Moldova overcomes Russian energy blackmail



4 February 2025, Chișinău - The European Union offers Moldova a support package for developing the country's energy resilience and independence. In this context, Prime Minister Dorin Recean and European Commissioner for Enlargement Marta Kos, who is on an official visit to Chișinău, today signed a letter of intent outlining the strategy by which Moldova will strengthen its energy security and the steps it will take over the next two years to avoid being affected in any way by Russian energy blackmail.

"Kremlin has created a humanitarian problem, now European partners come to solve it. The package offered by the EU will allow us to continue to provide compensations, avoid a humanitarian crisis and invest in Moldova's energy security. When false friends turn off the gas, true European friends open their arms and send aid. We will continue to work with our partners from the European Union to secure the definite independence of the whole country from gas blackmail," said Recean.

"The strategy we agreed on today will help Moldova move closer to the European Union quickly and integrate into the EU's energy system. This will increase Moldova's resilience and energy independence and boost investments in energy efficiency. As a first step, we will help reduce high energy costs and support all Moldovan citizens, especially the most vulnerable households, schools, hospitals and businesses," said Marta Kos.

The document provides for a comprehensive support package by which our country will receive financial aid to overcome the consequences of rising electricity prices, investments in Moldova's energy sector and a set of necessary reforms. The package follows three stages of support.

First, it was the financial support of 30 million euros allocated to Moldova to overcome the effects of the humanitarian crisis in the left bank of the Dniester caused by Russia and Gazprom, which stopped gas deliveries to the region on January 1, 2025. From the funds, 20 million were allocated for the purchase of gas for the Transnistrian region.

The purchased volume allowed the resumption of gas delivery in the Transnistrian region on February 1.

The second stage involves providing financial support of 250 million euros, of which 100 million is to be transferred by mid-April.

Of the mentioned amount, 151 million euros will be directed to compensate for the increase in electricity prices for the first 110 kwh, for all families and domestic consumers in Moldova. Therefore, each household will pay for the first 110 kwh at the price before the increases, that of December, and the rest at the current price. Additionally, 15 million euros will supplement the compensation budget for companies in the food sector. The most affected companies will benefit from compensation of 50% of the electricity price increase.

Also from the 250 million euros, the increase in electricity bills for socially important institutions - schools, kindergartens, hospitals, social centers, affected by the price increases, will be fully covered. 20 million euros are allocated to this end. Additionally, an additional funding with a total value of 50 million euros will be provided for energy efficiency projects, and for providing one-off payments to vulnerable people, an additional fund will be created.

The third stage, according to the letter of intent, refers to the two-year Action Plan to increase Moldova's energy resilience and independence. The plan will include a financing strategy - including grants, loans and technical assistance - and will be connected to the reform agenda provided in Moldovan Growth Plan.

For the left bank of the Dniester, the European Union comes with a 60 million euro-offer to meet the energy needs of the region by mid-April. Assistance will be conditional on developing a coordinated and accepted plan by the Moldovan Government, whereby energy rates in the Transnistrian region will be updated to market prices. High-energy-consumption activities will not be able to benefit from the support.

Also, among the conditions is the development of a commitment regarding the concrete steps through which the region will ensure respect for fundamental human rights and freedoms and which must be agreed with the Government of Moldova before the grant is utilized.

We remind that, starting from January 1, 2025, the Russian company Gazprom unjustifiably suspended the delivery of natural gas to Moldovagaz, even though there is a valid contract until 2026, leaving consumers in the Transnistrian region without natural gas and therefore, without heat and hot water. At the same time, as MGRES/Cuciurgan Power Plant, which switched to coal operation, could not cover the region’s required electricity consumption, a rolling blackout program was introduced for domestic consumers, triggering a humanitarian crisis.

To avoid the consequences of the humanitarian crisis on the left bank of the Dniester, Chisinau authorities came up with several proposals to identify alternatives for natural gas delivery in the Transnistrian region, which were rejected by Tiraspol. On January 27, the European Union made available to Moldova a support package for the safe delivery of electricity in the immediate period on both banks of the Dniester, as well as for reducing tariff pressure on people.

