

# Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments

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Geneva



# General Sector Overview



- RM highly dependent on energy imports
- 94% of the energy needs (fossil fuels and electricity) are covered from imports

**In absence of national fossils,  
promotion of EE and RE is key**



# Energy Sector Challenges



- ❑ Lack of own resources (natural gas, oil, coal);
- ❑ High energy intensity and poor energy efficiency;
- ❑ Low level of RE use (6%);
- ❑ Dominance of imported natural gas;
- ❑ Old equipment (about 60-70%) in the energy transformation sector;
- ❑ Insufficient investments in the energy sector, etc.

# Accession to EC Treaty



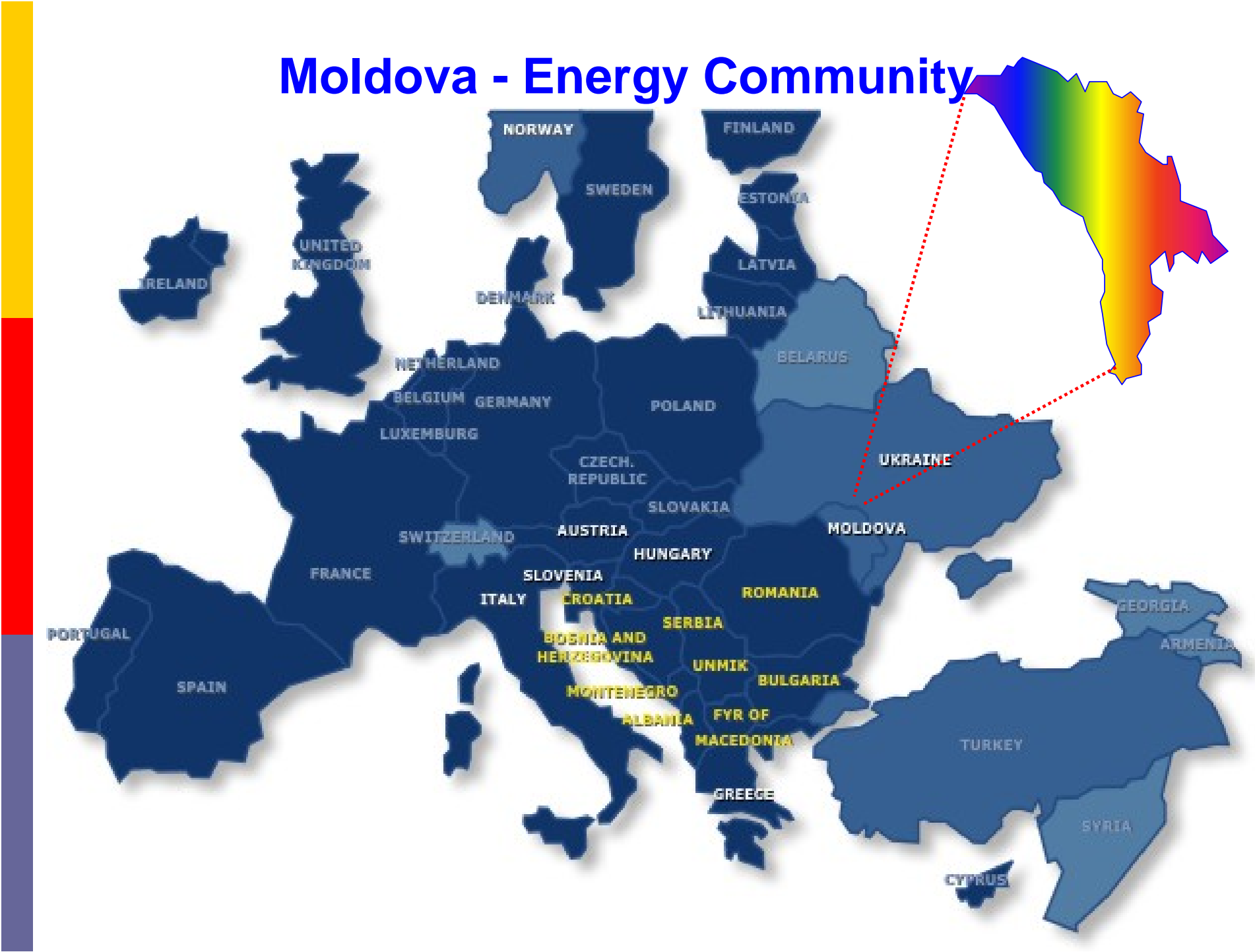
**Accession to the Energy Community Treaty – was a key objective of the Republic of Moldova’s 2020 Energy Strategy:**

