

**DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 11 June 2025<sup>1</sup>

**MOLDOVA**

**MOLDOVA ENERGY SECURITY**

*[Redacted in line with the EBRD's Access to Information Policy]*

*[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]*

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<sup>1</sup> As per section 1.4.8 of EBRD's Directive on Access to Information (2024), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

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**ABBREVIATIONS / CURRENCY CONVERSIONS**

ACB	Ananiev-Cernauti-Bogorodciani
ANRE	National Energy Regulatory Agency of Moldova
BCM	Billion cubic metres
ca.	Circa
CCY	Currency
CGAP	Corporate Governance Action Plan
DSO	Distribution System Operator
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortisation
EFET	European Federation of Energy Traders
ENERSAP	Energy Reform Sector Action Plan
ESAs	Electricity Supply Agreements
EU	European Union
EUR	Euro
FX	Foreign Exchange
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GoM	Government of Moldova
GDP	Gross Domestic Product
GSAs	Gas Supply Agreements
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ITC	Input Tax Credit
mcm	Million cubic meters
MDL	Moldavian Leu
m	Million
PPR	Procurements policies and Rules
PSO	Public Service Obligation
PTI	Portfolio Transition Impact
SBLC	Standby Letter of Credit
SDKRI	Sebelinka-Dnepropetrovsk-Krivoi Rog-Ismail
SGA	Selling, General and Administrative expenses
SOE	State Owned Enterprise
TC	Technical Cooperation
TI	Transition Impact
TSO	Transmission System Operator
TTF	Title Transfer Facility
YE	Year end
y-o-y	Year-over-year
VMTG	VestMoldtransgaz
WC	Working Capital
USAID	United States Agency for International Development

## PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of Energocom JSC (the “Company”), a state-owned energy company incorporated in Republic of Moldova, are submitted for consideration by the Board of Directors.

The project includes provisions of a working capital (“WC”) senior loan facility and a standby letter of credit (“SBLC”) facility in a total amount of up to EUR 400 million. Both facilities will be guaranteed by the Republic of Moldova. The WC loan facility of up to EUR 300 million will be provided in the form of a revolving loan in favour of the Company. The SBLC facility of up to EUR 100 million will be provided in the form of the guarantees issued by the Bank on behalf of the Company to its eligible suppliers.

The operation will enable the Company to acquire natural gas and electricity ensuring stable energy supply to the Republic of Moldova. The expected transition impact of the project will stem from: (i) the *Resilient* quality, through strengthening Moldova’s energy security and supporting important energy sector reforms; and (i) the *Inclusive* quality through ensuring continued access to essential energy services for the Moldovan population.

TC support for this operation will be provided by the EBRD’s Shareholder Special Fund and Sustainable Infrastructure Fund.

I am satisfied that the operation is consistent with the Bank’s Strategy for Moldova, the Energy Sector Strategy, the Equality of Opportunity Strategy and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed facilities substantially on the terms of the attached Report.

