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NON-PAPER

Disruption of Russian gas supply: consequences and opportunities for the Republic of Moldova

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1. Executive summary

Moldovan Government recently presented the audit report of the gas debt of the Right Bank, except Transnistrian region. On the basis of the audit results, the Moldovan side has proposed to pay USD 8.6 million of the alleged USD 709 million debt claimed by Gazprom, on the condition that the parties waive any further claims.

Given Gazprom's negative reaction to the audit results and the hostile attitude of the Kremlin administration towards Moldova following the outcome of the 2021 Parliamentary elections, the Russian company could completely stop the gas supply. This would weaken Moldova's energy security and generate a humanitarian crisis in the Transnistrian region, fully dependent on Russian gas. The given scenario has a low probability in the coming winter season, as we believe that Putin will not assume the consequences of a humanitarian crisis in the Transnistrian region.

However, the Russian gas deliveries are more likely to stop after December 2024, when the gas transit contract between Naftogaz and Gazprom expires. For these reasons, it is necessary to estimate the consequences for energy security and to draw up a plan to reintegrate the country.

This report examines 3 gas cut-off scenarios. **The budget required** for electricity and gas procurement, as well as estimates of subsidies for consumers, in particular those in the Transnistrian region, **would amount to € 0.6 – 0.8 billion annually**, of which:

- € 275 – 380 million: revolving funds for gas/electricity procurement;
- € 300 – 390 million: subsidies for the households, public utilities and subsidisation of the pension fund in the Transnistrian region.

2. Current situation in energy sector. Dependence on the Russian gas

GAS. During the last 4 years, the energy autonomy of the Republic of Moldova has been significantly strengthened: in 2019 the Trans-Balkan gas pipeline was upgraded to reverse operation, in 2021 the construction of the gas interconnection with Romania was completed, and in 2022 the power systems of Ukraine and the Republic of Moldova were synchronized to the European electricity grid ENTSO-E. As of December 2022, the Republic of Moldova (right bank) has stopped acquiring gas from Gazprom and has switched to alternative suppliers.¹ The purchase price of gas from alternative suppliers is below the price offered by Gazprom.

ELECTRICITY. There are vulnerabilities in electricity supply. Around 80-85% of Moldova's electricity consumption (right bank) is still provided by the MGRES power plant on the left bank of the Dniester, which runs on Russian gas. If Gazprom stops supplying gas, Moldova will have to import more expensive electricity from Romania and to increase the tariffs. Currently the only power interconnector with Romania (Isaccea-Vulcanesti-MGRES-Chisinau) crosses the Transnistrian region. Thus, the unconstitutional regime in Tiraspol can either illicitly consume electricity imported from Romania or disconnect the mentioned power line. If the line is disconnected, the Republic of Moldova may face electricity shortages and load shedding. The map of gas transmission pipelines and electricity networks is shown in Annexes 1 and 2.

TRANSNISTRIAN REGION. On the other hand, the unconstitutional regime in the Transnistrian region survives exclusively thanks to financing from the Kremlin through the delivery of gas "on debt", the financial burden being placed on Moldovagaz.² About 25-30% of the Transnistrian region's budget expenditures (including the pension fund) is financed from the "special gas account" (see Table 1). This account includes the revenues from the sale of gas to energy-intensive enterprises, in particular the MGRES power plant and the MMZ metallurgical plant, whose output is exported at market prices.

Table 1: Financing the budget expenditures of the Transnistrian region from the "special gas account"

Indicator	2019		2020		2021		2022	
	million EUR	%	million EUR	%	million EUR	%	million EUR	%
GDP	895		843		1 123		917	
Budgetary expenses, including:	430	100%	436	100%	469	100%	446	100%
- central budget	285		296		329		306	
- pension fund	145		140		140		140	
Loans from the so-called "special gas account"	151	35%	120	27%	82	17%	110	25%

¹ In March 2023, Moldovagaz purchased an insignificant volume of 2 million m³ of gas from Gazprom in order to avoid paying penalties under the take-or-pay provision of the contract with Gazprom.

