

FINAL

INOGATE Technical Secretariat Country Work Plan: Moldova

**INOGATE Technical Secretariat and Integrated Programme in support of the
Baku Initiative and the Eastern Partnership energy objectives**

Contract No 2011/278827

A project within the INOGATE Programme

Implemented by:

Ramboll Denmark A/S (lead partner)

EIR Global

The British Standards Institution

LDK Consultants S.A.

MVV decon GmbH

ICF International

Statistics Denmark

Energy Institute Hrvoje Požar

| | |
|------------------------|---|
| Document title | INO GATE Technical Secretariat Country Work Plan Moldova |
| Document status | Final |

| | Name | Date |
|--------------------|--|-------------|
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This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of the authors and can in no way be taken to reflect the views of the European Union.

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Abbreviations and acronyms

| | |
|----------|---|
| AA | Association Agreement |
| AHEF | Ad Hoc Expert Facility |
| AP | Action Plan |
| CHP | Combined Heat and Power Station |
| CWP | Country Work Plan |
| DCFTA | Deep and Comprehensive Free Trade Area |
| DHS | District Heating System |
| E & G | Electricity and Gas |
| ECT | Energy Community Treaty |
| EE | Energy Efficiency |
| EnC | Energy Community |
| ENTSO-E | European Network of Transmission System Operators for Electricity |
| ENTSO-G | European Network of Transmission System Operators for Gas |
| ESAP | Energy Statistics Action Plan |
| EU | European Union |
| GE | Georgia |
| HVDC | High Voltage Direct Current |
| INO GATE | Energy Cooperation between the EU, the Littoral States of the Black & Caspian Seas and their Neighbouring Countries |
| ITS | Inogate Technical Secretariat |
| JSC | Joint Stock Company |
| MD | Moldova |
| NBS | National Bureau of Statistics |
| PC | Partner Country |
| RES | Renewable Energy Sources |
| RM | Road Map |
| SE | Sustainable Energy |
| TA | Technical Assistance |
| TA - ESS | Technical Assistance – Support to the development of the Energy Statistics System |
| TSO | Transmission System Operator |

Section 1 Introduction

The overall purpose of the Country Work Plan (CWP) for the project period February 2015 – April 2016 is to define the INOGATE activities to be carried out based on the explicit requests of the Partner Country and the experience of experts. This document outlines the ITS analysis of the needs and priorities of the countries and the proposed ITS strategy and rationale for intervention.

The proposed activities presented here take into account the bilateral and trade agreements of the EC and the PC as well as other EU projects and the activities of other donors in a PC.

This country work plan has been drafted by ITS in consultation with the Partner Country and the European Commission.

INO GATE is an EU regional cooperation instrument, that is based on inter and intra-regional cooperation of Partner Countries and capacity building, focusing on the following areas:

- Technical and regulatory advice on energy security, energy markets efficiency and development;
- Implementation of energy efficiency and renewable energy policies;
- Energy and economic planning through the use of improved energy statistics;
- Facilitating energy efficiency and renewable energy investments;

The ITS provides short or medium-term technical assistance in these areas at regional and country level.

Section 2 Energy policy of Moldova

The government's main energy policy directions, based on analysis by ITS experts, are:

- Improving integration in regional energy markets;
- Increasing compliance with EU directives;
- Promoting energy efficiency and renewable energy;
- 20 % share of energy from renewable sources in the energy mix by 2020;
- 10% share of biofuels in the total volume of fuel consumed by 2020;
- 20% reduction in overall primary energy consumption by 2020 compared to 2009;
- CO2 emissions – 25% reduction of GHG emissions by 2020 compared to 2009;

The main documents of the policy and regulatory framework of Moldova, identified by ITS experts, are¹:

- The National Energy Strategy 2030 (2013),
- The Law on Energy (1998).
- The Law on Electricity (2009).
- The Law on Natural Gas (2009).
- The Law on Petroleum Products (2001).
- The Law on Energy Efficiency (2010).
- The Law on Renewable Energy (2007).

¹ Details are provided in "Country Report: Moldova October 2014.

- The Law on Labeling (2014).
- The Law on Ecodesign (2014).
- The Law on Heat and Promotion of Cogeneration (2014).

The relationship with the EU in the energy sphere is based on the following:

- Signatory of the Energy Community (May 2010).
- Adoption of the Association Agenda and the Deep and Comprehensive Free Trade Area with the EU (2014).

Based on the ITS Strategy the priorities for the cooperation between Moldova and INOGATE for the period 2015-2016 are shown in Table 1 ²:

Table 1: Priorities of the Moldova-ITS cooperation for 2015-2016

| Priorities |
|---|
| Improvement of the regulatory framework |
| Improvement of standards |
| SE policy improvement |
| Labelling scheme |
| RES mapping |
| Feed-in tariffs |
| Energy data collection |
| Energy balances |
| Monthly statistics |
| Energy prices |

² To the best knowledge of the ITS Project there are no overlaps with other donors.

