Analyses OSW

CENTRE FOR EASTERN STUDIES 13.12.2024 www.osw.waw.pl

Moldova: an impending energy crisis and its political implications

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Moldova will declare a state of energy emergency on 16 December due to an impending crisis caused by Ukraine's decision not to extend the transit contract for Russian gas after 2025. Meanwhile, the separatist region of Transnistria heavily relies on these gas supplies (see '*Game over? The future of Russian gas transit through Ukraine*'). The situation could lead not only to energy shortages, but also ignite economic and humanitarian crises in the region. It may also create significant challenges on the right bank of the Dniester, which sources 80% of its electricity from the Moldavskaya GRES gas-fired power plant, located in Transnistria.

Another issue is the nearly 30% increase in gas tariffs in the right-bank region, which was implemented on 1 December. This is a consequence of the Moldovan government's failure to stockpile enough gas during the spring and summer months, when prices were at their lowest; therefore, it must now make ad hoc purchases at high prices.

Both challenges pose a serious test for the pro-Western Party of Action and Solidarity (PAS), which governs Moldova, and could adversely affect its popularity ahead of the parliamentary elections planned for mid-2025.

An alternative gas supply route and the Russian claims

The Transnistrian economy is entirely dependent on supplies of Russian gas, which it receives free of charge, consuming approximately 2 billion cubic metres annually (for more information, see '*Transnistria in the new international reality*'). Owing to these supplies, local industrial facilities have remained competitive and were able to export 70% of their products to the EU in 2023. Russian gas supplied at no cost also enables the production of exceptionally inexpensive electricity, which is both consumed locally and sold to the right bank of the Dniester, generating significant revenue for the regional budget. Anticipating the potential consequences of a disruption in gas transit through Ukraine, Transnistrian leader Vadim Krasnoselsky declared a state of economic emergency in Transnistria on 10 December.

The government in Chisinau, which wants to maintain stability in the separatist region and secure access to cheap electricity, hopes that Ukraine will ultimately reverse its decision to terminate the transit contract despite multiple announcements to the contrary. Simultaneously, it has been working to ensure the continuity of supply. On 25 November, the then Moldovan Energy Minister Victor Parlicov met with Gazprom representatives in St. Petersburg to discuss the supply of Russian gas to Transnistria after 1 January 2025. This

marked the first visit by a Moldovan government official to Russia since its invasion of Ukraine in February 2022.

According to Parlicov, Gazprom suggested that if transit through Ukraine were to cease, it could continue supplying free gas to Transnistria via an alternative route through Turkey and the Trans-Balkan pipeline. However, the proposal was contingent on Moldova settling its so-called historical debt. Gazprom claims that Moldova owes $709 million, a debt originating in the 1990s, consisting of $433 million in principal and $276 million in penalties. Chisinau disputes this debt, citing a September 2023 independent audit commissioned by the Moldovan government, which concluded that the actual debt amounts to only $8.6 million – a finding rejected by Gazprom.

Possible scenarios for Transnistria

The Moldovan government is unlikely to accept the Russian claims, even if Gazprom informally proposes settling 'only' the principal debt of $433 million. Consequently, if the increasingly probable disruption of transit through Ukraine occurs, two scenarios could unfold.

The first and most likely scenario assumes that, for political reasons, Russia will not completely sever Transnistria's access to free gas supplies. Instead, it would continue deliveries through the Trans-Balkan pipeline, albeit in significantly reduced volumes: 2.5–3 million cubic metres per day compared to the current 5.7 million cubic metres. This supply would suffice to heat homes for approximately 300,000 residents on the left bank, keep many low-energy-consuming enterprises operational, and generate electricity for local needs. However, it would halt electricity exports to right-bank Moldova, compelling Chisinau to purchase power from Romania at a price at least twice that of electricity from Moldavskaya GRES (approximately $120–130 per MWh). This would not only result in higher costs for end users but also cause temporary supply disruptions due to inadequate grid connections between Romania and Moldova and potential energy shortages in Romania. Furthermore, during the winter, Moldova may have to compete for Romanian electricity with Ukraine, which urgently needs power due to damage to its energy infrastructure caused by hostilities.

The second scenario involves a complete halt to Russian gas supplies. In this case, Moldova would need to procure significantly larger quantities of gas from non-Russian sources, not only for its own needs but also to compensate for Transnistria's consumption. Such a move would necessitate substantial financial support from the West, as Moldova's budget is unable to cover these costs (the monthly expenditure on gas for Transnistria's electricity production is approximately $90 million). Meanwhile, the Transnistrian economy would collapse entirely, as it would be forced to pay market prices for raw materials and energy. This could trigger a humanitarian crisis during the heating season and force the government in Chisinau to allocate significant resources to aid Transnistria, including possibly accommodating refugees.

The second scenario seems less likely. While it would present a considerable challenge for the Moldovan government, it would also effectively deprive Russia of its primary leverage overTransnistria, compel the local business elites (notably the Sheriff company) to cooperate with Chisinau, and ultimately accelerate the nation's reintegration.

From Moscow's perspective, the first scenario is considerably more advantageous. It enables Russia to retain its influence over the left bank while driving up energy prices and fuelling public discontent on the right bank of the Dniester. Destabilising Moldova aligns with the Kremlin's broader strategy of eroding public support for the pro-Western government and bolstering Russian-aligned opposition forces to facilitate the transfer of power to the pro-Russian opposition.

Gas prices and the increasing political tension

The uncertainty regarding gas supplies to Transnistria and the inevitable rise in electricity prices from 2025 is compounded by increasing gas prices for residents on the right bank of the Dniester. From 1 December, tariffs for end users rose by 27.5%. Moldova has been compelled to purchase gas on the spot market due to its failure to stockpile sufficient reserves during the spring and summer, when prices were lower.

This price increase, resulting from mismanagement by key decision-makers within Moldova's energy sector, has sparked a political crisis. On 5 December, Prime Minister Dorin Recean accused three senior officials of gross negligence and called for their resignation: Energy Minister Victor Parlicov, Victor Bînzar, the CEO of Energocom (the government-controlled trader supplying gas to Moldovagaz), and Sergiu Tofilat, a member of Moldovagaz's Supervisory Board. While all denied the allegations, Parlicov and Tofilat resigned from their positions. Recean temporarily assumed the role of energy minister and urged parliament to declare a state of energy emergency on 16 December. These measures appear intended to placate public discontent rather than genuinely hold accountable those responsible for the crisis, as the government and Moldovagaz leadership bear the primary responsibility for the situation. Tofilat and Bînzar appear to have been scapegoated.

The rise in gas prices, combined with a likely increase in electricity tariffs, potential power supply interruptions, possible destabilisation in Transnistria, and tensions within the government coalition, is almost certain to harm PAS's popularity ahead of the parliamentary election campaign scheduled for mid-2025. The party stands little chance of replicating its 2021 success, when it secured an absolute majority. This situation works to Russia's advantage, as it is likely to exploit and exacerbate the ongoing crisis. furthermore, fragmentation within pro-Western forces cannot be ruled out. Parlicov has not concealed his political ambitions. Given his conflict with Recean, he may establish his own party in the coming months, positioning it as pro-European but critical of PAS. Such a move could divert several percentage points of support away from the ruling party.