² Sergiu Tofilat, Victor Parlicov, Aug. 2020, "Russian gas and the financing of separatism in Moldova", <https://www.4freerussia.org/russian-gas-and-the-financing-of-separatism-in-moldova/>

CONTRACT WITH GAZPROM. In October 2021 Moldovagaz and Gazprom extended for 5 years the gas supply contract, which was originally signed in 2006. Under the contract, Moldovagaz is obliged to supply gas to both the right bank and the Transnistrian region. The contract includes 4 provisions, by which Gazprom can unilaterally terminate it, namely:

- whether Moldovagaz will incur gas consumption debts for the right bank;
- if Moldovagaz does not sign an agreement with Gazprom and Factoring Finance by 1 May 2022 to settle the alleged gas debt of the right bank;
- termination of the action of debt settlement agreement for various reasons;
- if the Government of the Republic of Moldova and the Government of Russia do not sign the energy agreement by 31 December 2022.

Although the Moldovan side has breached 3 out of 4 provisions and Gazprom has the legal right to terminate the contract as of 01 May 2022, it has not done so. Gazprom continues to supply only 5.7 mln m³/day, the volume reserved through Ukrainian pipelines. The entire volume is allocated to the left bank in exchange for electricity delivered by MGRES to the Republic of Moldova at a price of 66 USD/MWh.

Thus, the dependence of the right bank and the Transnistrian region on Russian gas can be exploited by the Kremlin to destabilize the situation in Moldova. Apart from the risks, cutting off Russian gas supplies paves the way for the settlement of the Transnistrian conflict and the reunification of the country. Without the Kremlin's gas "subsidy", the left bank will go bankrupt in a few months and inevitably face a humanitarian crisis. On the other hand, the Republic of Moldova does not have enough financial resources to support the population on the left bank.

3. Who can cut off gas supply and when?

In 2022 Gazprom unilaterally stopped gas deliveries to most EU countries, considered "unfriendly" to the Kremlin. The Republic of Moldova should also prepare for the scenario of Russian gas supply cut-off. The issue is not whether Russian gas supplies will be stopped, but rather when this will happen. In fact, this decision can be taken by 3 different actors:

- **Russia:** Gazprom can terminate the contract with Moldovagaz at any time. From the practice of the last 2 years, Gazprom has been blackmailing the Republic of Moldova under various pretexts at the beginning of the heating season in October. Similarly, Gazprom can organise a diversion to damage gas pipelines in Ukraine, as it tried to do in July 2022;³

³ TSO UA, 26.07.2022, „Gazprom increased the pressure on the Urengoy-Pomary-Uzhhorod gas pipeline without warning”, <https://tsoua.com/en/news/gazprom-increased-the-pressure-on-the-urengoy-pomary-uzhhorod-gas-pipeline-without-warning/>

- **Ukraine:** In December 2024 the contract between Naftogaz and Gazprom on gas transit expires. The Ukrainian side has said it will not extend the contract and Gazprom will no longer be allowed to bid for transit capacity through Ukraine. Reservation of capacities could be made by Gazprom customers, who will be able to receive gas at the Ukraine/Russia border;
- **Republic of Moldova:** In 2025, the construction of the 400 kV Chisinau-Vulcanesti power line will be completed, which will ensure the direct interconnection of Moldova's power system with Romania. This line will bypass the Transnistrian region and eliminate Moldova's dependence on the power infrastructure on the left bank of the Dniester River.

4. Analysis of potential scenarios of gas cut-off

Three possible scenarios for stopping gas deliveries are examined. A brief description is given below:

Table 2: Potential scenarios and consequences for the right bank and the Transnistrian region

Specifications	Scenario 1 (base case)	Scenario 2a (pessimistic)	Scenario 2b (reintegration)
Brief description	Maintaining the status quo	Gas supply cut-off, left bank does not cooperate	Gas supply cut-off, cooperation with left bank
Probability in short term	High	Low	Low (this winter) High (after Dec. 2024)
Duration	It may last until December 2024 , when the gas transit contract through Ukraine expires. After that, scenario 2b will be proceeded to.	It may last a few months at most , because the Transnistrian region will go bankrupt without Russian gas. Afterwards, scenario 2b will be proceeded to.	This will become the baseline scenario once Russian gas supplies stop. This will most likely happen in December 2024, when the gas transit contract through Ukraine expires.
Consequences, right bank	No impact	1. Possible electricity disconnections. 2. increase in electricity tariffs by 22-42%. 3. Electricity supply schedule by time intervals (load-shedding) 4. Preparing for the accommodation of left bank refugees (up to 300 thousand people).	1. increase in electricity tariffs by 22-42%.