Section 3 Achievements of the Moldova-ITS cooperation

Moldovan representatives have actively participated in regional seminars and study tours, listed in Table 2: Completed regional activities in 2011-2014 of the Regional Work Plan, as well as in national INOGATE activities, listed in Table 2. In addition to completed activities, Table 2 also contains ongoing activities, to which the INOGATE project is already committed.

Table 2: Completed and ongoing activities of the Moldova-ITS cooperation in 2011-2014

| Implemented/ongoing Activities | Results | Impacts | Areas |
|---|--|---|---|
| ELECTRICITY AND GAS | | | |
| Legislative proposals requiring distribution companies to automatically compensate customers for poor service when breaching regulatory thresholds. (AHEF.109.MD, completed). | A system proposed for automatic collection of compensations for poor service in observance of the guaranteed quality of services rendered by system operators, and improvement of tools to monitor quality of services | A system introduced for automatic monitoring of the quality of services and collection of compensations. | Regulatory Issues/Market Rules. |
| Defining the methods of calculation of technical losses in the electricity distribution networks and their inclusion in the final customer tariffs (AHEF.110.MD, ongoing). | A method proposed on definition of technical loss percentages, together with an agreed improvement strategy. | An incentive is introduced in the tariff commensurate with reasonable loss reduction targets. | Regulatory Issues/Market Rules. |
| Technical Assistance in regulation and monitoring of the investment activities of the regulated companies (AHEF.111.MD, ongoing) | Proposals to develop the reporting requirements for the companies to the Regulator to perform the appropriate monitoring of investment activities of the companies. | Regulator is able to perform the investment appraisals in order to monitor the investment activities of the companies through reporting requirements. | Regulatory Issues/Market Rules. |
| Transfer to Moldova of the 100 European oil and gas standards. | European oil and gas standards have been transferred. | Moldovan standards on oil and gas are harmonised with European standards. | Harmonization of Electricity and Gas Standards and codes. |
| SUSTAINABLE ENERGY | | | |
| AHEF.047.MD, | 63 energy auditors | Increased investments in | Investment facilitation. |

| Implemented/ongoing Activities | Results | Impacts | Areas |
|--|---|--|--|
| Completed: Training on industrial and building sector energy auditing for bankable projects. | certified by the Energy Efficiency Agency trained in assessing investment projects. | EE/RES projects. | |
| SE awareness raising, phase 1 completed: Development of a comprehensive concept, strategy and action plan for the creation of a SE information centre in Moldova. | A comprehensive document outlining the concept, strategy and action plan prepared for the Energy Efficiency Agency (AEE) of Moldova. | SE information centre conceptualised; Increased awareness on EE and RE solutions. | Investment facilitation. |
| ENERGY STATISTICS | | | |
| Developing an Energy Statistics Action Plan (ESAP 2012 - 2014). | ESAP developed and endorsed. | Improved data collection and analysis. | Energy statistics systems improvement and support to the use of energy planning tools. |
| Implemented 2 TA missions to initiate and support the activities defined in the ESAP. Conducted separate meetings with main data providers (energy companies) to check data availability requested by new concept for energy data collection, based on ESAP. | Questionnaires for different data providers adjusted to the circumstances in Moldova. | Increased capacity of energy stakeholders to compile official energy statistics. Improved institutional framework for energy statistics. | Energy statistics systems development and support to the use of energy planning tools. |
| Technical assistance in developing energy statistics system: model for energy data collection and model energy balance compilation, based on ESAP. | Developed procedures for collection of energy data from coal, natural gas, crude oil and petroleum products, electricity and heat and renewable sources. Developed concept for integrated energy balance compilation. | Increased capacity of NBS to collect and compile energy statistics and balances harmonised with European and international standards. | Energy statistics systems development and support to the use of energy planning tools. |
| Technical assistance in developing methodology for energy prices compilation, based on ESAP. | Implemented pilot survey and preliminary results compiled. Established concept for full survey in 2015. | Increased capacity of NBS to collect and compile energy statistics and balances harmonised with European and international standards. | Energy statistics systems development and support to the use of energy planning tools. |
| Technical assistance in | Implemented pilot | Increased capacity of | Energy statistics |