**Odile Renaud-Basso**

## BOARD DECISION SHEET

Moldova – Moldova Energy Security- DTM 56466	
<b>Transaction / Board Decision</b>	<p>Board approval<sup>2</sup> is sought for a <b>senior working capital loan (“WC”)</b> and a <b>standby letter of credit facility (“SBLC”)</b>, in the combined amount of <b>up to EUR 400 million</b> in favour of JSC Energocom (the “<b>Company</b>”, “<b>Energocom</b>”), a state-owned energy company. The WC loan facility of up to EUR 300m will be provided in the form of a 5-year revolving loan in favour of the Company. The SBLC facility of up to EUR 100m will be provided in the form of the guarantees issued by the Bank on behalf of the Company to its eligible suppliers. Both facilities will be guaranteed by the Republic of Moldova and will enable the Company to acquire natural gas and electricity ensuring stable energy supply to the Republic of Moldova (the “<b>Project</b>”).</p> <p>The financing will comprise of <b>four tranches</b>:</p> <p>(i) Tranche 1 (WC): up to <b>EUR 170m committed tranche</b> that will be used to procure energy on the spot market;</p> <p>(ii) Tranche 2 (WC): up to <b>EUR 80m uncommitted tranche</b> that will be used in case energy prices register unexpected increases;</p> <p>(iii) Tranche 3 (WC): up to <b>EUR 50m uncommitted tranche</b> that will be used in case energy prices register further significant increases; and</p> <p>(iv) Tranche 4 (SBLC): up to <b>EUR 100m uncommitted tranche</b> that will enable purchase of gas under fixed term contracts.</p> <p>The Board is requested to approve the delegation of the Tranches 2, 3 and 4 commitments to Management for their fast deployment in the case of energy price fluctuations and need the to guarantee fixed term gas supply contracts.</p>
<b>Client</b>	<p><b>Borrower:</b> Energocom is a 100% state-owned energy company that acts as electricity and gas importer and domestic energy supplier. [REDACTED]</p> <p><b>Guarantor:</b> Moldova is rated B3 with a stable outlook by Moody’s, and B+ with a stable outlook by Fitch.</p>
<b>Main Elements of the Proposal</b>	<p><u>Transition impact:</u></p> <p><b>Primary Quality – Resilient:</b> The Project will (i) strengthen Moldova’s energy security by enabling the Company to acquire natural gas and electricity on the spot market and/or based on fixed term contracts, and (ii) support further sector reforms as part of the new Energy Reform Action Plan (“<b>ENERSAP</b>” 2.0) developed in parallel to the facility which contemplates further improvement of gas and electricity markets, including the renewable energy sector, in line with best international practice.</p> <p><b>Secondary Quality – Inclusive:</b> The Project will also provide a reliable 5-year financing facility to prevent energy supply disruption and to ensure continued access to essential energy services for the Moldovan population and displaced Ukrainians.</p> <p><u>Additionality:</u> Financing structure (terms, closing funding gap, crisis response); Policy (energy market reform); Standard setting (procurement standards).</p> <p><u>Sound banking:</u> Sovereign guaranteed loan.</p>
<b>Key Risks</b>	<p>Key risks include (i) political and macro-economic risks; (ii) sanctions risk; (iii) integrity risks. These risks are partially mitigated with the sovereign guarantee provided by the Moldovan government; the incumbent reformist government supported by international partners; and the existing IMF programme as well as EU support via the EUR 1.9bn Moldova Growth Plan.</p>
<b>Strategic Fit Summary</b>	<ul style="list-style-type: none"> <li>• Strategy for Moldova: Strengthen energy security.</li> <li>• Energy Sector Strategy: Energy security.</li> <li>• Equality of Opportunity Strategy: Ensuring access to services.</li> </ul>

## ADDITIONAL SUMMARY TERMS FACTSHEET

<sup>2</sup> Article 27 of the AEB provides the basis for this decision.

<b>EBRD Transaction</b>	<p>A facility of up to EUR 400m including:</p> <ul style="list-style-type: none"> <li>(i) up to EUR 300m 5-year revolving WC loan to Energocom to finance gas and electricity acquisitions for Moldova during summer months and throughout the year. The loan will be composed of three tranches: <ul style="list-style-type: none"> <li>1. Tranche 1 of up to EUR 170m; committed.</li> <li>2. Tranche 2 of up to EUR 80m; uncommitted.</li> <li>3. Tranche 3 of up to EUR 50m; uncommitted</li> </ul> </li> <li>(ii) up to EUR 100m SBLC's, as Tranche 4, uncommitted, to be issued on behalf of Energocom to its eligible suppliers, which will enable the Company to enter into fixed term gas supply contracts with pre-qualified gas suppliers.</li> </ul> <p>The strategic importance of the transaction is driven by the energy security objective to ensure continued and uninterrupted gas and electricity supply in Moldova, both in 2025 and following years. This is essential to safeguard basic needs and economic livelihoods of the local population as well as refugees from Ukraine.</p>
<b>Mutual Reliance</b>	No
<b>Existing Exposure</b>	<p><b>EUR 830m sovereign debt to Moldova</b> equivalent to 67.4% of the EUR 1,040m country portfolio. Sovereign operating assets are EUR 363m out of the total EUR 482m operating assets as of March 2025.</p> <p>Part of this exposure is indirect exposure to Energocom as a recipient of funds borrowed by the Government of Moldova (“GoM”) under existing energy security financing facilities approved by EBRD in 2022 and 2023, namely:</p> <ul style="list-style-type: none"> <li>• The RLF Moldova Gas Security Supply facility [REDACTED]</li> <li>• Moldova Gas Security Supply extension [REDACTED]</li> </ul>
<b>Maturity / Exit / Repayment</b>	[REDACTED]
<b>Use of Proceeds - Description</b>	The facility will be utilized to strengthen Moldova's energy security by enabling continuous acquisition and supply of gas and electricity. [REDACTED]
<b>Investment Plan</b>	[REDACTED]
<b>Financing Plan</b>	[REDACTED]
<b>Key Parties Involved</b>	<ul style="list-style-type: none"> <li>• The Borrower: Energocom</li> <li>• The Guarantor: Republic of Moldova</li> <li>• The Off-taker (gas): S.A. Moldovagaz or other entity designated by the regulator. In case the borrower is designated as direct supplier of gas to final customers under public service obligation, there will be no off-taker and Energocom will directly sell the gas</li> <li>• Gas suppliers: Suppliers identified at pre-qualification stage</li> <li>• Electricity suppliers: Romanian Electricity and Gas Market Operator (“OPCOM”), or other acceptable exchange</li> </ul>
<b>Conditions to subscription / disbursement</b>	[REDACTED]
<b>Key Covenants</b>	[REDACTED]
<b>Security / Guarantees</b>	Republic of Moldova Guarantee
<b>Other material agreements</b>	[REDACTED]
<b>Associated Donor Funded TC and Blended Concessional Finance</b>	<p><b>Technical Cooperation (TC 1):</b> Main objective of assignment and how it supports investment: <b>Project Implementation and Advisory Support</b></p> <p>[REDACTED]</p> <p><b>Technical Cooperation (TC 2):</b></p>

