

MERGERS & ACQUISITIONS

PROJECT FINANCE

CORPORATE FUNDRAISING

OFFTAKE ADVISORY

Renewable energies overview

Republic of Moldova 







— MARCH 2024

Republic of Moldova: country overview

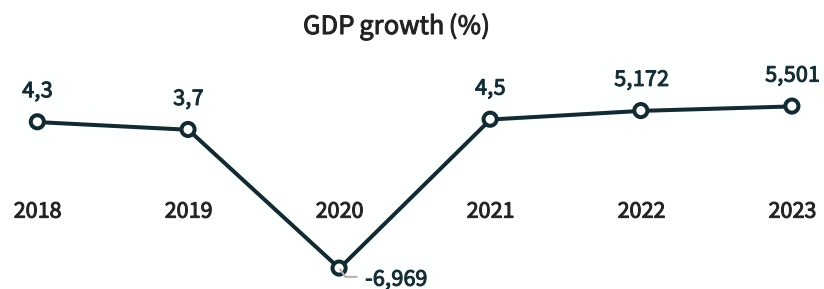
Macroeconomics

- **Moldova's economic performance** has been relatively constant over the past few years, but repeatedly hindered by the unfavorable global macroeconomic context coupled with local and regional geopolitical tensions.
- **Moldova's annual GDP grew by 2.6% in 2023.** This recovery is primarily due to a positive contribution of net external demand, as exports grew by 6.4%, while imports slumped by 9.8%.
- **EURO:** Moldova is not a member of the European Union however, the accession of Moldova to the European Union is on the current agenda for future enlargement of the EU.

Macroeconomic environment

Key aspects	
 Capital	Chisinau
 Currency	Moldavian Leu (MDL)
 GDP	\$ 13.5 billion (2023)
 Exchange rate	1 MDL= 0.052 EUR (2023)
 Population	2.6 million
 Credit rating	BBB- (Moody's)

Main Indicators	2020	2021	2022	2023
GDP (billions USD)	11.53	13.67	13.81	13.50
GDP per Capita (USD)	4,377	5,284	5,435	5,510
Inflation Rate (%)	3.77	5.1	21.91	6.53
Unemployment Rate (%)	3.8	3.4	3.5	3.5
Current Account (billions USD)	-0.88	-1.05	-1.28	-1.28
Current Account (% of GDP)	-7.7	-10.5	-13.03	-12.02



Republic of Moldova: national electricity transmission system

Cross border interconnections

- **Moldelectrica**, the Transmission System Operator in Moldova founded in 2000, is divided in 4 zones “North-West”, “North”, “Center” and “South and it is the sole entity in charge of the transmission lines in Republic of Moldova.
- The grid network between Moldova and Ukraine has three voltage levels: 400kV, 330kV, and 110kV. It consists of 6 transmission lines at 330kV and 9 transmission lines at 110kV.
- Electricity imports from the Ukrainian system are subject to technical limitations and are influenced by the demand levels in the Odessa region of Ukraine and the operational status of the Moldovan TPP (Thermal Power Plant).
- Currently, there is only one **400kV** transmission line and three **110kV** transmission lines connecting Moldova and Romania. To boost capacity and ensure reliability, establishing new connections with Romania is essential. This will enable more reliable electricity imports from Romania, contributing to diversifying the electricity market.

N*	Interconnector	Description	Locations
1	Moldova - Romania	<ul style="list-style-type: none"> ▪ 1 transmission line of 440KV ▪ 3 transmission lines of 110KV 	Vulcanesti – Isaccea Cioara – Husi Ungheni – Tutora Costesti – Stanca
2	Moldova- Ukraine	<ul style="list-style-type: none"> ▪ 6 transmission lines of 330KV ▪ 9 transmission lines of 110KV (not specifically relevant) 	CERS Moldova – Artszy/Novodeska/Usatove Rabnita – Podliska Batli – Dnitrovka

Moldova's interconnections

- Non-EU member
- EU member



Moldova is not an EU member, but Moldelectrica complies and cooperates with the European Network of Transmission System Operators framework.

