



Roundtable discussion on 2024 domestic electricity sector development trends

Update by The National Agency for Energy Regulation of the Republic of Moldova

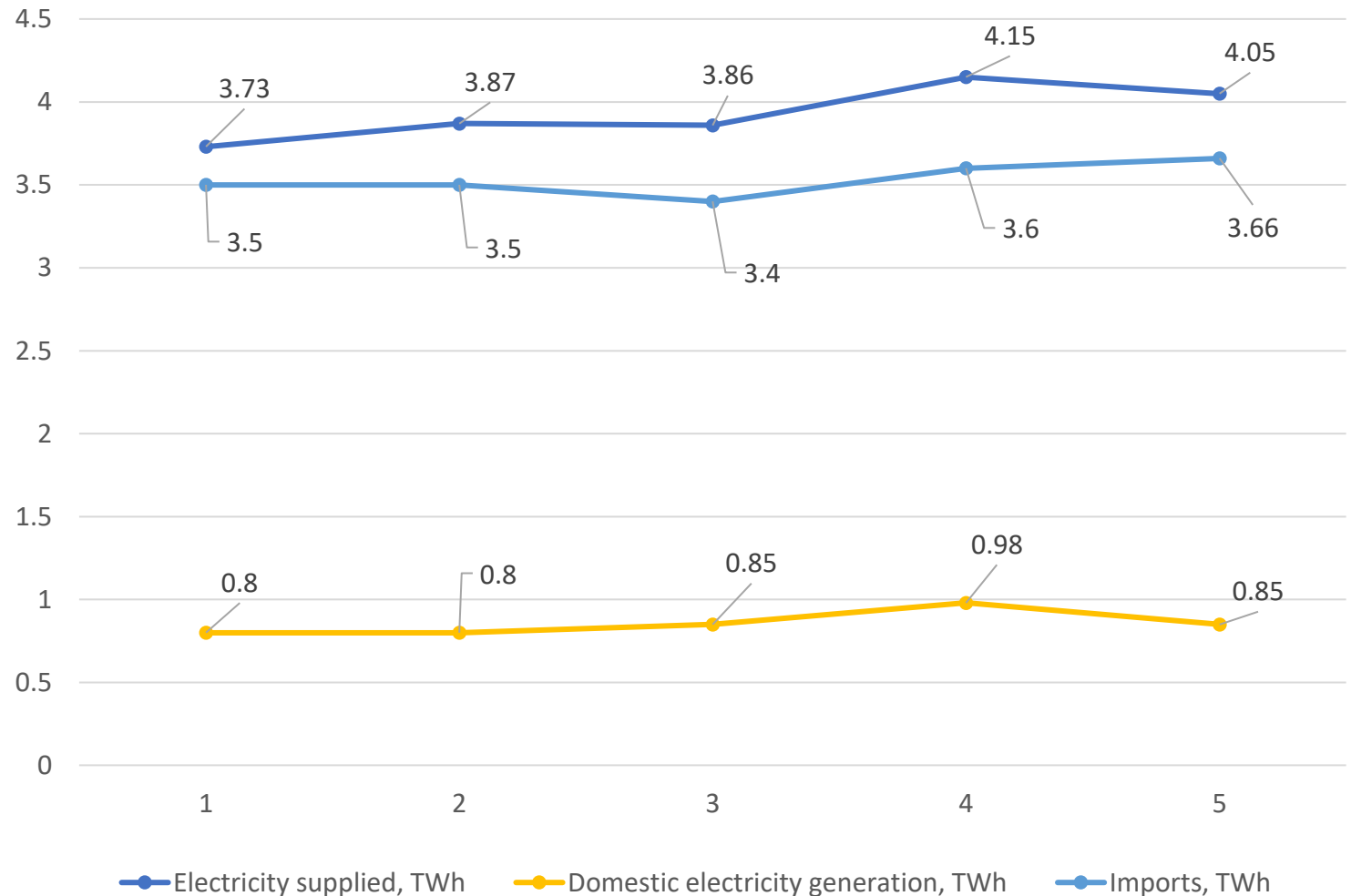
Ștefan Seracuța
Head of Regulation Division, Electricity and Renewables
Department