	Main objective of assignment and how it supports investment: <b>Support for Competitive Procurement of Renewables and Battery Energy Storage Systems in Moldova</b> [REDACTED]
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[REDACTED]

## INVESTMENT PROPOSAL SUMMARY

### 1. STRATEGIC FIT AND KEY ISSUES

#### 1.1 STRATEGIC CONTEXT

Moldova is a landlocked country with no major mineral or energy resources. Its economy is heavily dependent on imports for most of its energy needs, including gas, electricity, and liquid fuels. Natural gas accounts for 31% of Moldova's energy consumption mix, representing ca. 1.0 bcm per year. Unlike most of its neighbours, where industry is the main consumer of gas, 70% of Moldova's gas is consumed by households and district heating utilities.

With no domestic sources of energy and no gas storage, Moldova historically relied on gas imports solely from Russia via the transit pipeline to Western Europe that crosses Ukraine. These gas supplies were made under a long-term gas supply contract with Gazprom, valid until 2026. In autumn 2022, Gazprom unilaterally decreased the supplied gas volumes, ultimately halting all supply on 1 January 2025 following the expiration of the Russia-Ukraine transit agreement. This left Moldova vulnerable to gas price volatility and supply disruptions, highlighting an urgent need for further EU energy integration.

In response to the regional energy crisis and Gazprom's reduced gas supplies, the GoM and EBRD signed a EUR 300m revolving loan facility in June 2022 (*RLF - Moldova Gas Security Supply* project). In 2023, this facility was increased to nearly EUR 500m (*Moldova Gas Security Supply extension*) [REDACTED]

In addition to Moldova's energy security, the Project will contribute to continued energy sector reforms in Moldova under the ENERSAP 2.0, which will help the GoM to further develop competitive and open gas and electricity markets as well as the renewable energy sector. ENERSAP 2.0 follows and builds on the successful implementation of the existing ENERSAP by addressing legislative, regulatory and operational changes not previously covered, including but not limited to (i) introduction of a fully functioning electricity balancing market; (ii) designation of nominated electricity market operator; (iii) introduction of day ahead and intraday markets; and (iv) provision of renewables auctions coupled with energy storage. ENERSAP 2.0 will be an integral part of EBRD's financing agreements.

#### 1.2 TRANSITION IMPACT

The table below sets out the TI objectives and details of the Project.

##### Primary Quality: Resilient

Obj. No.	Objective	Details
1.1	<i>The project entails addressing current liquidity shortages of</i>	The Project funds will finance gas and electricity acquisitions which will support Moldova's



	<i>the company resulting from a sudden, significant change in economic activity due to a crisis event.</i>	internal energy consumption by both households and businesses. Moldova's energy security has been affected by the discontinued gas transit through Ukraine.
1.2	<i>The project entails a policy dialogue initiative that has been assessed as Strong Good by the sector economist.</i>	Under the proposed Project, the Bank will develop the ENERSAP 2.0 [REDACTED]The Bank is also providing a TC to support competitive procurement of renewables and Battery Energy Storage Systems ("BESS") in Moldova (also envisaged under the ENERSAP 2.0). The development of renewable energy and BESS in Moldova will help the country to further enhance energy sector resilience.