| Implemented/ongoing Activities | Results | Impacts | Areas |
|--|--|---|--|
| developing methodology for monthly energy statistics compilation, based on ESAP. | survey and preliminary results compiled. Established concept for full survey in 2015. | NBS to collect and compile energy statistics and balances harmonised with European and international standards. | systems improvement and support to the use of energy planning tools. |
| Technical assistance in compiling integrated energy balance for 2012 and 2013, based on ESAP (ongoing). | Improved accuracy of energy balance. | Increased capacity of NBS to compile energy statistics and balances harmonised with European and international standards. | Energy statistics systems improvement and support to the use of energy planning tools. |
| Conducted national meeting with key energy stakeholders on the importance of energy statistics for policy and decision making and appropriate division of labour and data sharing. | Support provided to the policy decision makers in development of the legal and institutional framework for energy statistics and energy system planning. | Increased awareness on the importance and use of official statistics for policy and decision making. | Energy statistics systems improvement and support to the use of energy planning tools. |
| Assistance to the TA-ESS project | Models and methodologies prepared by ITS project integrated into the IT system in NBS. | Accelerated reorganisation of energy statistics system in Moldova. | Energy statistics systems improvement and support to the use of energy planning tools. |

Section 4 Work Plan for Moldova-ITS cooperation

As an overall strategic approach ITS supports – as shown in Table 2 above – and intends to continue supporting the national priorities set out in section 2. Due attention is also paid to ongoing technical assistance from other donors. This is ensured by coordination meetings with the beneficiaries and donors currently providing TA in Moldova.

Emphasis will be given to those areas of intervention which are in line with the scope of work of the ITS project and those that bring tangible impact and results and have no duplication with other EU programmes and bilateral donors and are in line with the new INOGATE strategy.

The top priority planned national activities for the extension period February 2015 - April 2016 are listed in Table 3, and the secondary priority activities are listed in Table 4.

Table 3: Top priority planned activities for the Moldova-ITS cooperation in 2015-2016

| Reference numbers | Activities | Expected results | Expected impact | Areas |
|-------------------|--|---|---------------------------------|--------------------------------|
| | ELECTRICITY AND GAS | | | |
| NEW | Assistance to the Ministry of Economy to adapt the draft electricity and gas laws provided by the ECT to | Gaps with the ECT legislation identified and guidelines provided on | ECT requirements are fulfilled. | Regulatory Issues/Market Rules |

| Reference numbers | Activities | Expected results | Expected impact | Areas |
|---|--|--|--|---|
| | the Moldovan environment. | towards harmonisation of MD energy legislation with ECT requirements | | |
| CWP.02.MD | Assistance to Ministry of Economy to strengthen the institutional capacity needed for the Transmission System Operator (TSO) Moldelectrica to live up to its role in a liberalised electricity market. | Proposed institutional design of TSO. | A functional TSO is established. | Regulatory Issues/Market Rules |
| CWP.04.MD (AHEF.073.MD) (ToR under preparation) | Development of national electricity and gas Technical Committees | Procedures proposed to support the adoption of standards as national standards through working Technical Committees. | Improvement of efficiency of the Electricity and Gas Technical Committees. | Harmonisation of electricity and gas standards and codes. |
| SUSTAINABLE ENERGY | | | | |
| CWP.07.MD (AHEF.120.MD) Approved by the EC Dec. 2014. | Ongoing: Developing a template and methodology/guidelines for conducting energy audits for Combined Heat and Power Stations (CHPs) and district heating systems (DHS). | A template and guideline are proposed for adoption | Methodologies are in place, increasing the capacity of the Ministry of Economy and Energy Efficiency Agency in developing legislation on energy audits for DH and CHP. | Development of sustainable energy policies and strategies |
| CWP.08.MD (AHEF.119.MD) Approved by the EC Dec. 2014. | Technical assistance to the Energy Efficiency Agency on organizing the operational framework for Energy Service Companies (ESCO). (AHEF.119.MD). | Increased capacity of the Energy Efficiency Agency in developing ESCO legislation Developed | Improved energy efficiency. | Development of sustainable energy policies and strategies |

