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Energy Community Secretariat

On behalf of the Republic of Moldova and in accordance with the Conclusions of the 9th Ministerial Council meeting, 6 October 2011, Chisinau, regarding the decision of implementation of the third-legislative package for an internal EU gas and electricity market, I would like to underline that the Republic of Moldova reiterates its position from the official Statement of the Republic of Moldova regarding the implementation of the 3rd internal energy market legislative package, adopted at the PHLG meeting on December 14th, 2011.

Actually, our country is under the process of implementation of the second legislative package and is moving towards aligning the energy market rules to EU standards and to its integration in the regional market within the Energy Community Treaty.

Please find attached a Non-paper on the Third Energy Package implementation process in the Republic of Moldova.

I avail myself of the opportunity to express the assurances of my highest consideration and hope for a further fruitful cooperation.

Valeriu LAZAR

**Deputy Prime Minister,
Minister of Economy**

Non - paper on the Third Package implementation process in the Republic of Moldova

Work on national level and implementation steps. On 6th October 2011, at the 9th Ministerial Council Meeting, Chisinau (Moldova), the Republic of Moldova has adopted the decision related to the implementation of the Third legislative Package for an internal EU natural gas and electricity markets. This was an important step towards aligning our energy market rules to EU standards and to its integration in the regional market within the Energy Community Treaty.

It should be mentioned that the implementation process of the Third legislative Package in the Republic of Moldova needs to be considered in the context of the short as well as medium and long term development on the ground of the existing contractual and ownership realities in the country, related to the natural gas sector.

In the natural gas sector from the Republic of Moldova a vertically integrated company JSC "Moldovagaz" operates and, according to the new Law on natural gas, transposing EU Directive 2003/55/EC, it should be reorganized by 2013 in line with its requirements, including third party access, capacity allocation etc.

According to the above mentioned Law, the activity of operation of the system shall be legally and functionally separated from activities of supply and production. Thus, JSC "Moldovagaz" shall create three undertakings carrying out activities of transmission, distribution and supply of natural gas.

In the last two years, Moldova undertook important measures for the implementation of the second legislative package and adopted in December 2009 the Law on electricity and the Law on natural gas, transposing Directive 2003/54/EC and Directive 2003/55/EC.

On December 14th, 2011 an official Statement of the Republic of Moldova regarding the implementation of the 3rd internal energy market package was brought to the attention of the PHLG members during the above mentioned meeting.

Taking into account the perspective of the Third Package's implementation and in order to have guarantees for investors in terms of asset ownership in the gas sector of the Republic of Moldova, JSC "Gazprom" (that owns 50% of shares from JSC "Moldovagaz") has conditioned the position regarding the clarification of situation concerning its ownership in JSC "Moldovagaz". In this way and referring to the letter on the same subject from the Ministry of Energy from Russian Federation, the Ministry of Economy has suggested to launch the negotiations in order to elaborate an inter-governmental cooperation Agreement in the Energy sector between both states, that will provide certain mutual guarantees for the strategic investments in the Energy sector for Moldova and Russia.

of the existing factual and legal relations. Thus, since Republic of Moldova depends 100% on import of natural gas from Russian Federation, since there are no other options of the natural gas supply from other sources, it is clear that non signing a new contract to deliver natural gas in the Republic of Moldova between JSC "Moldovagaz" and JSC "Gazprom", will affect the security of supply of the country and the whole region.

Plans for next steps and considered options. As a temporary option, the Ministry of Economy has drafted the amendments to the Law on natural gas permitting to unbundle functionally and accountably the activities of supply and distribution of natural gas. This reorganization will be made till 01.01.2013.

At the same time, Moldova would like to underline that the principal approach for alignment of the national legislation with the EU acquis in the energy sector remains a priority for the country. Moldova is committed to undertake all necessary measures for the appropriate implementation of principles established in the "third energy legislative package", and ensure the operational independence of the transmission and distribution companies upon the reorganization of JSC "Moldovagaz".

Questions. In this context, based on of the existing realities and specific situation of the natural gas market, Republic of Moldova is imposed to ask for a derogation from the unbundling regimes as envisaged in Directive 2009/73/EC (Article 9 and related articles of the Directive).