### Secondary Quality: Inclusive

Obj. No.	Objective	Details
2.1	<i>AVAILABILITY: The Project broadens service coverage to users, strengthening economic participation with demonstrably moderate need and robust effectiveness</i>	The Project will ensure the continued availability of energy services for the Moldovan population. The acquisition and supply of gas and electricity will maintain broad and reliable service coverage for 2,400,000 users, supporting continued access to essential services.

[REDACTED]

### 1.3 ADDITIONALITY

Identified triggers	Description
A significant share (at least 30%) of the project is to finance working capital	75% of the Bank's proceeds will be used to finance the Company's working capital.
A subsequent/consecutive transaction with the same client with the same use of proceeds and in the same destination country	100% of proposed new financing will be used to finance gas and electricity purchases for Moldova's immediate consumption or building up strategic reserve.

Additionality sources	Evidence of additionality sources
<b>Financing Structure</b> EBRD offers financing that is not available in the market from commercial sources on reasonable <b>terms and conditions</b> , e.g. a longer grace period. Such financing is necessary to structure the Project. Public sector: EBRD investment is needed to close the <b>funding gap</b> . At the same time, EBRD does not crowd out other sources, such as from IFIs,	EBRD financing will enable Energocom to procure energy resources for Moldova. Neither Energocom, nor the GoM have such cash resources immediately available to secure procurement of necessary quantities of energy resources required by Moldova. EUR 400m financing package goes beyond the capacity of the local banking sector, while on a standalone basis Energocom would not be able to borrow on the local market. [REDACTED]  The new EBRD financing is therefore highly additional.



government, commercial banks and/or complements them. Crisis response: EBRD financing <b>effectively bridges a financing gap</b> due to adverse market conditions.	
<b>Policy, sector, institutional, or regulatory change</b> EBRD's involvement in a Project is considered additional when it is designed to <b>trigger a change in the policy</b> , sector, institutional or regulatory framework, or enhance practices at the sector or country level.	<p>The Project entails a policy dialogue initiative which includes implementation of a new ENERSAP 2.0, composed of necessary legislation and rules to align with the Electricity Balancing Regulation, in addition to arrangements for procurement of balancing capacity and the introduction of a fully functioning balancing market.</p> <p>Through the ENERSAP 2.0, the Project will help to implement an enabling framework for renewable energy and energy storage auctions, facilitate the auctions by adopting relevant legislative amendments, and launch such auctions through selection of winning bidders.</p>
<b>Standard-setting: helping Projects and clients achieve higher standards</b> Client seeks/makes use of EBRD expertise on <b>best international procurement standards</b> . Client seeks/makes use of EBRD expertise on <b>corporate governance</b> improvements, including for climate risk management.	<p>Energocom will be using EBRD facility to purchase gas based on EFET contracts from the pre-qualified suppliers selected according to the Bank's PPR during pre-qualification stage.</p> <p>Electricity acquisitions will be undertaken through the electronic trading platform operated by OPCOM or any other exchange acceptable to the Bank.</p>

#### 1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
<b>Project specific risks</b>		
<b>Sanctions risk</b>	Low/High	[REDACTED]
<b>Integrity risk</b>	Medium/High	[REDACTED]
<b>Liquidity risk</b>	Medium/Low	[REDACTED]
<b>External risks</b>		
<b>Political risk</b>	High/High	[REDACTED]
<b>Macro-economic risk</b>	Medium/High	[REDACTED]

## 2. MEASURING / MONITORING SUCCESS

<i>Overall objectives of Project</i>	<i>Monitoring benchmarks</i>	<i>Implementation timing</i>
<ul style="list-style-type: none"> <li>- Good financial and operational performance</li> <li>- On-time Project implementation</li> </ul>	<ul style="list-style-type: none"> <li>- Gas and electricity continue to be supplied in Moldova</li> </ul>	<ul style="list-style-type: none"> <li>- [REDACTED]</li> </ul>