| Reference numbers | Activities | Expected results | Expected impact | Areas |
|--------------------------|--|--|---|---------------------------------------|
| | | and improved legislative framework. | | |
| CWP.11.MD | Assistance in setting up an information centre on Sustainable Energy, including development of communication materials. | Information centre on SE established and functioning. | Increased uptake of EE and RE solutions. | Investment Facilitation. |
| ENERGY STATISTICS | | | | |
| CWP.12.MD | Technical assistance in the calculation of RES shares and CO2 emissions for the years up to 2014. Calculation of the share of energy from RES will be performed in line with Directive 2009/28/EC and SHARE tool. Calculation of CO2 emission from stationary and mobile energy sources will be performed in line with IPCC* methodology developed under UNFCCC. | Model/tool for annual monitoring and evaluation of RES shares established. Model for monitoring and evaluation of the CO2 emissions established. | Increased use of energy statistics for RES policies and programmes planning. Increased use of energy statistics for planning and implementation of CO2 mitigation measures. | Energy statistics system improvement. |
| CWP.13.MD | Analysis of data quality and compilation of monthly energy statistics and energy prices statistics collected for the first time using questionnaires developed by ITS experts in 2014 and development of the related Quality Reports. | System for energy data collection expanded to monthly statistics and energy prices statistics. Increased quality of energy statistics data by adopting the quality assurance procedures recommended by EUROSTAT. | Increased capacity to collect and compile energy statistics and harmonisation of with international standards. | Energy statistics system Improvement. |
| CWP.15.MD | Technical assistance in the preparation of the plan for survey implementation and compilation of results in households in 2015 including development of a Quality Report. | Improved accuracy of household energy statistics data and created data base for EEI compilation. | Increased capacity to collect and compile consistent and reliable energy statistics and harmonisation with international standards. | Energy statistics system improvement. |

| Reference numbers | Activities | Expected results | Expected impact | Areas |
|-------------------|------------|---|-----------------|-------|
| | | Established institutional framework for EEI compilation, monitoring and verification. | | |

Table 4: Secondary priority planned activities for the Moldova-ITS cooperation in 2015-2016

| Reference numbers | Activities | Expected results | Expected impact | Areas |
|----------------------------|--|--|--|---|
| ELECTRICITY AND GAS | | | | |
| CWP.01.MD | Development of methodology on regulations on ancillary services (methodology). | Market oriented procurement method for ancillary services developed and proposed. | Improvement in the efficiency of the electricity market. | Regulatory Issues/Market Rules. |
| CWP.05.MD | Assistance with the implementation of the “Action Plan on Harmonisation of Standards and Codes in Electricity and Gas Sectors of Moldova”: a) Introduce best Study visit for 2 TC members to one of the EC TCs b) Seminar on electricity standard c) Update the list of revised gas standards. d) Assistance with the National Standardisation Plan. | Implementation of the “Action Plan on Harmonisation of Standards and Codes in Electricity and Gas Sectors of Moldova”. | Harmonised gas and electricity standards to reduce and subsequently eliminate existing technical barriers. | Harmonisation of electricity and gas standards. |
| CWP.06.MD | Development of the rules for capacity allocation of cross-border capacities and transparency requirements for electricity. | A set of rules for capacity allocation of cross-border capacities proposed. | Interconnection with the EU initially via a High Voltage Direct Current (HVDC) link to Romania. | Cross Border Trade of Electricity and Gas. |
| SUSTAINABLE ENERGY | | | | |

| Reference numbers | Activities | Expected results | Expected impact | Areas |
|--------------------------|---|--|---|---|
| CWP.10.MD | Assistance in the improvement of SE investment climate | Development of recommendations on SE investment climate and legislation improvement, e.g. lending conditions, banking regulations, tariff settings, fiscal incentives and institutional infrastructure. | Legislation for sustainable energy financing improved. | Investment Facilitation. |
| ENERGY STATISTICS | | | | |
| CWP.13.MD | Review and evaluation of collected data using improved (new) questionnaires applied for, monthly energy statistics and energy prices compilation. Development of Quality Reports. | System for energy data collection expanded to monthly statistics and energy prices statistics. Increased quality of energy statistics data by adopting the quality assurance procedures recommended by EUROSTAT. | Increased capacity to collect and compile energy statistics and harmonisation of with international standards. | Energy statistics system improvement |
| CWP.14.MD | Technical assistance in the development of the tool for monitoring and evaluation of EE measures and policies. Harmonized calculation of the energy efficiency in line EU Directives 2010/31/EU and 2012/27/EU. | Model/tool for annual monitoring and evaluation energy efficiency measures. | Increased use of energy statistics for EE programmes and measures planning. | Energy statistics system improvement. Support to the implementation of EE policies. Increased use of energy statistics for energy planning. |
| CWP.15.MD | Technical assistance in the preparation of the plan and concept for implementation of energy surveys (households) in 2015 | Improved accuracy of household energy statistics data and created data base for EEI compilation. Established institutional framework for EEI compilation, monitoring and verification. | Increased capacity to collect and compile consistent and reliable energy statistics and harmonisation with international standards. | Energy statistics system improvement. |
| CWP.17.MD | Technical assistance in developing medium and long term energy demand forecasts to support development of forecasted energy balances. | Medium and long term energy demands and forecast as support to the development of national energy policies: energy supply options, GHG emissions mitigation, etc. | Improved use of energy data for energy system planning and development of national policies and related implementation activities. | Support to the development of energy security strategy, energy sector development and energy investments. |