ISSUE BRIEF

Beyond the Three Seas A Strategy for Extending the 3SI Energy Security Vision to Ukraine and the Republic of Moldova

SEPTEMBER 2018   DAVID KORANYI

Introduction

Nearly three decades after the fall of the Berlin Wall and twenty-five years into the European Union project, Central Europe's ability to reach its full economic potential has been inhibited by inadequate North-South cross-border economic infrastructure. To overcome this gap in connective tissue, the Three Seas Initiative was conceived to reinforce and accelerate infrastructure integration in the Central and Eastern European member states of the European Union (EU), to strengthen political ties, and to facilitate cross-border cooperation and large, pan-regional projects stimulating sustainable economic growth.

As a direct result of the 2014 Atlantic Council paper, *Completing Europe: The North-South Corridor*, President Andrzej Duda of Poland and President Kolinda Grabar-Kitarović of Croatia jointly convened three high-level meetings: in New York City in 2015; in Dubrovnik, Croatia, in 2016; and in Warsaw, Poland,[1] in 2017. These summits were intended to address policy barriers to developing strong North-South energy, transportation, and telecommunications arteries connecting the Baltic, Black, and Adriatic Seas, in order to stimulate regional economic growth. US President Donald Trump also attended the last summit in Warsaw, and pledged US support for the initiative.

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1   *Completing Europe: From the North-South Corridor to Energy, Transportation, and Telecommunications Union* (Washington, DC: Atlantic Council, 2014), http://www.atlanticcouncil.org/publications/reports/completing-europe-from-the-north-south-corridor-to-energy-transportation-and-telecommunications-union.

Three Seas Initiative Summit, Warsaw, 2017. *Photo credit: http://www.president.pl/en/news/gallery/galeria,23.html*

Energy has been a key component of the Three Seas Initiative (3SI) since the beginning. Energy security is critical not only to the economic competitiveness and prosperity, but also to national security of the 3SI countries. The initiative includes twelve EU member states between the Baltic, Adriatic, and Black Seas: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. Most of these countries have faced major challenges to diversify their energy supplies to overcome Soviet-era vulnerabilities—a still-ongoing process.

Yet, while reinforcing the core 3SI countries is priority, the Three Seas Initiative will not be successful in fulfilling the vision of a Europe whole, free, and at peace without expanding the original vision to incorporate European countries beyond the EU, particularly Ukraine and Moldova. Engaging these key states in the context of 3SI would carry geopolitical and economic benefits.

This paper intends to inform the September 2018 Three Seas Summit in Bucharest by exploring key energy-infrastructure and market-integration issues between the Three Seas countries within the European Union on the one hand, and Ukraine and Moldova on the other. It outlines the strategic rationale for enhanced cooperation on energy security between 3SI countries and Ukraine and Moldova, identifies priority infrastructure projects, and puts forward policy recommendations to facilitate implementation.

As key infrastructure elements required to link both countries to the European Union have been well documented, this paper builds heavily on existing efforts and research. It focuses on the timely implementation of ongoing or planned projects in actively functioning frameworks, such as the Central and Southeastern Europe Connectivity (CESEC) High Level Group, and the opportunity to capitalize on existing engagement—including financial and technical support—by the European Commission, the European Bank

COUNTRIES OF THE THREE SEAS INITIATIVE

ESTONIA

LATVIA

LITHUANIA

POLAND

CZECH REPUBLIC

SLOVAKIA

AUSTRIA

HUNGARY

SLOVENIA

CROATIA

ROMANIA

BULGARIA

for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the World Bank, and other institutions.

Ukraine—The Backbone of European Gas Security

Ukraine is central to Europe's energy security, and especially to that of 3SI countries. Ukraine is a major transit country for both oil and natural gas from Russia to the European Union, and it has significant indigenous energy potential, on both the gas and renewables

fronts. However, it is also facing significant challenges when it comes to completing domestic reforms.