Electricity generation and consumption

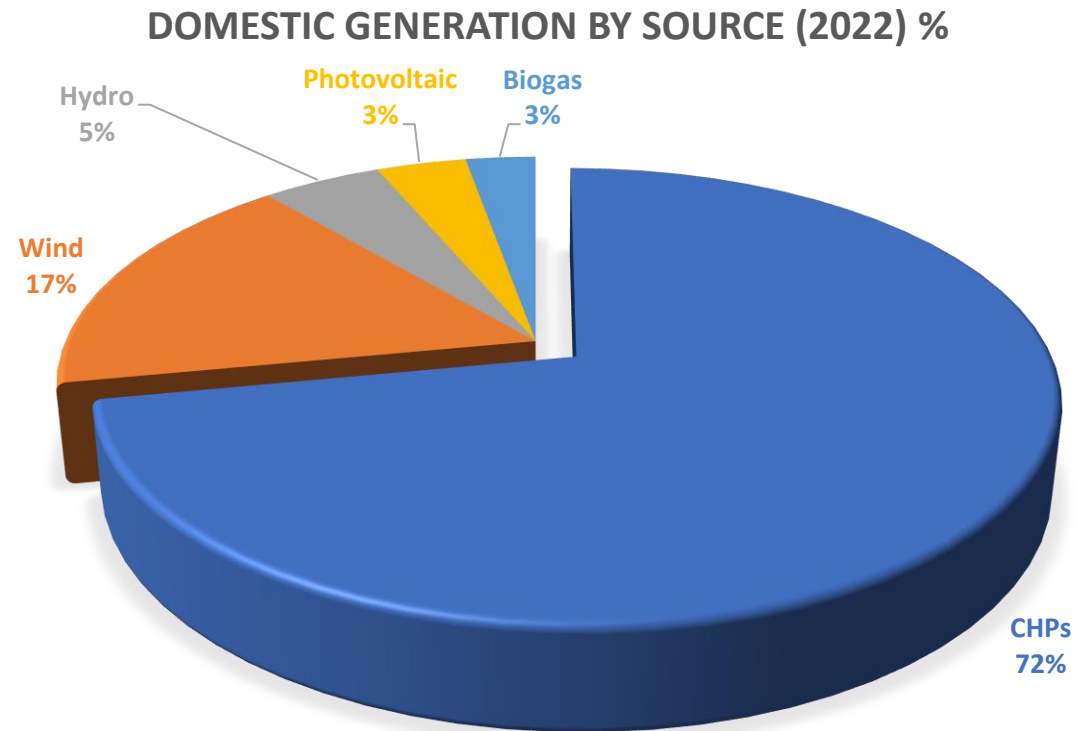
Republic of Moldova is still highly dependent of imported electricity, due to the fact that only 1/5 of the electricity consumption is being domestically generated.

The rest, is mainly bought based on bilateral basis from “Moldavskaia GRES”, a power plant on natural gas owned by Russian “Inter RAQUES” located in Transnistria which is an unrecognized territory, not controlled by Moldovan authorities.



