the quality of gas transported) and political adjustments. In particular, it was important for the principles of EU law to be implemented not only by Ukraine, but also by Moldova. The Moldovan state's first commercial import of gas via the Trans-Balkan route came six years after the start of regional talks on the subject and two years after test deliveries to Ukraine via virtual reverse flow from Greece. That confirmed this pipeline (with a capacity of about 17 bcm per year) could be used to import gas via the other Balkan countries and Ukraine.