Gas has dominated the conversation around Ukraine for the past two decades. Gas destined for fifteen out of the twenty-eight EU member states transits through Ukraine from Russia, to the tune of 93.45 billion cubic meters (bcm) in 2017.[2] In the aftermath of Russia's il-

> " Ukraine is central to Europe's energy security, and especially to that of 3SI countries."

legal annexation of Crimea in 2014, and the ongoing crisis in eastern Ukraine that followed, Ukraine made significant progress in weaning itself off Russian gas. It dramatically reduced its domestic gas consumption from more than 70 bcm per year in the mid-2000s to less than 40 bcm by 2016. This was partly a result of the circumstances—including the economic contraction and the loss of energy-intensive industries in the Donbas—and partly long-overdue policy action, such as price reform and the removal of most subsidies.[3] From 2015 onward, the country succeeded in tapping into reverse flows of (Russian) gas from neighboring Slovakia, Poland, and Hungary, reducing direct purchases from Russia to zero by 2016.[4]

In addition to reducing consumption, Kyiv hopes to expand indigenous gas production, from the current level of approximately 20 bcm per year to 27.6 bcm by 2020.[5] In 2017, Naftogaz subsidiary Ukrgazvydobuvannya already achieved the highest production levels in the past quarter-century.[6] The 2015 Natural Gas Market Law and legal framework for regulation and taxation of

2   "Ukraine Sees 14 Percent Rise in Gas Transit in 2017," *Kyiv Post*, January 3, 2018, https://www.kyivpost.com/business/ukraine-sees-13-7-per-cent-rise-gas-transit-2017.html.

3   Anton Antonenko, Roman Nitsovych, Olena Pavlenko, and Kristian Takac, *Reforming Ukraine's Energy Sector: Critical Unfinished Business* (Brussels: Carnegie Europe, 2018), http://carnegieeurope.eu/2018/02/06/reforming-ukraine-s-energy-sector-critical-unfinished-business-pub-75449.

4   Vladimir Soldatkin and Natalia Zinets, "Gazprom Seeks to Halt Ukraine Gas Contracts as Dispute Escalates," *Reuters*, March 2, 2018, https://www.reuters.com/article/us-russia-ukraine-gas/gazprom-seeks-to-halt-ukraine-gas-contracts-as-dispute-escalates-idUSKCN1GE2DW.

5   Victor Logatskiy, *New Energy Strategy of Ukraine till 2035: Security, Energy Efficiency, Competitive Ability* (Kyiv: Razumkov Centre, 2017), http://razumkov.org.ua/uploads/article/2017_NES%202035_RazumkovCentre_Ukraine_September%202017_description.pdf.

6   Olha Bosak, "Ukraine's Gas Sector Reforms: Can Ukraine Build on Post-2014 Progress and Realize the Country's Energy Industry Potential?"

GAS PIPELINES FROM RUSSIA INTO EUROPE (VIA UKRAINE)

RUSSIA

POLAND

KIEV

UKRAINE

SLOVAKIA

MOLDAVA

CRIMEA

HUNGARY

ROMANIA

CROATIA

BOSNIA & HERZEGOVINA

SERBIA

production—if implemented in full—has the potential to stimulate significant upstream investment, provided that Ukraine manages to boost investor confidence in general.

However, while Ukraine may have reduced consumption, a core issue is the fate of Russian gas transit through Ukraine past 2019, when the current gas-transit contract with Gazprom expires. Gazprom has stated several times that the company's intention is to cease all shipments through Ukraine, and instead divert supplies through the planned Nord Stream II pipeline in the Baltic Sea—a plan subject to intense political debate in Europe, and vehement opposition by the United

" The 3SI countries have a strategic interest in maintaining Ukrainian gas transit beyond 2019."

Business Ukraine, May 13, 2018, http://bunews.com.ua/opinion/item/ukraines-gas-sector-reforms.

States—as well as the Turkish Stream pipeline already under construction under the Black Sea. If Nord Stream II is constructed and gas is fully or partially diverted, Ukraine would be deprived of significant transit revenue, weakening its already fragile economic—and, potentially, political—stability.

The 3SI countries have a strategic interest in maintaining Ukrainian gas transit beyond 2019 and ensuring the full integration of Ukraine into the Central and Eastern European gas markets.[7] A fully integrated Ukraine, with a transparent and efficient transit regime, would offer the cheapest transit route for gas from Russia, and would enable the region to utilize the significant underground storage facilities and the largest gas-storage capacity in Europe with low tariffs in Ukraine (14 out of 31 bcm available). The utilization of the gas-storage potential is premised on new regulation in Ukraine that does away with the limitations on the sale of stored gas solely within Ukraine.