Electricity generation and consumption

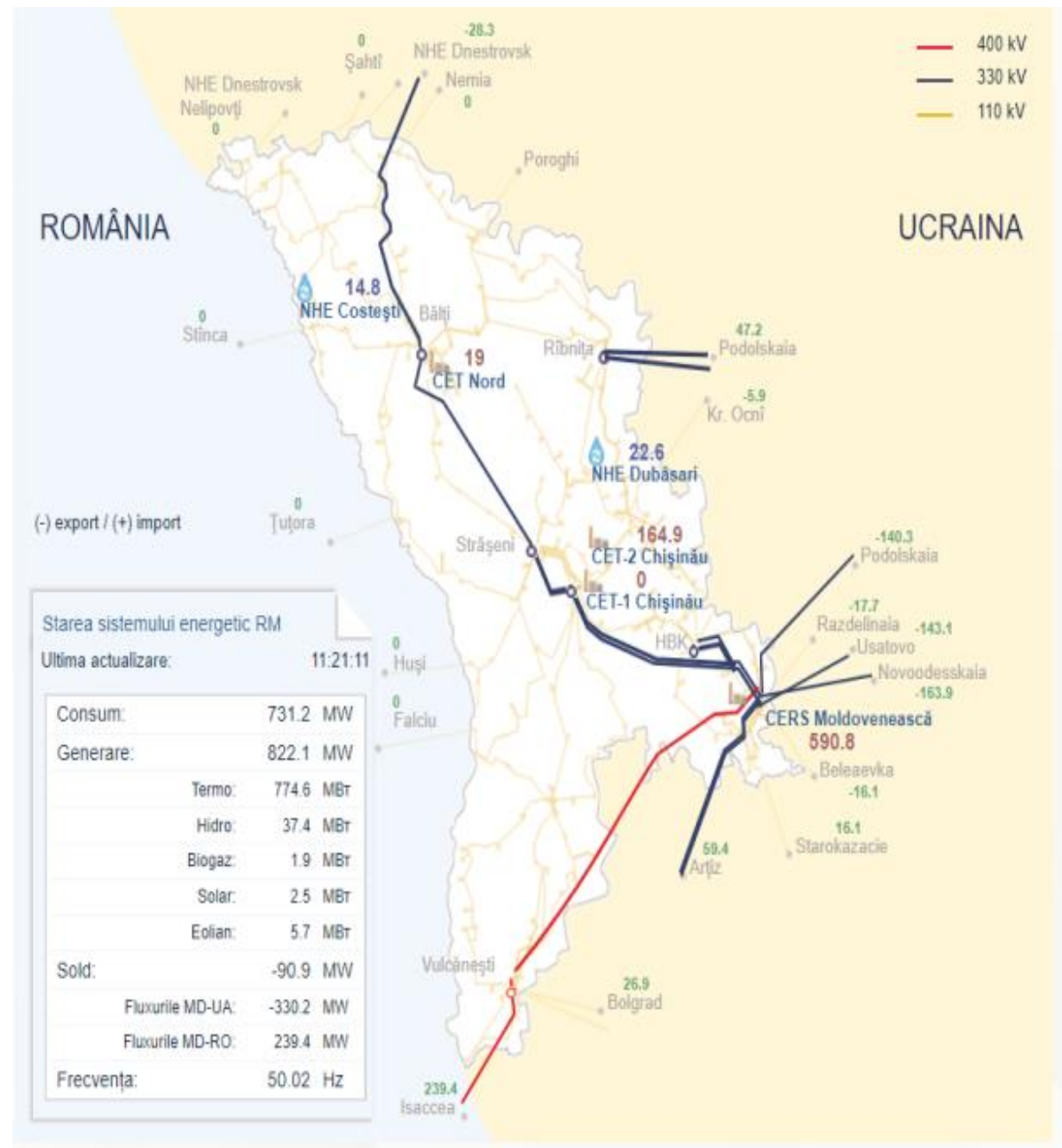
Domestic generation is mainly covered by the urban CHPs and renewables, the biggest share of it being generated in the cold period of the year, do the heating demand covered by the urban CHPs.



Regulated entities

In regard with the market actors that are regulated by the national regulatory authority can be underlined that this are:

- One TSO (state owned);
- 2 DSOs (one state owned and one private);
- 2 suppliers of electricity under PSO, that are supplying electricity to household consumers and small commercials;
- Also electricity and heat produced at the CHPs are under regulated prices, as well as the RES under the support schemes;
- Subsequently the electricity from CHPs and RES with support schemes is bought by a Central supplier (i.e. Central buyer) that resells this electricity to all active suppliers of electricity based on a price regulated by the NRA.



Legal framework

The primary legal acts that represent the core used for establishing the relations between the market participants are:

1. Law nr. 107 from 27.05.2016 on electricity;
2. Law nr. 10 from 26.02.2016 regarding the promotion of use of energy from renewable sources;
3. Law nr. 174 from 21.09.2017 on energetics.