### Primary Quality: Resilient

<b>Obj. No.</b>	<b>Monitoring indicator</b>	<b>Details</b>	<b>Base-line</b>	<b>Target</b>	<b>Due date</b>
1.1	Practices of the relevant stakeholder improved (operational)	To continue the gas supply in Moldova starting from 1 July 2025 onwards	[REDACTED]	[REDACTED]	[REDACTED]
1.2	Practices of the relevant stakeholder improved (operational)	Energocom to continue purchase gas and/or electricity on competitive European markets.	[REDACTED]	[REDACTED]	[REDACTED]
1.3	Operational performance of the client: working capital cycle/cash conversion cycle	Total amount of gas (volume) to be purchased using the facility mcm.	[REDACTED]	[REDACTED]	[REDACTED]
1.4	Legal, institutional or regulatory frameworks in target areas improved	ENERSAP 2.0 is implemented introducing (i) open and competitive electricity market by establishing national terms and conditions for the balancing in line with the provisions of EBGL and other Energy Community acquis, designating the Nominated Electricity Market Operator (NEMO), amongst other actions (ii) open and competitive gas market, by appointing the supplier of the last resort/universal gas supplier by ANRE, based on the transparent and non-discriminative procedure and large industrial gas consumers to procure gas on open gas market, (iii) thriving market for renewable energy by continuing	[REDACTED]	[REDACTED]	[REDACTED]

		the implementation of the Action Plan for the deployment of renewable energy, and energy storage			
1.5	Legal, institutional or regulatory frameworks in target areas improved	With the help of Bank's TC the GoM to run a second renewables tender for a minimum capacity of 50MW.	[REDACTED]	[REDACTED]	[REDACTED]
1.6	Legal, institutional or regulatory frameworks in target areas improved	With the support of the Bank's TC the Company will develop and implement robust strategies for (i) natural gas and electricity procurement, (ii) diversification of supply sources, (iii) optimization of contractual frameworks, and (iv) alignment with EU/EBRD requirements.	[REDACTED]	[REDACTED]	[REDACTED]

**Secondary Quality: Inclusive**

Obj. No.	Monitoring indicator	Details	Base-line	Target	Due date
2.1	Expanded access to infrastructure	The Project will ensure the continued availability of energy services for the Moldovan population.	[REDACTED]	[REDACTED]	[REDACTED]
2.2	Number of individuals with improved access to services (others)	2,400,000 individuals maintain their access to essential energy services.	[REDACTED]	[REDACTED]	[REDACTED]

### 3. KEY PARTIES

#### 3.1 BORROWER

**Energocom** is a 100% state-owned enterprise established by the GoM in 2005 as an electricity importer and domestic electricity supplier. In October 2021, the GoM appointed Energocom to act as an alternative gas importer to Moldovagaz by buying gas from the EU suppliers and selling it to Moldovagaz.

The RLF Moldova Gas Security Supply facility is a EUR 300m, 3-year senior revolving loan to the Republic of Moldova signed on 23 June 2022 and on-lent to Energocom. The loan consists of two tranches: (i) the Diversification & Storage Tranche of EUR 100m, and (ii) Emergency Tranche of EUR 200m. In October 2023, the facility was increased to nearly EUR 500m (Moldova Gas Security Supply extension, [REDACTED])

#### 3.2 GUARANTOR

**Moldova** is rated by Moody's at B3 with a stable outlook and by Fitch at B+ with stable outlook.

#### 3.3 KEY OFF-TAKER

The key gas off-taker in Moldova is Moldovagaz, an integrated company, incorporated in 1999, which acts as the transmission system operator and monopoly gas distributor in Moldova. Moldovagaz is controlled by Gazprom (50%+ 1 share), Moldova owns 35.3%, 13.4% belongs to Tiraspoltransgaz and a few percent to individual shareholders (employees). As per the Moldovan gas regulator's decision of 2019, Moldovagaz is under a public service obligation for the supply of gas to all final consumers until 2026. Moldovagaz owns the majority of gas transportation and distribution network of 1,800 km reaching 90% of the consumers in the country, and through which the gas acquired under the Project will be delivered to the end customers. In April 2025, the energy regulator of Moldova, ANRE, issued a decision which starts the process of suspension of Moldovagaz's gas supply license given its (i) inability to fulfil its obligations to ensure public supply of gas and (ii) failing to comply with the unbundling requirements. A competitive selection procedure for the designation of a new public service supplier was launched. [REDACTED]

The key electricity off-takers are three entities, two of which are electricity distribution system operators (DSOs) selling electricity to end customers and one is the electricity transmission system operator (TSO) Moldelectrica purchasing electricity to cover transmission losses. Moldova's electricity distribution network is operated by Premier Energy Distribution covering central and south Moldova, and by RED Nord covering the north. The state-owned TSO also acts as the central dispatcher for the whole country. Premier Energy Distribution and Moldelectrica are both EBRD clients with existing portfolio projects.