Specifications	Scenario 1 (base case)	Scenario 2a (pessimistic)	Scenario 2b (reintegration)
Consequences, transnistrian region	No impact	<ol style="list-style-type: none"> 1. Bankruptcy of the Transnistrian region in a few months, humanitarian crisis; 2. Electricity and gas disruptions. 3. High risk of internal displacement - the population on the left bank (up to 300 thousand people) will seek asylum on the right bank. 4. The need for humanitarian, financial, energy and gas support for citizens on the left bank. 5. Initiating the process of peaceful settlement of the Transnistrian conflict and reunification of the country. 	<ol style="list-style-type: none"> 1. Bankruptcy of the Transnistrian region in a few months, high risk of humanitarian crisis; 2. Initiating the process of peaceful settlement of the Transnistrian conflict and reunification of the country; 3. The need for financial support, and energy and gas supply for citizens on the left bank.
Allocation of financial resources	Not required	<p>Right bank:</p> <ol style="list-style-type: none"> 1. Emergency loans of EUR 25-50 million for electricity imports (2-months working capital). 2. EUR 50-100 million annually for household electricity subsidies. 3. Funds for accommodating left bank refugees. <p>Left bank: Emergency funds:</p> <ul style="list-style-type: none"> - EUR 250-330 million loans for electricity and gas imports; - EUR 110-150 million annually for household subsidies; - EUR 140 million annually to subsidize the pension fund, which will be in deficit once Russian gas supplies stop. 	<p>Right bank:</p> <ol style="list-style-type: none"> 1. Emergency loans of EUR 25-50 million for electricity imports (2-months working capital). 2. EUR 50-100 million annually for household electricity subsidies. <p>Left bank: Emergency funds:</p> <ul style="list-style-type: none"> - EUR 250-330 million loans for electricity and gas imports; - EUR 110-150 million annually for household subsidies; - EUR 140 million annually to subsidize the pension fund, which will be in deficit once Russian gas supplies stop.

Scenario 1, base case. Maintaining the status quo (high probability)

This scenario is highly likely, given that the Kremlin administration does not want to take responsibility for triggering a potential humanitarian crisis in the Transnistrian region and does not want to renounce its main lever of control over the region. Gazprom could have terminated the contract as early as May 2022, but did not.

In the given scenario, the Republic of Moldova will continue to procure gas from alternative suppliers and the volumes delivered by Gazprom will be reallocated to the

left bank in exchange for electricity at a favourable price. The Transnistrian region will avoid bankruptcy and humanitarian crisis, but will continue to depend on Russian gas. At the same time, the Republic of Moldova will continue to be constrained to finance the unconstitutional regime in Tiraspol by purchasing energy produced from Russian gas.

However, **this scenario may last until December 2024, when the contract between Gazprom and Naftogaz on gas transit through Ukraine expires.** From January 2025, the Transnistrian region could run out of Russian gas. This makes it necessary to prepare for scenario 2b on the implementation of a reintegration plan.

Scenario 2a. The pessimistic variant (low probability)

This is unlikely, as we believe that Putin will not take responsibility for triggering an inevitable humanitarian crisis in the Transnistrian region. If the Kremlin administration decides to stop gas supplies, it will lose control and influence in the Transnistrian region, and with that it will speed up the process of Moldova's reunification. This explains why Gazprom has so far not terminated the contract with Moldovagaz and continues to deliver gas to the left bank.

The pessimistic scenario includes 2 uncertainties: (i) whether the Kremlin administration will choose to destabilise the situation and order Gazprom to stop gas deliveries, and (ii) whether the unconstitutional regime on the left bank of the Dniester will stop electricity deliveries to the right bank. Under this scenario, the Republic of Moldova may face an electricity shortage, especially during peak hours (morning and evening) when consumption reaches 850-900 MWh:

- **Local electricity generation** could cover up to 200 MWh of consumption, in the most optimistic case, if 2 out of 3 power blocks of 80 MW each will operate at Termoelectrica;⁴
- **The interconnection line with Romania** (Isaccea - Vulcanesti, 400 kV) will be able to cover the entire energy consumption of the Republic of Moldova if the Vulcanesti-MGRES-Chisinau line is not disconnected from MGRES. If this circuit is interrupted, the Isaccea-Vulcanesti line will be able to supply only a few districts in the south of the country. Electricity transmission capacity from Vulcanesti to Chisinau (three 110 kV lines) is limited to approx. 100 MWh. Furthermore, the 110 kV interconnection lines along the border with Romania also have limited transmission capacity and could supply only Moldova's western districts;

⁴ In the 2022-2023 heating season, Termoelectrica operated with only one 80 MW block, the other 2 being under repair. The blocks operate during the heating season, when the heat consumption of district heating increases

- **330 kV interconnection line with Ukraine** (Balti - HPP Dnestrovsk) and 110 kV lines along the border could ensure electricity supply up to 400-500 MWh. However, there could be temporary blackouts on Moldova's territory as a result of the bombing of Ukraine's energy infrastructure by Russian aggression forces. Similar incidents of blackouts occurred in the Republic of Moldova in October-November 2022;
- **Energy shortages and possible blackouts:** there is a risk of destruction of the 330 kV Balti - HPP Dnestrovsk power line as a result of Russian missile attacks. The power line can be repaired in a few days, but it may take several months to replace the electrical equipment. Such attacks have occurred recently.⁵ In this case, **the most affected could be the northeastern districts** of the country (Sorooca, Floresti, Soldanesti, Rezina), located further away from energy sources.⁶

In the event of a possible energy shortage (disconnection of the Vulcanesti-MGRES-Chisinau circuit simultaneously with the unavailability of the Balti-HPP Dnestrovsk line), only part of Moldovan consumers can be supplied with electricity. It is therefore **necessary to develop a load-shedding timetable** for the various localities in order to maintain stable operation of the system.

On the other hand, the Transnistrian region will face a humanitarian crisis if it runs out of gas and will go bankrupt in a few months if it does not supply electricity to Moldova. Thus, such a scenario may last for a very short period (1-2 months at most), after which the Transnistrian region will have to ask for help from the constitutional authorities of the Republic of Moldova. **Therefore, we will move on to scenario 2b**, which opens up the prospect of a peaceful settlement of the Transnistrian dispute and the reunification of the country.

Scenario 2b. Reintegration variant

For this winter season, this scenario has a low probability. **However, there is a very high probability that this will become the baseline scenario after December 2024**, when the Russian gas transit contract through Ukraine expires. The given option has two assumptions: (i) Gazprom will stop the supply of gas, and (ii) the unconstitutional regime in Tiraspol will cooperate with the constitutional authorities of the Republic of Moldova for the peaceful settlement of the Transnistrian conflict and the implementation of the reintegration plan.

⁵ Nordnews, 05.12.2022, „Încă o rachetă rusească a căzut pe teritoriul R. Moldova. De această dată - la Briceni” [Another Russian missile has fallen on the territory of Moldova. This time - in Briceni], <https://nordnews.md/inca-o-racheta-ruseasca-a-cazut-pe-teritoriul-r-moldova-de-aceasta-data-la-briceni/>

⁶ The further away the point of consumption is from the power generation source, the lower the voltage level in the grid and the lower the quality of service. The situation is similar to pressure in water pipelines.

GAS SUPPLY. The Republic of Moldova (right bank) is no longer procuring Russian gas from December 2022 and is able to cover its gas consumption from alternative suppliers. On the other hand, the Transnistrian region survives almost exclusively thanks to the "subsidy" in the form of Russian gas, offered de facto for free. This has meant that the tariff for consumers in the Transnistrian region does not reflect the market price of gas, not even the price in the Gazprom - Moldovagaz contract. Electricity tariffs are subsidised as well. In other words, the Transnistrian region alone does not have the capacity to procure gas and electricity at market prices, nor to recover the cost of energy resources through tariffs. Therefore, the Republic of Moldova will have to procure gas and provide subsidies for consumers on the left bank of the Dniester River. It is certain that subsidies cannot be offered to all consumers, so it is necessary to determine which categories of consumers will benefit from subsidies, what volume of gas is to be purchased and what financial resources must be allocated, depending on the price of gas on the markets. Obviously, the support will be offered to households and not to large industrial consumers.