Apart from that, there are several secondary legislation acts that are detailing and extending the general provisions set out in the primary legislation. From this can be underlined the following ones:

1. Wholesale Electricity Market Rules approved by NRA Decision nr. 283 from 07.08.2020 (in force from 1st June 2022);
2. Regulation regarding connection to electricity grids, and providing the electricity distribution and transportation services;
3. Regulation regarding the supply of electricity;
4. Electricity Network Code, transposing EU Regulations on generation and load requirements, as well as HVDC.

Current state of play

Key takeaways on current state of play of the electricity market of the Republic of Moldova:

- Wholesale Electricity Market Rules are **in force as of 1st of June 2022**. All market participant are financial responsible for the generated imbalances.
- **No DAM** and **IDM** in place yet, all transactions being made on **bilateral market**;
- **No electricity balancing market or BSPs** that could offer balancing services to TSO, the system is being balanced from the outside, **Fskar** mechanism is used for financial settlement of the imbalances;
- Recently by the Government Decision a branch of Romanian electricity market operator **“OPCOM” was designated** as the National Market Operator;
- At the moment on the registration platform of BRP managed by the TSO are registered **226 market participants**: 39 Suppliers (4 active), 5 Producers/Suppliers, 179 Producers, 2 DSOs and 1 TSO;
- **99%** of the electricity is being **supplied** at **regulated prices**, a small share is being supplied to some significant industrial/commercial consumers.

