

Untangling the Moldovan Energy Crisis

Jakob Hedenskog

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Executive Summary

With the EU's offer to grant €30 million for the purchase of gas for Moldova's power production and the Transnistrian leadership's agreement to receive gas from the European spot market, Moldova's energy crisis appears to be easing.

The primary responsibility for last month's crisis lies with Russia, which could have used an alternative route to Transnistria when the five-year gas transit agreement through Ukraine expired on 1 January 2025 but deliberately chose not to do so. The objective was to undermine the popularity of the ruling pro-European PAS party in the upcoming Moldovan parliamentary elections. However, recent developments suggest that Russia, while displaying indifference to the suffering of the population in the pro-Russian separatist region during the energy shortage, may have overplayed its hand.

To prevent recurring energy crises in Moldova, the EU should increase support for energy sector reforms in the country. To further weaken Russia's influence, these reforms should include energy market development, including concrete market liberalisation to enhance market efficiency and the rule of law, as well as energy efficiency improvements. The most pressing need is to end Gazprom's majority stake in Moldovagaz.

What has happened?

On 27 January 2025, the European Union (EU) [proposed](#) a €30 million emergency assistance package to support the Republic of Moldova in addressing the ongoing severe energy crisis. Through this package, the EU is prepared to finance the purchase and transport of natural gas to the separatist Transnistrian region of Moldova to help restore electricity and heating for the region's more than 350,000 inhabitants until 10 February 2025.

This EU assistance followed a decision a week earlier by Vadim Krasnoselsky, the de facto leader of Transnistria, to finally accept gas deliveries to Transnistria that had been purchased by Moldovagaz, Moldova's largest energy company, on the European gas spot market. Taken together, these recent developments signal a breakthrough in this year's energy crisis in Moldova, including in the pro-Russian separatist region.

The five-year gas transit contract between Russia and Ukraine, which allowed Russian gas to flow to Europe, expired on 1 January 2025. Kyiv had long warned that it would not extend the deal to avoid financing Russia's full-scale war against Ukraine.

Moldova immediately found itself in an energy crisis, facing potential political instability due to power cuts and rising electricity prices. Although right-bank Moldova has not imported Russian gas since the end of 2022, it continues to rely on electricity produced at the Cuciurgan power station in Transnistria, on the left bank of the Nistru River. This gas-fuelled power station is operated by Moldavskaya GRES, which is 51 per cent owned by the Russian company Inter RAO UES. Before the crisis, Moldavskaya GRES supplied more than 70 per cent of Moldova's electricity needs.

Furthermore, although Moldova and Ukraine have been synchronised to the European electricity grid since March 2022, the capacity for high-voltage electricity transmission from the EU is inadequate. A high-voltage transmission line from Romania is under construction but is not expected to be operational until the end of 2025. This makes the challenges both urgent in the short term and significant in the long term.

The Russia-backed separatist region of Transnistria also experienced major power cuts after 1 January, leading to the closure of nearly all industry in the region. The local energy company also cut heating and hot water supplies to households. The crisis threatened to collapse the Transnistrian economy and public finances, potentially triggering a wave of migration to right-bank Moldova, putting pressure on the economic and administrative capacities of the pro-European government in Chişinău.

Both the government in Chişinău and the de facto authorities in Tiraspol declared a state of emergency in December 2024 and implemented measures to reduce power consumption during peak hours. While Chişinău can import both gas and electricity from other sources at higher prices, Tiraspol had no alternative to Russian gas. The two sides of the river are interlinked in the energy sector, as a substantial proportion of the infrastructure dates back to Soviet times. The right bank depends on power from the left bank, and since the gas transit agreement with Ukraine expired, the left bank has depended on the right bank for gas to generate that electricity.

The cause of the crisis

The primary cause of the current energy crisis was not Ukraine halting the transit of Russian gas. An alternative route exists for Gazprom to supply gas to Transnistria via the TurkStream pipeline under the Black Sea, which connects to the Trans-Balkan pipeline through Turkey, Bulgaria, and Romania to Moldova. However, Gazprom has refused to use this option.