Cooperation between Romania and Republic of Moldova

Government directives for the Moldavian Energy Sector

The MD-RO Memorandum on Cooperation in the field of energy

- On February 7, 2024, the draft resolution for the **Memorandum of Understanding between the Government of the Republic of Moldova and the Government of Romania**, concerning the implementation of projects to interconnect the natural gas and electricity networks of both countries, signed in Chisinau on December 11, 2023, **was approved**.
- The objective is to explore the opportunities for bilateral cooperation to promote the development of the Republic of Moldova and Romania:
 - In the electricity sector, the Memorandum aims at the **realization of projects of strategic importance, such as the Overhead Power Line with a nominal voltage of 400 kV Suceava - Bălți**, the extension of the 400 kV Suceava and Bălți stations, the project of the 400 kV Overhead Power Line interconnection between Străseni and the Republic of Moldova and an electrical station on the territory of Romania.
 - **"OPCOM" SA, as the distribution operator of the electricity market in the Republic of Moldova**, aims to integrate Moldova's electricity market into the Union's internal electricity market by coupling both markets.
 - **The final objective of the Memorandum is to facilitate long-term energy exchange** and promote the exchange of technical knowledge and expertise.

Moldova and Romania: TSO partnership



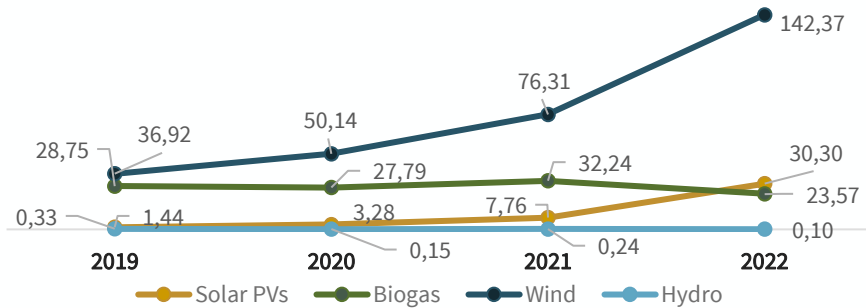
- On August 11th, 2022, **Transelectrica** (Romania's TSO) and **Moldelectrica** (Moldova's TSO) signed a contract through which **energy commercialization between the two countries finally became available**. Through the ongoing collaboration of the two, Transport and System Operators, facilitated by a mutual agreement for interconnection capacity allocation, there will be a dynamic flow of electricity transactions between energy market participants in Romania and those in the Republic of Moldova.
- **Commercial exchanges of electricity** with the Republic of Moldova will begin immediately after completing the entire process involving the harmonization of technical details and commercial aspects.
- The successful commercialization of electricity on the **interconnection between Romania and the Republic of Moldova signifies a commitment of support between the two: Transport and System Operators**. It also represents a significant contribution to the development and effective operation of the European-level energy market.
- On March 16, 2022, the **electricity systems of Ukraine and the Republic of Moldova** were successfully synchronized with the European electricity system.



Renewable energy market in Moldova

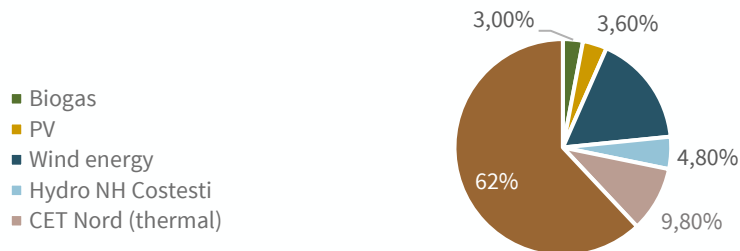
Energy market in Moldova

Production by source (MWh)

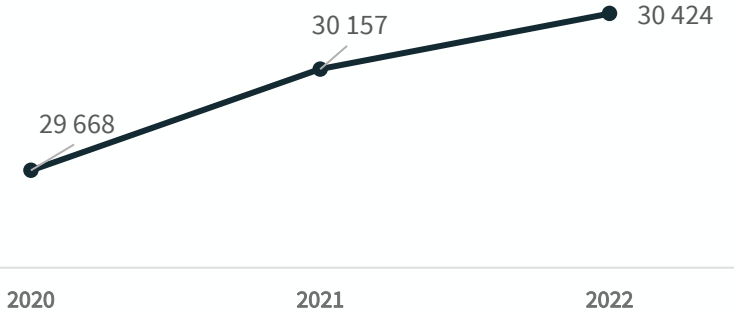


	2019	2020	2021	2022
Solar PVs	1,437	3,275	7,764	30,297
Biogas	28,748	27,793	32,293	23,567
Wind	36,915	50,138	76,310	142,370
Hydro	330	147	239	96
Total	67,430	81,353	116,552	196,333

Of the total amount of electricity generated from renewable sources, the largest share is electricity from **wind power (72.5%)**, followed by electricity from **solar panels (15.4%)**, electricity from **biogas (12%)**, and the smallest share is electricity from **hydropower (less than 1%)**.