## 4. MARKET CONTEXT

### **MOLDOVA GAS MARKET**

With no domestic sources of energy and no gas storage, Moldova is highly dependent on imported natural gas that accounts for over 31% of the energy mix. Until 2022, Moldova's wholesale gas market was dominated by Moldovagaz and operated as an illiquid monopoly. Nearly all of Moldova's gas demand was supplied from Russia (with transit via Ukraine) under a contract signed between Moldovagaz and Gazprom in October 2021 which originally was set to expire in September 2026. [REDACTED]

Following the progress in the implementation of the third Energy Package and commissioning of the Romanian gas interconnector [REDACTED], Moldova no longer had legal constraints to purchase gas from the EU. To enable gas procurement outside of a long-term contract with Gazprom and introduce competition for the existing monopoly of Moldovagaz, the GoM authorised Energocom to procure gas from alternative sources on a spot market by running tenders mainly on the EU and Ukrainian borders. [REDACTED]

### **MOLDOVA ELECTRICITY MARKET**

Energocom acts as the country's central electricity supplier. Electricity is purchased through a mix of bilateral contracts, renewable sources and spot acquisition on exchanges, which are based on matching orders from off-takers. Such orders are submitted monthly and adjusted daily depending on various factors such as weather conditions. Energocom is paid with a mix of advance payments and credit up to 30 days by off-takers, while the off-takers are covered by the tariff, including the cost of the acquired electricity amongst other costs. Cost deviations are covered by a working mechanism of tariff adjustments. Off-takers are the two electricity distribution companies, Premier Energy Distribution and RED Nord, and the TSO, Moldelectrica.

The EU's 2025 strategy allocates EUR 100m to subsidize households, covering excess electricity costs for up to 110 kWh/month until December 2025. To date, Moldova has procured 37% of its electricity from the OPCOM exchange, 36% from bilateral contracts, 15% from renewable resources within Moldova. This diversification is crucial to enhance Moldova's energy security and reduce dependency on a single source.

## **5. FINANCIAL / ECONOMIC ANALYSIS**

### **5.1 FINANCIAL SUMMARY**

[REDACTED]

### **5.2 FINANCIAL PROJECTIONS**

[REDACTED]

### **5.3 PROJECTED PROFITABILITY FOR THE BANK**

[REDACTED]

## **6. OTHER KEY CONSIDERATIONS**

### **6.1 ENVIRONMENT**

Categorised C (ESP 2024). The purchase of gas per se is not associated with any significant environmental and social risks. The risks are mainly related to the safety of gas transportation and technical integrity of the gas storage and distribution infrastructure. The gas will be transported via the existing infrastructure, owned and operated by a third party, and the Bank has no leverage over the gas distribution by the monopoly gas distribution company. Given the strategic nature of the gas transportation infrastructure and the high cost of gas, it is expected that regular maintenance and repairs are conducted to ensure that the guaranteed volume of gas is transported via the pipeline with no losses. The Company shall comply with applicable Environmental and Social Requirements pertinent to their main activity. No Environmental and Social Action Plan is required for this transaction.

### **6.2 INTEGRITY**

In conjunction with OCCO, updated integrity due diligence was undertaken on Energocom (the loan beneficiary), its senior management, gas suppliers and off-takers, and other relevant counterparties including the current gas off-taker, Moldovagaz. There are no new concerns or developments on the previously known integrity issues from the latest review of the existing financing facility in 2023 [REDACTED]