***December 23, 2009*** – RM adopted the Law on no 117-XVII on RM Accession to the Energy Community Treaty

- ***March 17, 2010***, Vienna – signed the Protocol on Accession to the Energy Community

***May 1, 2010 – Moldova became a member of Energy Community Treaty***

# Moldova - Energy Community



# General Energy Legal Framework



- **EU-RM Action Plan** –a key document that provides for the RM legislation Approximation Matrix, including the EE and RE.
- **Energy Strategy 2020, GD No 958 of 21.08.2007**

6% in 2010 and 20% in 2020 (If the targets stated above are reached, they will result in an annual reduction of CO<sub>2</sub> emissions by 167-210 ths tones CO<sub>2</sub> equivalent)

# Legal Framework/RE



## **Law on Renewables, No. 160 of 12.07.2007**

RE support mechanism;

Energy Efficiency Fund;

Feed-in tariff for 15 years;

Distributors' obligation to accept green energy into the national grid.

Biodiesel target – 5% by year 2010 (2013 new amendment), 20% by 2020

Bioethanol target – 6% by year 2010 (2013 new amendment), 20% by 2020

## ***National Agency for Energy Regulator:***

Methodology to determine, approve and apply tariffs for electricity produced from renewable energy and biofuel.

Regulation on Guarantee of Origin for Green Energy

# Legal Framework/R&D



## **Law on Technology Parks and Innovation Incubators, No. 138-XVI of 21.06.2007 creates:**

*Incentives for the businesses, residents of the park:*

- ❑ No value added tax on import of goods and services
- ❑ No custom tax on import of goods and services
- ❑ No value added tax on goods and services bought on the RM territory
- ❑ No profit tax/3 years

## **❑ Law on Public-Private Partnerships, No 179 of 10.07.2008 allows the businesses and local authorities create PPP**

- ❑ Art. 19. provides for the types of contracts (Build Operate Own Transfer, Build Operate Transfer, etc. )
- ❑ 50 years period for land
- ❑ Art. 25. Procedure for PPP initiation (feasibility study)

## Legal Framework/Heat Tariffs



**December 17, 2009** - RM Parliament approved the Law on Amending and Supplementing Some Laws no. 107-XVIII, which:

- conveyed the responsibility for heat tariff setting from the local public authority to the national energy regulator;
- Transferred the responsibility for the national energy regulator's budget approval and Administrative Board assignment from the government to the parliament.

**These changes allowed setting the heat tariff at the cost-recovery level, which is key for EE promotion**



# Legal Framework/EE



## ***Law on Energy Efficiency approved in the Parliament on July 2, 2010:***

- Transposes EU Directive 2006/32/CE of April 5, 2006 on energy end-use efficiency and energy services;
- Provides for creation of the AEE - institutional capacity in charge of EE and RES promotion and monitoring;
- Introduces energy auditing;
- Introduces energy managers for regions, municipalities and Gagauz Territorial Administrative Unit;
- Creates a ground for ESCOs, third party financing, performance contracting, energy consumption metering;
- Requires adoption of minimum energy performance standards, etc.
- Requires the adoption the National EE Program until 2020 and National Energy Efficiency Action Plans every other 3 years at the national level;
- Requires adoption of Local/Municipal EE Programs every other 3 years and Local/Municipal EE Action Plans every other year that would integrate in the national ones above.

# Legal Framework/EE



## Already developed and subject to approval:

- Regulation on Energy Efficiency Agency /EU and SIDA support is negotiated to create the Agency. RM budget provided for EEA financing for year 2011.
- Regulation on Energy Auditors' Certification/USAID support
- Operational Manual for the Energy Efficiency Fund /USAID support
- National Energy Efficiency Program 2010-2020/NEEP and the National Communication Strategy /EU Support
  - The NEEP provides for cross-sector measures, as well as EE activities for energy generating, building, municipal, transport, industry sectors; sets the annual, intermediate and long-term energy saving and CO2 emissions reduction targets, etc.

# Legal Framework/EE



## Development underway:

- Regulation on Minimum Energy Performance Requirements for Buildings (Ministry of Construction and Regional Development with EBRD support (AEER and Energy Center of Bratislava))
- **MoE launched activities to transpose:**
  - energy labeling (9) directives/EU Support;
  - eco-design directive;
  - RE and biofuels Directives/EU support.



**Thank You for Attention!**

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