



# Transnistria renewable energy growth

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Last fall, Moldova, under the leadership of President Maia Sandu, broke its full-scale dependence on Russian gas. This was possible via Moldova's connection to the Iasi-Ungheni pipeline, which runs through Romania and is a reverse flow of the Trans-Balkan pipeline. This winter, none of Moldova's gas will be imported from Russia.

For the last two years the European Union has provided funding to support subsidization for vulnerable households' fuel costs. While this much needed relief helps Moldovans survive another winter--it is not a long-term solution. The World Bank has supported projects to increase the efficiency of the heating systems and to build pathways for Moldova to connect to Romania's electrical grid. The solutions for partners seeking to help Moldova develop long-term energy independence is going to take time.

Now is the time--before Russian gas ceases to flow to Transnistria and while Moldova has the most pro-reform government in its history--to help Moldova move toward a future where Russia's malign hand can no longer reach into Moldovan homes and control the thermostat. To support this, the international community needs to work with the current Moldovan government to ensure the following occurs before the winter of 2024:

While these are important short-term measures to remove Moldova's dependence on Russia, there should also be integrated efforts toward energy independence. This should include a focus on renewable energy. Further developing wind energy is something the United States should consider increasing support for in the longer term. Through a thoughtful integration of these measures, Moldova will be ready for when Ukraine turns off Russia's tap in December 2024.

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Moldova wants to introduce its own carbon tax to keep pace with the European Union's climate legislation -- but the effort is creating tensions with its Russian-backed breakaway region of Transnistria, home to most of the country's heavy industry.

The EU's Carbon Border Adjustment Measure (CBAM) is a border tax aimed at keeping bloc's companies competitive by ensuring that rivals also pay a carbon price. It targets six carbon-intensive sectors highly exposed to international trade: aluminum, cement, iron and steel, electricity, hydrogen and fertilizers. Its transitional phase launches on October and goes fully into effect in 2026.

That's a big potential problem for Moldova, and especially Transnistria, which is a large exporter of iron and steel to the EU. A study by Carnegie Europe found the CBAM would "most likely lead to unemployment and reduced wages" and could put up to 2 percent of Moldova's employment at risk.

The problem is that Moldova has no clue how to ensure that Transnistria, a region plagued by corruption and which does not recognize the government's authority, would implement complex policies such as carbon measurement, reporting and verification.

"First, how can we monitor such a market? How do you then check it and get the reporting on these emissions?" Carolina Novac, Moldova's state secretary for energy, told POLITICO. "How do we enforce such a mechanism both internally but also in Transnistria?"

Around 1,500 Russian troops are stationed in Transnistria -- part of a frozen conflict dating back to the fall of the USSR. The region is also home to several Soviet-era industrial plants, which generate over half of its GDP through exports.

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