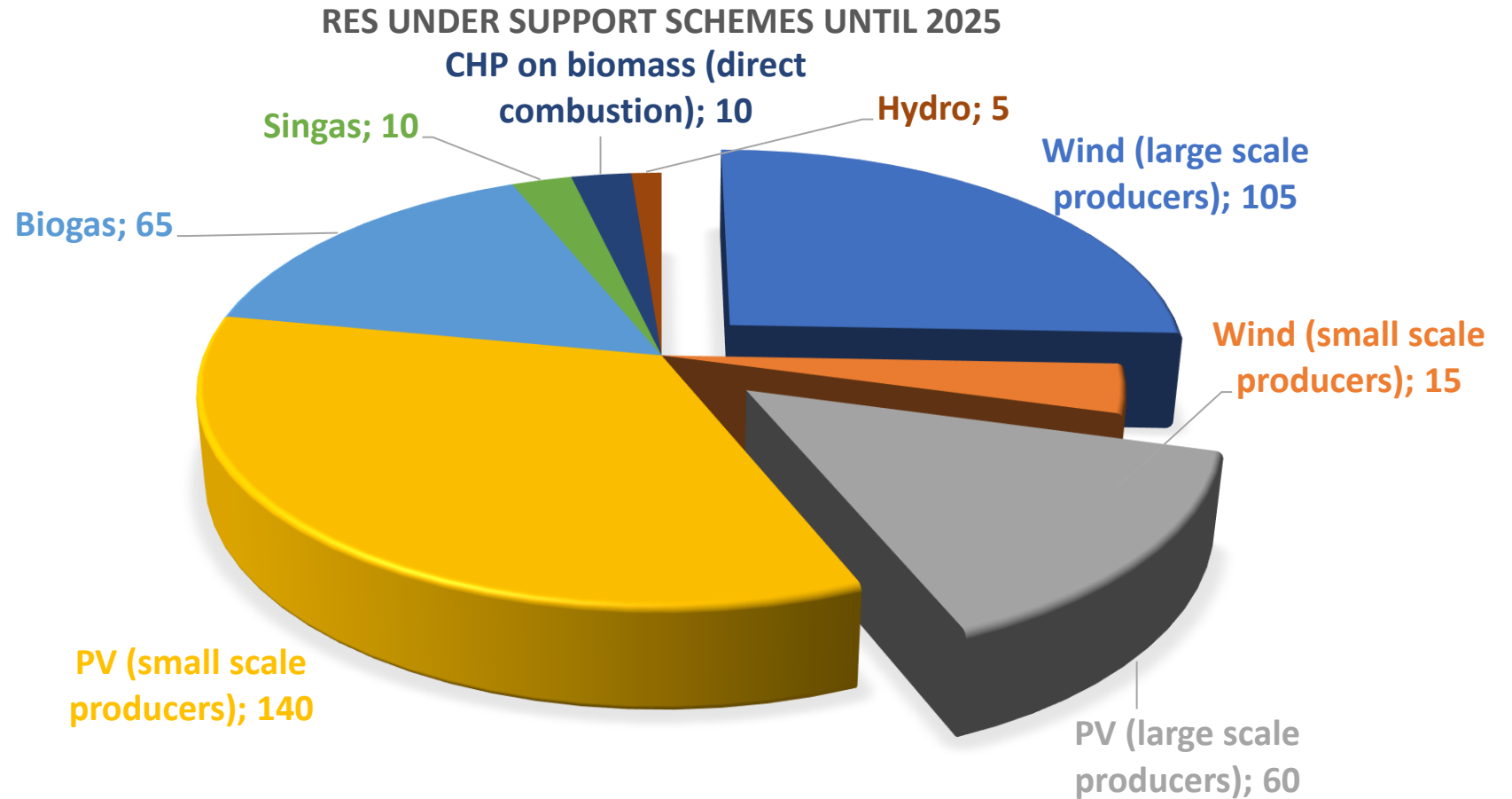
Promotion of use of energy from RES

- According to the Law on renewables 2 support schemes are being applied:
 - a) **“fixed price”** – for large scale RES capacities that will acquire the status of big eligible producer during the actions organized by the Government (1+ MW for PV, 4+ MW for wind);
 - b) **“fixed tariff”** – for small scale RES capacities to whom NRA is confirming the status of small eligible producer according to the principle “first come - first served”.

The total amount of capacities that can benefit from support schemes is provided in a Government Decision. The beneficiaries of this will sell the electricity based on a **15 year PPA** signed with a Central Supplier at prices set according to a NRA methodology. This electricity is distributed to all suppliers that supply electricity to final consumers.

Promotion of use of energy from RES

A total of **410 MW** of RES expected to be deployed under the quotas approved until **2025**.



Promotion of use of energy from RES

Another mechanisms designed and applied according to the Law on renewables for the purpose of reducing the electricity costs of the final consumers are:

- 1. Net – metering mechanism** (installed capacity is limited according to the contracted power with the supplier, but no more than 200 kW);
Final consumers could apply to this mechanism until 31st December 2023. Net billing will be applied until 31st December 2027. The total capacity of PVs that are benefiting under the net metering mechanism as for December 2023 is **115 MW**.
- 2. Net – billing mechanism** that is being applied starting from 1st January 2024. According to the Government Decision is allocated a total quota of **100 MW** for this mechanism until 2025. Capacity caps are set, considering the average annual historical consumption or if not available an average consumption of the same type of consumer is used. In the same time capacity can not exceed 200 kW.

Latest developments in electricity sector/market

In regard with primary legislation can be underlined the following developments:

1. Transposition of REMIT Regulation by amending the Law on electricity in December 2023;
2. Partial transposition of RES Directive (2018/2001) into Law on renewables. Were transposed provision related to:
 - **Guarantees of origin;**
 - **Net billing scheme for self consumers;**
 - **Energy communities.**
3. A new Law on electricity which will transpose Electricity Integration Package Directive and Regulations is in the process of drafting with the support of USAID under the Moldova Energy Security Activity (MESA). From the latest information the first draft is already prepared.

Latest developments in electricity sector/market

In regard with secondary legislation and others can be underlined the following:

1. Wholesale electricity market rules were approved in 2020, and are in force starting from 1st of June 2022, in this regard all market participants are financially responsible for their imbalances;
2. TSO is in the process of drafting (with the support of foreign partners – UNDP and USAID) the Guidelines included in the Electricity Integration Package – which will take the form of 5 Network Codes that have to be approved by a Decision of the NRA. These are **EER, EBGL, SOGL, CACM** and **FCA**;
3. In regard with the cross border capacity allocation recently were approved by the NRA the rules for the intraday allocation on MD-RO border, and annual, monthly and daily allocation rules between IS “Moldelectrica” and NEK “Ukrenergro” on the Moldovan-Ukrainian border.



**THANK YOU
FOR YOUR ATTENTION!**

Ștefan Seracuța
sseracuta@anre.md