

Opinion – Energy Security: Moldova’s Quest for New Suppliers

Written by Wilder Alejandro Sánchez

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WILDER ALEJANDRO SÁNCHEZ, DEC 12 2022

Moldovan President Maia Sandu has conducted various international visits and hosted leaders from multiple states in recent months. Due to the war in Ukraine and tense relations with Moscow, Chisinau is focused on reducing its dependency on Russian gas while simultaneously securing alternative suppliers. Hence, we are witnessing the creation of Moldova’s new energy security strategy based on energy diplomacy.

President Sandu has had a few busy diplomatic months to look for support for her country’s energy challenges. The Moldovan leader has met with Romanian President Klaus Iohannis, Bulgarian President Rumen Radev, Swiss President Ignazio Cassis, Georgian President Salome Zourabichvili, European Union Commissioner for Budget and Administration Johannes Hahn, EU Commission President Ursula von der Leyen, French President Emmanuel Macron, Icelandic President Guðni Th. Jóhannesson, Prime Minister Fumio Kishida. President Sandu’s most recent trip abroad was to Washington DC in early December, where she met with high-ranking officials like Nancy Pelosi, USAID Administrator Samantha Power, and Secretary of Energy Jennifer Granholm. Furthermore, Moldovan Prime Minister Natalia Gavrilita traveled in October to Azerbaijan and met with President Ilham Aliyev.

Apart from improving relations with friendly states and blocs, energy seems the common denominator of these official visits. During President Sandu’s meetings with President Radev and President Qasym-Jomart Toqayev of Kazakhstan (during the United Nations General Assembly), energy cooperation was discussed. Moreover, during her November visit to Bucharest, President Sandu “thanked [the Romanian government] for the support offered in the management of the energy crisis in the Republic of Moldova.” The November presidential visit to France included a discussion with National Assembly President Yaël Braun-Pivet about Moldova’s “energy crisis and our EU integration process.” Similarly, Sandu’s meeting with Energy Secretary Granholm approached Moldova’s “critical energy situation, the need for alternative sources & our efforts to overcome the crisis. As we are striving towards carbon neutrality by 2030,” Moldova seeks closer cooperation with the US Energy Department. Likewise, PM Gavrilita’s October meeting with President Aliyev addressed “cooperation in the energy sector.” Due to their natural gas and oil reserves, Azerbaijan and Kazakhstan are major energy producers and exporters.

Moldova is 100% dependent on Russian gas from Gazprom. To make the situation more complicated, Transnistria (Moldova’s separatist region) also receives Russian gas, which the region consumes and transforms into electricity, and then sells to Moldova. In other words, Moldova depends on Russian gas and electricity produced by a pro-Moscow, separatist region. In 2022, this is a problematic situation.

The war has complicated Moldova’s dependency on Russia and energy giant Gazprom, as Chisinau supports Ukraine and looks to join the European Union. To remind Moldova of its dependency on Russian gas, Gazprom cut gas shipments by as much as 40 percent. In November, Russia supplied only 51% of the contractually agreed amount, putting Moldova in an energy security dilemma: allocate this gas for domestic use or transfer it to Transnistria for local use and electricity production (which would be sold back to Moldova). Moldovan officials see reducing transfers to Transnistria as reasonable; however, at the time of writing, Gazprom announced that it would no longer reduce energy supplies to Moldova, at least for the time being.

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The situation becomes more problematic as Russian missile strikes that damaged Ukrainian energy infrastructure similarly deprive Moldova of a vital electricity supplier. The late-November strikes in Ukraine caused massive power outages in Moldova, including in government buildings, according to social media posts.

Chisinau relies on Romania due to the strong historical ties between the two countries, and the Romanian government has pledged to support its neighbor. Chisinau announced in October that the government “will buy electricity from Romania for 90 euros per MWh, lower than the price of about 280 euros per MWh on the energy spot market in Bucharest,” which will constitute some 30% of Moldova’s monthly needs. Romania has also commenced exporting gas to its neighbor. Another new supplier is Bulgaria. In late October, Moldova’s state-owned Energocom and Bulgaria’s Bulgartransgaz signed a contract to transport gas through the Bulgarian company’s gas transmission network. (Anecdotally, the agreement was signed during the aforementioned visit by President Radev to Moldova.)

Moldova could also connect with other regional pipelines, as Turkey could supply gas via Trans-Anatolian Natural Gas Pipeline (TANAP). “TANAP is connected to the South Caucasus Pipeline (SCP) that brings the natural gas produced at the Shah Deniz-2 field in Azerbaijan’s Caspian Sea,” this fact explains why Moldovan authorities have approached Baku in recent months.

Other actors are also financially helping Moldova. The European Bank for Reconstruction and Development has provided a €300 million loan to Moldova to create a strategic gas reserve in Romania or Ukraine. Institutions like the US Agency for International Development and the European Union have also pledged financial aid. USAID funds will reportedly help pay for Romanian electricity.

Moldova’s energy crisis could have internal political consequences. The Bloc of Communists and Socialists and the Shor Party, two Moscow-friendly Moldovan political parties, blame Sandu for the energy crisis and rising inflation – thereby re-directing blame away from Russia. It remains to be seen how the war, the energy crisis, and other issues will influence Moldovans in the next election polls. While President Sandu remains popular enough to be re-elected, her Party of Action and Solidarity (*Partidul Acțiune și Solidaritate*: PAS) risks losing control of the Parliament.

Moldova’s energy crisis has been exacerbated by the war due to a shortage of natural gas caused by Moscow’s and Gazprom’s decisions. The good news is that the country has regional and extra-regional friends willing to help; however, financial costs are an obvious immediate and long-term concern, in addition to infrastructure issues. President Sandu’s energy diplomacy in recent months has yielded some successes. Nonetheless, we will have to see how effective these meetings and agreements will be in keeping 2.5 million Moldovans warm this Winter.

About the author:

Wilder Alejandro Sánchez is president of Second Floor Strategies, a consulting firm in Washington, D.C. He is an analyst who monitors defense, geopolitical, and trade issues across the Western Hemisphere, Eastern Europe, and Central Asia. He has monitored Moldovan affairs for over a decade.