ELECTRICITY SUPPLY. Similar to the situation in the gas sector, the Republic of Moldova and the Transnistrian region will face a shortage of electricity. At present, the MGRES power plant on the left bank of the Dniester covers about 80-85% of Moldova's electricity consumption (right bank), or about 3.8 million MWh annually. MGRES also covers an estimated 1.4 million MWh per year of the left bank consumption,⁷ including cryptocurrency mining (!), the rest being provided by the Dubasari hydropower plant, with a nominal capacity of 46 MW (produces approx. 100 thousand MWh annually)⁸ and Tirotex cogeneration plant with an installed capacity of 31 MW (produces approx. 250 thousand MWh annually).⁹

If Russian gas supplies are stopped, the energy deficit for both banks could be around 5.2 million MWh annually. This shortfall can be covered by 2 options, using the existing electricity transmission infrastructure:

- by purchasing electricity from European suppliers;
- by generating electricity at the MGRES plant, meaning that fuel (gas, coal or fuel oil) has to be procured and the logistics of fuel transporting to be examined.

In both cases, energy prices and tariffs will increase considerably and it will be necessary to allocate subsidies for consumers on both banks.

⁷ Own calculations based on Moldelectrica TSO monthly energy balance and MGRES technical reports

⁸ Source: Moldelectrica TSO, https://moldelectrica.md/ro/electricity/energy_sources

⁹ Source: <http://www.tirotex-energo.com/>

5. What would be the value of the subsidies for both banks?

RIGHT BANK. In the case of scenario 2b of stopping Russian gas supply, the right bank would have to import about 3.8 million MWh of electricity annually. Depending on the evolution of energy prices, Table 3 shows the calculations for the increase in energy purchase costs and the increase in the final tariff for households.

The calculations were based on the following parameters:

- Annual energy consumption: 4 500 thousand MWh (15% local generation, 85% imports), including electricity losses for transmission and distribution;
- Average price of locally generated energy: 3610 MDL/MWh (181 EUR);¹⁰
- Exchange rate: 1 EUR = 20 MDL and 1 USD = 18 MDL.

Table 3: Estimates of energy import costs and tariff increase (right bank)

Energy price and tariff evolution estimates	Unit of measurement	Current situation	Forecast	Forecast	Forecast	Forecast
Estimated import price of electricity	EUR/MWh	60,6	90	120	150	200
Energy mix cost (85% import + 15% local)	EUR/MWh	94,5	120	145	171	213
Increase in energy procurement costs	million EUR/year	0	112	227	342	533
Final tariff for households (Premier Energy)	EUR/MWh	126,5	154	180	205	248
% increase in final tariff			22%	42%	62%	96%

Comments:

- Emergency loans of EUR 25-50 million should be provided for Energocon, as a working capital fund for 2 months, to be used in case of need to import electricity for consumers in the Republic of Moldova; In this case, subsidies of about EUR 50-100 million should be provided for vulnerable household consumers.¹¹
- If the right bank switches to importing electricity from Romania at a price of EUR 90/MWh, the cost of energy procurement will increase by EUR 112 million and the final tariff will increase by 22%;
- If the import price of electricity increases to EUR 120/MWh on average per year, the procurement costs for the right bank will increase by EUR 227 million and the final tariff will increase by 42%.

TRANSNISTRIAN REGION. It makes sense first to determine the categories of consumers who will benefit from subsidies and to calculate the volume of energy and gas consumption:

¹⁰ Energy Regulator ANRE's decision no. 422 as of July 05, 2023

¹¹ Household consumers account for 43% of electricity consumption, most of whom are vulnerable; electricity import costs could increase by €112-227 million.

- **Electricity:** The tariffs for the households are between 31 to 41 EUR/MWh. The electricity deficit on the left bank will be approximately 1.4 million MWh, of which 0.5 million MWh represents the consumption of public utilities and households;¹²
- **Natural gas:** The tariffs for the households are 4.4 - 6.1 EUR/MWh. The annual gas consumption on the left bank varies between 1.7 - 1.9 billion m³, of which 54% is used for electricity generation and 11% is delivered to domestic consumers (approx. 200 million m³).¹³ Therefore, in the calculations we exclude the volume of gas for electricity generation.