In order to preserve transit through Ukraine, the 3SI countries should engage in a constructive dialogue on the timeliness and risks associated with the planned extension of **Nord Stream**.[8] In addition to creating or deepening internal European divisions, Nord Stream II would also represent an increase in transit fees for Southeastern and Central European countries. Europe's vulnerability would also increase, as Nord Stream II would divert the majority of European gas imports to a single pipeline set.

However, that is not to say that Ukraine does not have room to improve as well. Support for the maintenance of Ukrainian transit should be preconditioned on the unbundling of Naftogaz, and a fully transparent and efficient operation of the gas-transmission system in Ukraine—with special regard to international oversight and verification of incoming and outgoing quantities of gas, and monitoring of transit revenues.

In the event the construction of Nord Stream II proves unstoppable—an increasingly likely outcome, short of the introduction of US sanctions—3SI countries should, at the very least, insist on a compromise solution, whereby a minimum quantity of at least 50 bcm annually continues to transit the Ukrainian system for the next decade, while the European Union commits assistance for the maintenance and upgrading of the transmission system in Ukraine, preferably in partnership with major Western gas players. The latter would require Ukraine to improve its overall investment climate and further institutional reforms to strengthen the rule of law, in addition to high-level support from Berlin and Brussels.

Another strategic goal should be for **Ukraine to tap into the evolving, and increasingly competitively priced, global liquefied natural gas (LNG) markets**. To do so, Ukraine needs physical access to the Świnoujście LNG terminal in Poland, the Revithousa LNG terminal in Greece, or the planned Krk LNG terminal in Croatia (if it is finally commissioned). The planned (and delayed) Polish-Ukrainian interconnector, reverse flows through the Trans-Balkan pipeline, and an evacuation route from Croatia through Hungary to Ukraine are critical for that purpose.[9][10] An immediate priority identified at a recent energy policy forum on Ukraine is to better utilize existing reverse-flow capabilities "by implementing the regulations already adopted."[11]

In addition to existing supplies through interconnectors, Ukraine will (in theory) be able to tap into new **Black Sea offshore resources from Romania** once they come online in 2019 or 2020. There appears to be significant commercial interest in importing gas by using the Trans-Balkan pipeline, which is expected to stop transiting Russian gas to the Balkans and Turkey once the first line of Turkish Stream comes online.[12] However, this option is not without risk, as the Trans-Balkan pipeline traverses the disputed Moldovan territory of

7   Borbála Takácsné Tóth and Péter Kotek, *Regional Vision On Challenges and Opportunities for Ukraine Gas Market Integration—How Can the Neighbours Contribute?* (Budapest: REKK, 2018), https://rekk.hu/downloads/academic_publications/rekk_policybrief_05_2018_en.pdf.
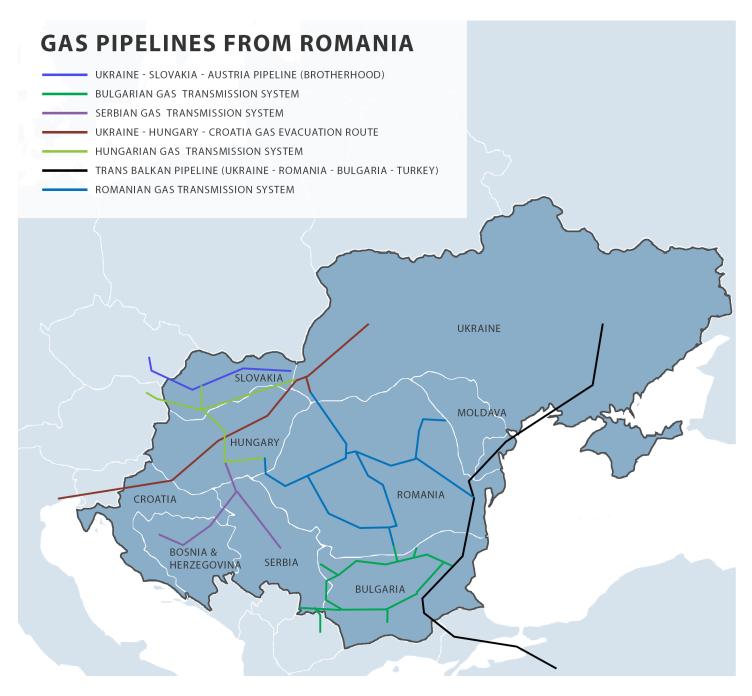
8   David Koranyi, "The Trojan Horse of Russian Gas," *Foreign Policy*, February 15, 2018, https://foreignpolicy.com/2018/02/15/the-trojan-horse-of-russian-gas/.