[Russia argued](#) that it would only use alternative gas pipelines if Moldova paid what it claims is a gas debt amounting to US\$709 million. Chişinău maintains that the debt is US\$8.6 million, excluding Transnistria's debt of approximately US\$7 billion, which has accumulated over decades due to the unrecognised separatist entity's free consumption of Russian gas.

On 15 January 2025, the Russian newspaper [Kommersant](#) reported that the Russian government was planning to purchase gas for Transnistria on the European spot market through an intermediary company, Natural Gaz DC, which was later replaced by the Cyprus-registered Ozbor Enterprises. Sources claimed that up to 3 million cubic metres per day were being negotiated at a cost, at current market prices, of around US\$164 million to supply the region from the rest of January until the end of April. The funding would come from the Russian state budget as "humanitarian assistance."

Moldova's President, Maia Sandu, however, [argued](#) that Russian gas supplies to unrecognised Transnistria through intermediaries would violate international sanctions and be illegal under Moldovan law. She claimed that Moscow's use of non-transparent schemes through third parties, instead of employing Gazprom as the majority shareholder of Moldovagaz, raised doubts about its intentions and responsibility.

Reaction from the region

Moscow predictably [blamed](#) Moldova and Ukraine for the current energy crisis, accusing Kyiv of cynically preventing the transit of Russian gas in winter to inflict suffering on Transnistria's population and accusing Chişinău of failing to settle its gas debts.

By insisting that Chişinău must pay the debt first, Gazprom attempted to shift responsibility onto Chişinău and the PAS government, blaming them for provoking a humanitarian catastrophe in Transnistria. In reality, Moldova offered to assist Transnistria in addressing its power shortages, as the Chişinău government considers the local population to be Moldovan citizens. However, the first reaction from the separatist region's leaders was to reject any assistance from Moldova, Ukraine, or the EU.

Moldova's government [accused](#) Russia of energy blackmail and of fabricating an artificial energy crisis to destabilise the country and weaken the pro-European PAS government ahead of this summer's parliamentary elections. Moscow's ultimate goal is to bring a pro-Russian government to power in Moldova, potentially as a springboard for attacks against Ukraine and to further blackmail European countries.

Recommendations for the EU

Neither the EU nor Ukraine can afford to lose Moldova to Russia. To strengthen Moldova's energy security and weaken Russia's leverage, the EU should support Chişinău in various areas. In the short term, as mentioned, the EU has already offered funds to subsidise Moldovan, including Transnistrian, gas purchases over the winter.

In the medium to long term, to avoid recurring crises, the EU should strongly encourage Moldova to reform its energy market and enhance its energy security. While there have been successful efforts to diversify away from Russian gas, they have not yet been sufficient to end dependence on electricity from Transnistria. The EU should therefore encourage Moldova to build its own power station and find ways to break the monopoly of Moldovagaz, which grants Gazprom significant leverage over Moldova.

The EU should also work towards breaking Moldova's (and Transnistria's) dependence on gas in general. For example, this could be achieved by subsidising heat pumps and other means of electrification to reduce gas consumption. Where district heating networks exist, subsidising waste incineration plants could be considered. This has been explored previously, including a proposed waste incineration plant in Chişinău. Such a facility would address both the waste problem and reduce gas usage for heating.

Furthermore, the EU should encourage Moldova to undertake substantive reforms, including market liberalisation and utilising foreign assistance to develop an energy market that attracts foreign investment in natural gas supply, enhances diversification, strengthens adherence to the rule of law, and reduces bureaucratic obstacles.

These measures would achieve three objectives simultaneously: ensuring access to energy at a reasonable price, delivering environmental improvements (less CO₂ from electrification and solutions to local environmental issues), and reducing Russian influence.

Another crucial issue is the Russian information war. It is important to show the population of Transnistria that the era of free gas is over, that there is a viable alternative from Moldova and the EU, and that, in reality, Russia is responsible for the energy crisis in Moldova.



Jakob Hedenskog

Analyst at the Stockholm Centre for Eastern European Studies.

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