Table 4 shows the estimated costs for electricity and gas imports and the amount of subsidies for public utilities and households:

Table 4: Estimates of electricity/gas import costs for the Transnistrian region

	Forecasted parameters	Unit of measure	Forecast of prices and annual expenditures			
GAS	Annual consumption, including:	million m ³	874	874	874	874
	- households	million m ³	203	203	203	203
	Price forecast	EUR/MW	25	30	40	60
		USD/1000 m ³	292	350	467	700
	Annual cost of gas imports, including:	EUR million	229	275	367	551
	- for households	EUR million	53	64	85	128
ELECTRICITY	Annual consumption, including:	k MWh	1400	1400	1400	1400
	- public utilities and households	k MWh	500	500	500	500
	Price forecast	EUR/MW	90	120	150	200
	Annual cost of electricity imports, including:	EUR million	126	168	210	280
		- public utilities and households	EUR million	45	60	75

Comments:

- Emergency loans of EUR 250-330 million should be provided for EnergoCom, to be used for the purchase of gas and electricity for Transnistrian consumers;
- Emergency funds of EUR 110-150 million per year should be provided for full compensation of gas and electricity bills for households and utilities;
- Emergency funds of EUR 140 million must be provided to subsidize the pension fund of the Transnistrian region, which will be deficient once the Russian gas supply stops;
- A mechanism for compensating household consumers needs to be developed. Initially, subsidies can be based on the surface area of the dwelling, while for the next heating season a differentiated subsidy mechanism should be developed according to the degree of vulnerability;

¹² Source: the so-called statistical service of the Transnistrian region, consumption data for 2020.

¹³ Source: TiraspolTransgaz-Pridnestrovie.

- Policies of energy consumption rationalisation need to be developed and energy efficiency projects implemented.

6. Emergency funds required

For scenarios 2a and 2b, the table below summarizes the funds needed for the procurement of electricity and gas for both banks, subsidies for household consumers, management of the potential humanitarian crisis and covering the deficit in the Transnistrian pension fund:

Table 5: Estimates of annual funding required for both banks (scenarios 2a and 2b)

Annual funding required	Right bank	Transnistrian region
Emergency loans for energy/gas imports	EUR 25-50 million <i>(working capital fund for 2 months' electricity supply, similar to footnote 15)</i>	EUR 250-330 million, including: - EUR 230-300 million for gas ¹⁴ - EUR 20-30 million for electricity ¹⁵
Subsidies for households	EUR 50-100 million	EUR 110-150 million
Emergency funds for refugee accommodation	To be estimated	X
Financing the pension fund	X	EUR 140 million
Total	EUR 75 - 150 million	EUR 500 - 620 million

7. What the reintegration plan should include?

Stopping the delivery of Russian gas will inevitably happen and is a matter of time, as indicated above in Chapter 3. The main risk is whether Gazprom will stop gas deliveries at the beginning of the heating season in October 2023, as Moldova does not currently have an elaborated reintegration plan, coordinated with development partners. In that case, scenario 2b will inevitably occur, which foresees the implementation of the reintegration plan and the identification of resources for gas and electricity imports for both sides. Moldova's budget is insufficient to cope with this financial challenge. **Coordination of external assistance is needed.**

The reintegration plan foresees the activities and budget necessary for the return of the Transnistrian region to the constitutional area of the Republic of Moldova. The reintegration process will be a complex and long-lasting one, which will require external assistance. The plan should emphasize at least the following:

- Political risks:** The population of the Transnistrian region has been exposed to Russian propaganda for over 30 years. The relative 'wealth' they have enjoyed

¹⁴ Purchasing gas for the winter season, based on the assumption that 80% of annual gas consumption in the Transnistrian region takes place in the cold season, similar to that in the Republic of Moldova.