9   Energy Community, "Gas_14 / Reverse Flow: Poland-Ukraine," https://www.energy-community.org/regionalinitiatives/infrastructure/PLIMA/Gas14.html.

10   Firm capacity upgrade on the interconnector Hungary–Ukraine, as identified by Central and South Eastern Europe Connectivity, "Appendix to the Action Plan: List of all CESEC Projects," https://ec.europa.eu/energy/sites/ener/files/documents/Appendix%20to%20the%20CESEC%20Action%20Plan_pre-HLG_rev.pdf.

11   Tóth and Kotek, *Regional Vision On Challenges and Opportunities for Ukraine Gas Market Integration.*

12   Anca Bernovici, "11 Companies Interested in Transporting Gas from Romania to Ukraine via Trans-Balkan Pipeline," Romania Journal, May 20,

GAS PIPELINES FROM ROMANIA

— UKRAINE - SLOVAKIA - AUSTRIA PIPELINE (BROTHERHOOD)
— BULGARIAN GAS TRANSMISSION SYSTEM
— SERBIAN GAS TRANSMISSION SYSTEM
— UKRAINE - HUNGARY - CROATIA GAS EVACUATION ROUTE
— HUNGARIAN GAS TRANSMISSION SYSTEM
— TRANS BALKAN PIPELINE (UKRAINE - ROMANIA - BULGARIA - TURKEY)
— ROMANIAN GAS TRANSMISSION SYSTEM

UKRAINE

SLOVAKIA

MOLDAVA

HUNGARY

ROMANIA

CROATIA

BOSNIA & HERZEGOVINA

SERBIA

BULGARIA

Transnistria, which is controlled by Russian forces, giving Moscow the ability to halt supplies if it sees fit.[13] Constructing a bypass pipeline between Romania and Ukraine that would avoid Transnistria could be a solution, but would add to the cost, and thus decrease the competitiveness, of Black Sea resources in the Ukrainian market, unless it is assisted by a grant from the European Union or preferential financing from the EBRD and/or the EIB.

2018, https://www.romaniajournal.ro/11-companies-interested-in-transporting-gas-from-romania-to-ukraine-via-trans-balkan-pipeline/.

13   Dmitry Chubashenko, "Blast Closes Major Russian Gas Pipeline to Balkans," *Reuters*, April 1, 2009, https://af.reuters.com/article/worldNews/idAFTRE5301HI20090401.

While gas security tends to dominate conversations around Ukraine, the country's **electricity sector has significant potential in the context of 3SI and the European Energy Union**. Ukraine is actively pursuing synchronization with the European Network of Transmission System Operators (ENTSO-E), which is targeted to be completed by 2025 if challenges can

> " Full implementation of the EU's Third Energy Package is critically important to break Gazprom's monopoly in the Moldovan gas market."

be overcome.[14] Joining the European grid would not only have energy security benefits for Ukraine, but also for the European Union. In a 2017 report, the International Renewable Energy Agency identified Ukraine as having significant renewable-energy potential, including 70 gigawatts (GW) of solar and 320 GW of wind energy, in addition to excellent biomass/biogas power-generation potential.[15] Thus, in the long term, Ukraine could play a role in the decarbonization of power supply in Europe, provided it creates a new, stable, and more ambitious legal framework for renewable-energy development.