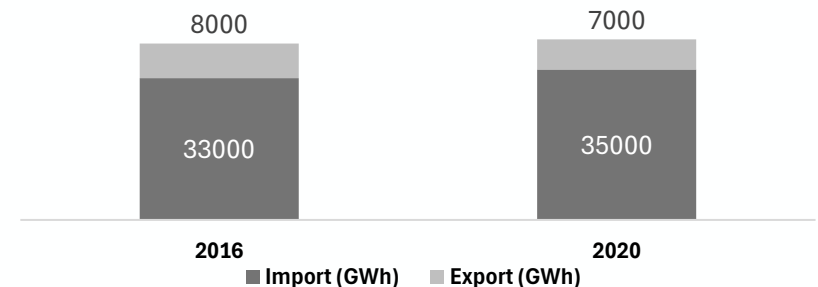
Energy consumption 2020-2022 (MWh)



	2020	2021	2022
Energy consumption	29,668	7,764	30,297

Energy consumption has been increasing steadily post COVID and is expected to increase as the country has a long run to reach its neighbor Romania in kWh per capita.

Imports and exports of energy in Moldova 2016 vs. 2020 (GWh)



2024 new Feed-in-tariff in Moldova





Key terms of the new Government support scheme tender

- The Moldavian Government is planning to **organize a single tender process for the period 2024-2025 to offer the status of large eligible producers.**
- **The fixed-rate (feed-in tariff)** support mechanism establishes the legal framework for renewable energy support programs. The National Energy Regulatory Authority (ANRE) is in charge of organizing and monitoring the feed-in tariff allocations.
- The electricity sale contract will be signed at the commissioning of the project.
- Moldova now **has three ways** to help green energy producers: they guarantee to buy extra energy sent to the grid, which helps producers make back their investments:
 - **Net invoicing:** introduced from January 1, 2024, valid for small producers with installations intended for their own consumption;
 - **Fixed rate for 15 years:** for parks and plants up to 1 MW photovoltaic or 4 MW wind);
 - **Fixed price, equally valid for 15 years:** in the case of parks and plants larger than 1 MW photovoltaic or 4 MW wind, capacities assigned through auctions.

Tender offer calendar 2024-2025

Milestone	Date
Submission process	
Approval and entry into force of the Govt. Decision amending decision No 690/2018	February 2024
Publication of tender documentation	March 2024
Publication of the notice opening the tendering procedure	March 2024
Consultation of tender documentation	March 2024 - May 2024
Opening of the phase of receipt of offers	May 2024 - July 2024

Production technology	Maximum capacity (MW)	Minimum Capacity limit (MW)
Type		
 Wind power installations	105	4
 Solar PV installations	60	1
Total	165	



224 New Feed-in-tariff in Moldova (2)

Expected contracting terms for large eligible producers



Contract scope	The Buyer (Central Power Supplier) of electricity produced from renewable sources at the power plant belonging to the selected energy producer, at the fixed price established by the Moldavian Government.
Parties	The parties involved will be the Producer (large electricity producer elected by Government decision through tender) and the Buyer (Central Power Supplier).
Duration of the contract	The contract is concluded for a period corresponding to the period for which the eligible producer benefits from the 15-year support scheme provided for by Law no. 10 of 26.02.2016 on the promotion of the use of renewable energy sources
Quantity of electric energy produced from Renewable Sources	The quantity of electricity produced from renewable sources delivered to the Buyer shall be determined according to the charts coordinated by the Parties and notified to the transmission system operator (TSO) in accordance with the requirements of the Electricity Market Rules.
Accounting and paying of electric energy produced from RES	The Buyer shall pay the Producer the counter value of electricity produced from renewable sources calculated in accordance with the Central Power Supplier rules. The fixed price for electricity from renewable sources will be adjusted annually according to the provisions of the methodology for determining fixed tariffs and prices on electricity produced by eligible producers of renewables, approved by ANRE.



Contacts

Feel free to reach out



Sergio MANDRU
Vice President

E: sergio.mandru@finergreen.com



Andrei CALVARASANU
Analyst

E: andrei.calvarasanu@finergreen.com





FINERGREEN