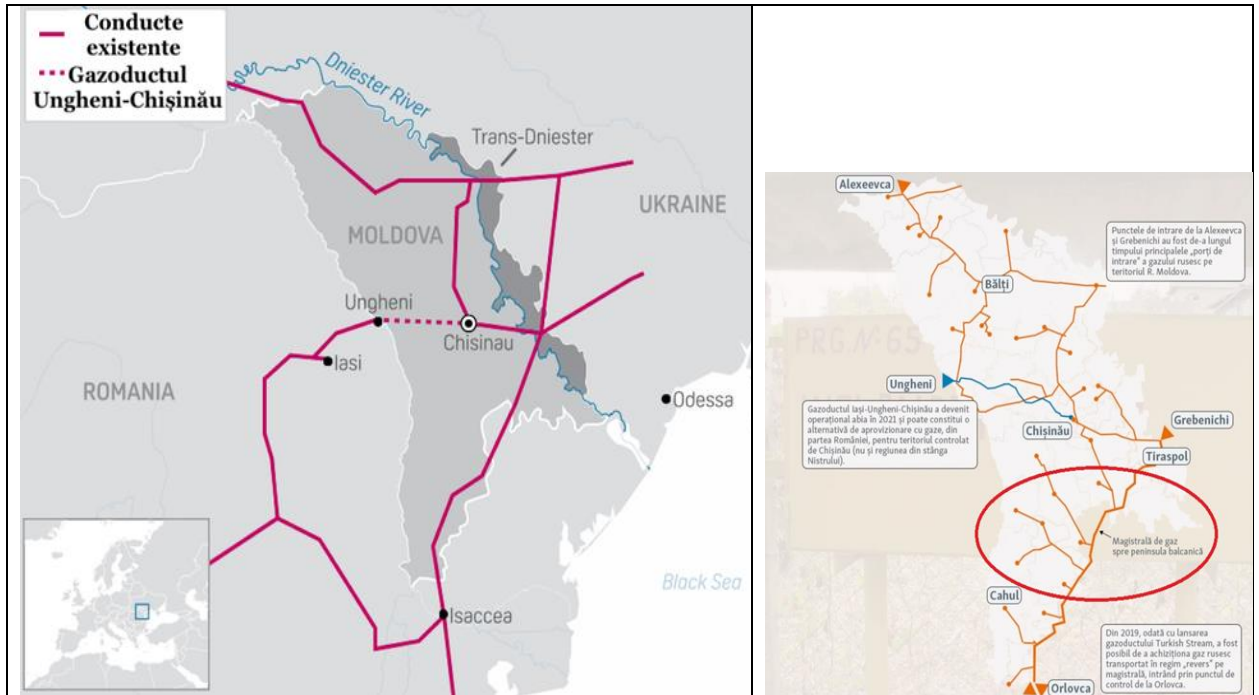
¹⁵ Working capital for 2 months: supplier pays electricity in advance at the beginning of the month, invoices are issued to consumers at the end of the month and the payment period is 10 days.

and still enjoy is almost exclusively due to gas consumed and not paid to Gazprom. The eventual humanitarian crisis will lead to a temporary worsening of living conditions and the population of the Transnistrian region may quite possibly not understand the exact context, who caused the crisis and who is actually helping to solve it. What electoral preferences will they have in such a situation? To what extent is it possible to temporarily suspend the right to vote for citizens residing in the territory occupied by the Russian army, of course as a temporary measure, for the period of a reintegration plan? The additional costs required for the reintegration process might not be appreciated by the citizens of the right bank either, as there is a risk of increasing the popularity of the pro-Russian parties.

- b. **Release and rehabilitation of political prisoners.**
- c. **Media presence:** it is necessary to liquidate propaganda channels on the Transnistrian territory and to create independent media sources in order to objectively inform the population on the left bank of the Dniester River.
- d. **Banking sector:** the inhabitants of the left bank of the Dniester have deposits in Transnistrian banks. In order to avoid impoverishment of the population, it makes sense to convert these deposits into national currency or freely convertible currencies.¹⁶
- e. Estimation of subsidies for household consumers of electricity, gas and heating.
- f. **Human resources:** The Republic of Moldova will have to identify qualified staff for the implementation in the Transnistrian region of Moldovan/EU legislation, standards, school curricula, for the functioning of justice and public administration, etc.
- g. **Evacuation of Russian troops,** liquidation of the weapons depot in Cobasna. This is a regional security issue and needs to be coordinated with Ukraine and development partners.
- h. **Registration of ownership rights** of real estate, properties and businesses located on the left bank of the Dniester River.
- i. **Ensuring security and combating terrorism on Transnistrian territory.** There is a risk that pro-Russian individuals or structures will engage in provocations that will undermine the reintegration process.
- j. **Ensuring the protection of the country's eastern border,** eliminating smuggling.