To tap into this potential, Ukraine needs to see through energy-sector reforms and **full implementation of the EU's Third Energy Package**, unbundling of the transmission and distribution system operators, and reform and reinforcement of its regulatory regime, with spe-

cial regard to turning the National Energy and Utilities Regulatory Commission into a "professional and independent regulator."[16] While the 2017 Electricity Market Law represented a significant milestone in Ukraine's compliance with EU legislation, the energy market still faces chronic regulatory, pricing, and infrastructure-investment problems, and the general state of the generation, transmission, and distribution infrastructure is abysmal. On the generation side, with few exceptions, Ukraine's power plants date back to Soviet times. Many will need to be decommissioned by 2030 to meet EU environmental standards, while the Ukrainian transmission network has major reliability issues and is plagued with technical losses.[17]

Overall, more than $5 billion would be needed to upgrade the system and enable it to join ENTSO-E in 2025. For this to happen in a timely fashion, **creating a better investment environment and steadfast support from the European Commission on grid modernization, with a strategic focus on renewables, are essential components.**

Last, but not least, Ukraine—still the most energy-inefficient economy in Europe, with energy consumption per square meter at least twice as high as in the EU—should continue prioritizing energy efficiency and proceeding expeditiously with programs supported by the European Commission, EBRD, EIB, and World Bank.[18] Encouraging progress has been seen on this front, with legislation in place requiring all households to install heat and hot-water meters, a new law that implements an EU directive on the efficiency of buildings, and an Energy Efficiency Fund to support energy-efficiency investments.[19]

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14   Oleg Savitsky, "Ukraine's Power Sector is Set for a Major Transition," *Energy Post*, June 20, 2018, http://energypost.eu/ukraines-power-sector-is-set-for-a-major-transition/.

15   *Cost-Competitive Renewable Power Generation: Potential across South East Europe* (Abu Dhabi, United Arab Emirates: International Renewable Energy Agency, 2017), http://www.irena.org/publications/2017/Jan/Cost-competitive-renewable-power-generation-Potential-across-South-East-Europe.

16   Tóth and Kotek, *Regional Vision On Challenges and Opportunities for Ukraine Gas Market Integration.*

17   Technical losses in the transmission and distribution grids reach 12 percent—two and a half times higher than in Organisation for Economic Cooperation and Development (OECD) countries.

18   Delegation of the European Union to the Ukraine, press release, "EU and Ukraine Sign €50 Million Agreement to Support Energy Efficiency Fund," April 18, 2018, https://eeas.europa.eu/delegations/ukraine/43125/eu-and-ukraine-sign-€50-million-agreement-support-energy-efficiency-fund_en.

19   Antonenko, et al., *Reforming Ukraine's Energy Sector.*

Moldova—A Test of European Solidarity

Moldova's lack of proper connections with its European neighbors makes it highly exposed and vulnerable to Russia—its monopolistic gas supplier—and the country is reliant on imports for 98 percent of its energy needs. The fact that all gas imports travel through the disputed territory of Transnistria, where a frozen conflict has long complicated the energy picture.[20]

Gas dominates Moldova's energy mix, accounting for 63 percent of primary energy usage, and the country receives all its gas from Russia. Moldova has so far failed to diversify its gas-supply sources, and Russian entities dominate the generation, transmission, and distribution value chains.

That is not for lack of trying. With European Union and Romanian assistance, Moldova has made efforts to diversify its gas supplies. The EU, the EBRD and the EIB, as well as the Romanian and Moldovan governments, jointly provided 26.5 million euros to construct a gas-pipeline link between Moldova and Romania.[21] The 1.5-bcm-capacity Iasi-Ungheni pipeline, completed in 2014, brings Romanian gas supplies to the Moldovan border, but does not yet extend to Chișinău, the center of Moldovan gas demand.[22]

A major step forward was a bid Romania's Transgaz won in February 2018 for the privatization of Vestmoldtransgaz, an independent transmission-system operator (TSO) managing the planned **Ungheni– Chișinău pipeline**.[23] Transgaz pledged to finish the pipeline in two years, with a $93 million USD investment. When complete, it would link the Moldovan market to Romania and allow for Romanian onshore, Black Sea, and other gas to flow into the Moldovan system after the expiration of the gas contract between Gazprom and Moldova in December 2019. That will also require Romanian investment to boost transmission capacities toward Moldova (and Ukraine), which

could be implemented in parallel with the construction of the Ungheni–Chișinău pipeline.[24]

In addition to infrastructure, **full implementation of the EU's Third Energy Package**, as agreed by Moldova, is also critically important to break Gazprom's monopoly in the Moldovan gas market. Unbundling Moldovagaz would wrest control of Moldova's transmission and distribution systems away from Gazprom. Much like in Ukraine, reinforcing the independence of the energy regulator is also a must.

