



Member Portrait



*In each issue of the ERRA Newsletter we present a member organisation through 4 current regulatory issues they are facing that can be relevant and informative for other ERRA members. In this issue of the newsletter we introduce the National Energy Regulatory Agency of Moldova (ANRE) through an interview with **Mr. Veaceslav Untila, General Director of ANRE.***



In November 2019, ANRE adopted the Natural Gas Network Code and the Regulation on access to the natural gas transmission networks and congestion management, in line with the EU provisions. What does this new regulatory framework mean to household and business end-user customers in Moldova?

The adopted Natural Gas Network Code is another step forward in the process of aligning the country's regulatory framework to the EU standards. I hope that, as a result, we will be able to integrate the national gas market deeper and faster with the EU gas markets.

The Regulation on access to the natural gas transmission networks and congestion management is largely viewed as a long-term measure for the local market. The purpose of this regulation is to ensure the availability of proper mechanisms, which can be used by the transmission system operators (TSO) to reduce the risk of system congestions and disruptions of services offered to the end users. The regulation also aims to ensure that the system operators will treat all system users equally when they submit the requests to access the transmission network.

Currently, the country's natural gas network has a large capacity that allows the transport of large quantities of natural gas and I believe that the new regulatory tools can enable a more effective usage of this infrastructure.

From the economic point of view, **these newly adopted mechanisms will allow system operators a better management over the unused capacities and offer these capacities to other market participants.** As a result, this will lower the number of artificially created congestions. Moreover, this regulation gives the system users the opportunity to opt-out of the over-contracted capacity, while providing more flexibility in managing their portfolios.

New regulatory developments were noticed in the Moldovan electricity sector. How exactly can the new electricity network code help in facilitating cross-border flows with Romania and Ukraine and will this development affect the country's security of supply?

Ensuring a well-functioning electricity market and, in particular, the capacity allocation and system services associated with electricity supply is essential for the security of electricity supply, market competition and the citizen's welfare.

Coupling the national electricity market with the regional and eventually the European electricity market is crucial in order to ensure the energy supply security, healthy competition and fair energy prices for all consumers.

The cross-border capacity is not allocated at the Romanian border as it is not possible to synchronize the electricity systems of the two countries at the moment. It is different with regards to Ukraine. In order to benefit from the capacity interconnection, the potential importer/exporter of electricity must obtain the necessary rights from the Ukrainian TSO, which allocates the cross-border capacity unilaterally.

The interconnection capacity allocation is regulated by the provisions of the Regulation on access to the electricity transmission networks for cross-border exchanges and congestion management in the electricity system, approved by the Decision of the Administration Council of ANRE no. 424/2019, on November 22, 2019. **The Regulation sets fair rules for capacity allocation for the available interconnections between the electricity system of the Republic of Moldova and the electricity systems of the neighboring countries, in order to ensure that the cross-border exchanges of electricity are done under equal, transparent and non-discriminatory conditions for all market participants.** The Regulation also sets rules regarding congestion management for interconnections, which allows a healthier competition on the national electricity market.

Once the agreements between the TSO from the Republic of Moldova and the TSOs from the neighboring countries are signed, the capacity allocation will be made together by the two TSOs, and not unilaterally as it is at the moment. This is a very important step when initiating the discussions on coupling the regional electricity markets.

On November 22, 2019, ANRE has also approved the Electricity Network Code – a very important document, which transposes 3 European network codes into the national legislation. The Code regulates the procedure of connecting new system users to the electricity networks, which include power stations, electricity systems, electric lines and modules, and consumption places that can provide system services to system operators.

The approval of the Electricity Network Code allows a state intervention in the electricity market, which can save significant costs for market participants. The main benefits of the regulatory intervention are:

- ensuring non-discriminatory access to electricity networks and thus promoting competition on the electricity market;
- new system users can bring an increased efficiency to the electricity system operation and development;
- ensuring and improving the transparency and reliability of the information shared, by generating an ongoing information flow between the main electricity market players;
- ensuring the security of long-term electricity supply.



The members of the Administration Council of ANRE

ANRE representative has recently updated the ERRA Customer and Retail Markets Working Group during its meeting in December in Budapest regarding the procedure for granting compensation to consumers in case of low service quality performance of DSO. How did other customer protection measures improve in Moldova over the period of the last 12 months?

During the last 12 months, secondary legislation forced DSOs to provide compensations for non-compliance with quality indicators, even if the notification is made by a phone call, a letter or an email. This mechanism simplifies the procedure of informing the DSO about the consumer request. At the moment, the DSOs are preparing the action plans on mechanisms of automatic compensation given to final consumers. The automatic compensation is scheduled to be operational at the beginning of 2021.

With regards to consumer rights and obligations, **ANRE approved a consumer guide, that explains all the procedures that need to be followed when connecting to the grid, signing a supply contract, receiving and paying bills etc.** Also, ANRE has drafted informational flyers that will be offered to consumers in the next informational campaign.

According to the Moldovan National Renewable Energy Action Plan (NREAP), the energy sector is set to reach a target of at least 10% of total electricity generation from renewable sources this year. How exactly does ANRE support this ambitious goal and what is the technology that presents the biggest potential in contributing to it?

Around 75% of the total energy used in the Republic of Moldova is imported. The lack of a free energy market and alternative sources has a significant influence on energy sector competitiveness and thus for the national economy. The main reason that limits the diversification of electricity sources is the shortage of local production capacities and no physical interconnection with the European electricity system (ENTSO-E system).

To overcome the current challenges of the energy market the country has set the following priorities:

1. Promoting energy efficiency and the use of energy from renewable sources;
2. Ensuring the security of electricity supply;
3. Developing competitive energy markets.

The Republic of Moldova launched the process of harmonizing the national legislation for energy efficiency and renewable sources in 2007. The results are modest compared to the objectives set.

The share of energy produced from renewable sources is still quite low. During 2018, the total amount of electricity produced from renewable sources was 51.66 GWh, or less than 2%, compared to the 10% target set for 2020. It is encouraging however, as the 51.66 GWh of electricity produced in 2018 is an increase of around 71.1% compared to 2017.

In 2016, the Moldovan Parliament has finalized the process of harmonizing the legislation on renewables by adopting the norms and principles of the European Directive no. 2009/28 / EC on promoting the use of energy from renewable sources. The regulations came into force in 2018.

As an emerging market with a weak competitive environment, the Republic of Moldova obviously needs investments. **There are currently two combined support schemes used to promote investments and development of electricity production capacities from renewable sources: 1) feed-in tariffs, determined and established by the regulator, and 2) fixed prices set following the tenders organized by the Government.**

The producers that get the status of eligible producers will benefit from the tariffs/prices set for a period of 15 years, from the day the power plant launches its operations. Ensuring the status of eligible producers following an auction will result in lowest possible prices for electricity produced from renewables.

ANRE has approved the necessary secondary regulatory framework, including fixed tariffs for electricity produced from renewable sources with installed capacities of power plants below the capacity limit approved by the Government. By establishing clear guidelines to develop and diversify the production and use of renewable energy in the Republic of Moldova ANRE has created a legal framework that allows using the full potential of renewable energy sources. The adopted regulatory framework meets the requirements of the national market as well as technical requirements of EU energy markets. ■