¹⁶ According to the so-called Central Bank of the Transnistrian region, total assets in banks amount to \$750 million, of which \$130 million are term deposits

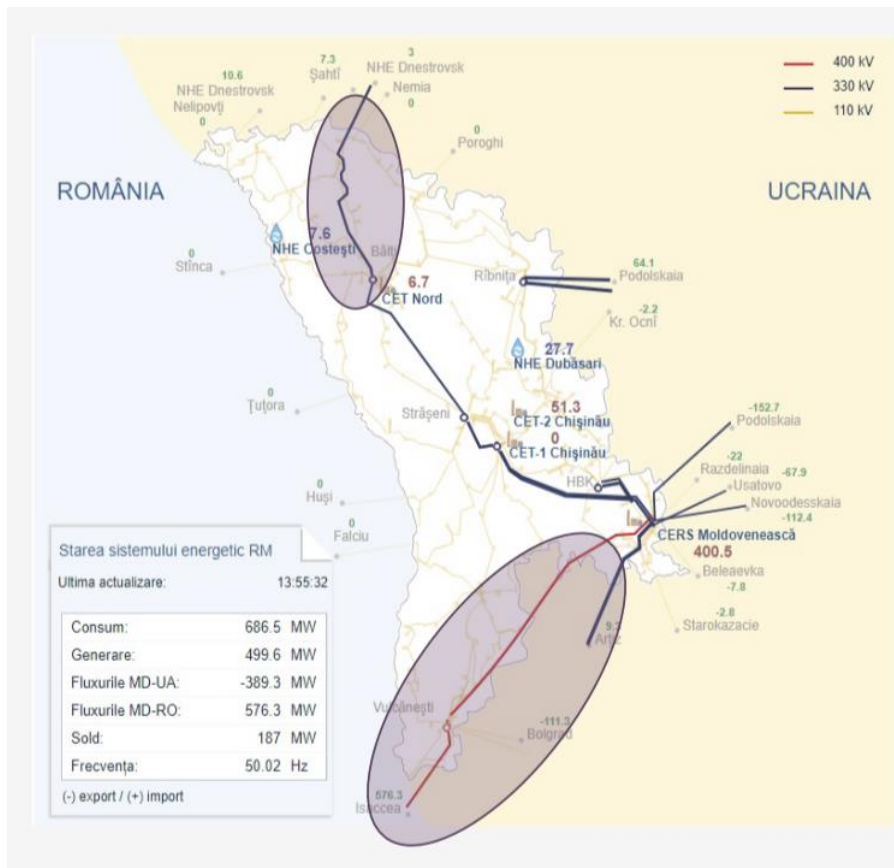
Annex 1: Gas supply infrastructure



Comments:

- From December 2022 the Republic of Moldova no longer purchases gas from Gazprom;
- The Republic of Moldova has 4 gas supply routes;
- The southern districts are connected only to the Transbalkan pipeline;
- The municipality of Chisinau and the western districts can also be supplied through the Iasi-Ungheni-Chisinau gas pipeline;
- Northern districts can be supplied through the Northern ACB pipeline, connected to gas storage in Ukraine;
- Limited capacity of the connection from Rezina to Chisinau, which does not allow supplying the whole country exclusively through the northern ACB pipeline.

Annex 2 – electricity supply infrastructure



Comments:

1. The Republic of Moldova generates locally only 15-20% of its electricity needs;
2. There are 3 alternatives where we can purchase energy:
 - Romania (is also a net importer of electricity);
 - Ukraine (faces shortage due to Russian military aggression);
 - MGRES power plant in the Transnistrian region (working on Russian gas).
3. Connection with Romania: 400 kV Isaccea - Vulcanesti - MGRES - Chisinau line, passing through the left bank of the Dniester River;
4. Connection with Ukraine: 7 power lines of 330 kV, of which:
 - 2 lines end up in the Transnistrian region at Ribnitsa, do not cross the Dniester;
 - 4 lines are connected to MGRES power plant;
 - 1 line at the north, HPP Dnestrovsk - Balti - Chisinau, the only one that does not cross Transnistrian territory.
5. 110 kV lines on the perimeter of the borders with Ukraine and Romania have limited transmission capacity (25-50 MW each) at medium distances (50-150 km).
6. The Transnistrian region may consume some of the electricity we import from Romania or Ukraine.
7. Short/medium term solutions: construction of the Chisinau - Vulcanesti power line (estimated completion in the 4th quarter of 2025), new generation capacities (5-7 years).