Perhaps the biggest challenge will be liberalizing the gas market, as this will entail a major rise in energy prices—electricity by 73-113 percent, and heat by 78 percent, by 2020—which will inevitably prove politically unpopular.[25] This is crucial, as Moldova will hold elections in November 2018. As Ukraine has been undergoing a similar process, it would be beneficial to conduct an exchange of experiences, **best practices, and lessons learned on targeted** and preferably—as opposed to the one in Ukraine—narrow and cashbased **subsidy regimes** to mitigate the social impact. Despite these difficulties, it is paramount to avoid the derailment or slowing down of the implementation process.

Moldovagaz's $6.5 billion USD debt for gas deliveries—which Gazprom is demanding from Chișinău, despite the fact that less than half of the 3 bcm of gas is consumed outside Transnistria—is another difficult issue. The debt is frequently brought up by Gazprom, and hangs above the heads of Moldovan decision-makers as a Sword of Damocles, complicating deliberations on diversification and market-liberalization policies.

The **electricity market in Moldova is also highly dependent on Transnistria,** with 80 percent of all electricity supplies in Moldova provided by the Cuciurgan power station, which runs on Russian gas and is owned

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20 Transnistria is an unrecognized entity, on the territory of Moldova, East of the Dniester river, supported by Russia.

21 Maria Shagina, "Moldova's Fragile Energy Security," *New Eastern Europe*, March 14, 2018, http://neweasterneurope.eu/2018/03/14/moldovas-energy-security/.

22 Moldova's annual consumption needs, without Transnistria.

23 Warsaw Institute, "Transgaz to Buy Vestmoldtransgaz, the Moldavian State Owned Gas Company, on a Market Controlled by Gazprom," January 4, 2018, https://warsawinstitute.org/transgaz-buy-vestmoldtransgaz-moldavian-state-owned-gas-company-market-controlled-gazprom/.

24 Ana Otilia Nutu and Denis Cenușă, *Interconnecting Moldova's Gas Market: the Iasi–Ungheni Case* (Chișinău, Moldova: Expert-Grup, 2016), https://www.expert-grup.org/ro/biblioteca/item/download/1511_d3527cd3fb892d86a39ec496490692c0.

25 Shagina, "Moldova's Fragile Energy Security."

by Inter RAO.[26] The Cuciurgan power station does not pay for its gas from Russia, yet sells electricity at a 30-percent surcharge to Chișinău compared to Romanian electricity prices, thus increasing Moldova's debt to Gazprom. The sale of electricity happens through nontransparent intermediary companies—Energokapital and Energocom—which have been associated with corruption among the Moldovan political elite.[27] Past attempts to diversify electricity supplies, including from Ukraine's DTEK, have been only moderately successful. (DTEK delivered only 90 million megawatt hours (MWh) instead of the pledged 270 million MWh.)[28]

Just like Ukraine, **Moldova hopes to accede to the European ENTSO-E system**, which would require major investments and a complete overhaul of the Moldovan electricity system. While this becomes possible, Moldova should focus on raising its capacity for electricity imports from Romania, from the current 150 MW to 650–800 MW, by building cross-border interconnections, including:[29]

- The Isaccea–Vulcanesti– Chișinău interconnection, with a back-to-back station and a 110-kilovolt (kV) connection to Comrat, at the cost of 140 million euros. This could also provide an outlet for Romania's excess production of wind and nuclear energy in the Dobrogea region.

- The Suceava–Balti interconnection, with a back-to-back station in Balti, at the cost of 132 million euros, of which 63 million euros would fall to the Moldova section.

The former efforts are already supported by the EU, the EIB, the EBRD, and the World Bank, with a package of 270 million euros (80 million from the EIB, 80 million of EBRD loans, a 70 million loan from the World Bank, and a 40 million investment grant from the EU).

Moldelectrica, Moldova's public electricity utility, will be in charge of the project, which is targeted to start in 2019 and be completed in 2022.[30]

Finally, as in the case of Ukraine, Moldova is only beginning to tap into its renewable-energy potential.[31] The adoption of the new renewable-energy law last year paved the way for the realization of Moldova's goal of 20 percent renewables as part of total energy consumption by 2020, and, ideally, an even more ambitious goal beyond. The new legislation introduced a tender mechanism and priority access to the grid for electricity from renewable sources, as well as net-metering for smaller-scale renewable-energy power stations.[32] Provided it is implemented fully and consistently, this law could enable a dynamic rise in renewable-energy production in Moldova, alleviating import dependency over the medium term.

Conclusions

Both Ukraine and Moldova are strategically important to the Three Seas Initiative countries, due to their geographic location, geopolitical and energy security importance, and potential to contribute to the stability and prosperity of the region as a whole. Extending and solidifying the single European energy market to these countries also represents a unique opportunity to further the goal of European integration at a time when fully fledged EU enlargement may remain elusive.

To fulfill this potential, both countries—with robust and effective 3SI and EU support—need to double down on ongoing energy-market reforms and interconnection efforts.

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26 Nutu and Cenușă, *Interconnecting Moldova's Gas Market: the Iasi–Ungheni Case.*

27 Shagina, "Moldova's Fragile Energy Security."

28 Ibid.

29 Nutu and Cenușă, *Interconnecting Moldova's Gas Market: the Iasi–Ungheni Case.*

30 Olga Rosca, "EBRD, EIB, EU and World Bank Finance Moldova-Romania Power Link," *European Bank*, December 20, 2017, https://www.ebrd.com/news/2017/ebrd-eib-eu-and-world-bank-finance-moldovaromania-power-link-.html.

31 International Renewable Energy Agency, "Opportunities and Challenges in RE Deployment in the Region—Republic of Moldova," October 6–7, 2016, www.irena.org/EventDocs/Bucharest/Session%20II_Moldova.pptx.

32 Emiliano Bellini, "Moldova's New Renewable Energy Law Comes into Force, Solar Expected to See First Growth," *PV Magazine*, March 27, 2017, https://www.pv-magazine.com/2017/03/27/moldovas-new-renewable-energy-law-comes-into-force-solar-expected-to-see-first-growth/.

Recommendations for the Transatlantic Community:

- maintain robust political, technical, and financial support for Ukraine and Moldova in their quest to safeguard their sovereignty, reinforce their energy security, and integrate into the European energy markets

- ensure the full implementation of the Third Energy Package in Ukraine and Moldova

- ensure the continuity of gas transit through Ukraine after 2019

- raise the ambitions for renewable-energy deployment in both Ukraine and Moldova, focus on the modernization of the grid to accommodate the influx of renewables, and assist in the countries' accession to the ENTSO-E system

- encourage and actively support (technically and financially) policies that fully tap into the significant energy-efficiency potential of Ukraine and Moldova

- explore the feasibility of projects that could deliver Black Sea gas from Romania (possibly through Moldova) to Ukraine

- finalize the planned electricity interconnections between Moldova and Romania, to diversify electricity supplies and bring down prices in Moldova

- support the finalization of the Iași-Chișinău gas pipeline as a measure to ensure Moldova's long-term gas supply and market competitiveness

- use the CESEC framework for coordination: The CESEC process proved extremely efficient in bringing together regional stakeholders to facilitate energy infrastructure expansion. Because both Ukraine and Moldova are part of the CESEC group, it would be highly efficient to continue coordination efforts on both the gas and electricity projects outlined above in the CESEC framework. That is in line with the CESEC High Level Group conclusions in Bucharest in September 2017, in which the group agreed to extend CESEC's mandate beyond gas to include electricity markets, the coordinated planning

and development of power-grid infrastructures, the promotion and better inclusion of renewables, and energy efficiency[33]

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33 European Commission, "Meeting of the Central and South-Eastern European Connectivity (CESEC) High Level Group in Bucharest on 28 September 2017—Conclusions," https://ec.europa.eu/energy/sites/ener/files/documents/cesec_conclusions_final_website.pdf.

Atlantic Council