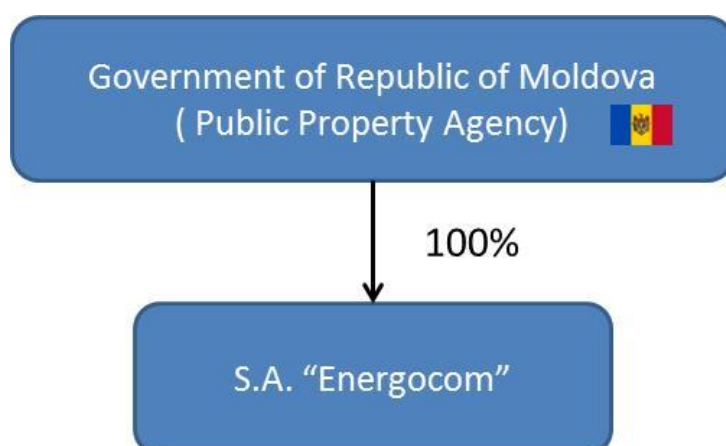
All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the project, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the project.

## ANNEXES TO OPERATION REPORT

### ANNEXES TO OPERATION REPORT

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**ANNEX 1. ENERGOCOM'S SHAREHOLDERS STRUCTURE**

## ANNEX 2. GREEN ASSESSMENT SUMMARY

### SUMMARY

- The Bank is financing the Energocom for the purchase of electricity and natural gas. The transaction does not involve any capital investment and is a 5-year working capital facility to support energy resilience of Moldova.
- The Project is determined **aligned with both mitigation and adaptation goals of the Paris Agreement.**
- The Project is attributed 0% **Green finance.**

### [REDACTED]PARIS ALIGNMENT ASSESSMENT

#### *Alignment with the mitigation goals of Paris Agreement*

- Company assessment:
  - There is no potential risk of Energocom to finance non-aligned activities. The Company is an energy trader focused solely on electricity and natural gas trade.
  - Energocom as a pure trader with no assets, can shift its trades from natural gas to electricity based on Moldova's decarbonisation and, therefore, is covered by the decarbonisation targets of Moldova. Additionally, Energocom is 100% owned by the GoM and, therefore, is covered by the country's NDC. A specific assessment of those is presented in the next sub-section together with assessment related to this transaction.
  - This transaction will not lead to an increase of natural gas consumption. It will be only used to diversify the source of the natural gas from Russia that will be consumed anyway and to avoid any disruption of the supply. The other sources of gas, mostly LNG, come at a higher price than the Russian gas.
  - Energocom is undertaking actions to align its activities with the objectives of the Paris Agreement. Notably EBRD via its hired consultant, KPMG, have supported Energocom to improve its Climate Corporate Governance ("CCG"). An assessment of Energocom's exposure to key climate risks (transition risks and physical risks) has been carried and the CCG Action Plan was developed and adopted by the Company. Earlier this year, an initial disclosure was made by the Company on its website outlining the main principles of the Company's adopted CCG Action Plan, the anticipated impacts of climate change and climate policies on its business and an initial assessment of the Company's exposure to climate risks. Energocom is currently pursuing actions as per the disclosure summary of an adopted CCG Action Plan.
  - Energocom is planning to develop this year a set of decarbonization targets for 2030 and beyond and the associated KPIs to monitor the performance in relation to these targets.
- National policy plans: based on the previous assessment, Energocom activities are aligned with the different country strategies.
  - National Energy and Climate Plan (NECP):
    - Moldova approved a NECP in February 2025. The main decarbonisation commitments are: achieve a national target of 30% renewable energy in final energy consumption, maintain primary energy consumption below 2,949 ktoe and final energy consumption below 2,762 ktoe, and reduce GHG emissions on the right bank of the Nistru by 68.5%, compared to 1990 emissions could be reduced up by to 88%.
    - The NECP also foresees concrete actions to ensure energy security, including diversification of energy import routes, strengthening the interconnectivity of the national energy system by building new connection lines with Romania and ENTSO-E, and developing a new energy strategy until 2050.
    - The NECP targets annual energy savings of 0.8% through the implementation of energy efficiency measures. For example: by promoting high-efficiency cogeneration (rehabilitation of thermal power plants), taking measures to reduce energy losses and improve energy efficiency in buildings, and promoting efficient technologies and those that benefit from RES.

- The new Energy Strategy being developed aims to reduce the risks associated with the supply of natural gas by taking systematic measures to diversify the sources and routes of natural gas supplies and ensure the necessary level of investment in the technical development of energy networks. Over the past ten years, the Republic of Moldova has taken concrete measures to diversify gas and electricity supplies, including through the creation of interconnections with Romania, which contributed to the improvement of energy security.
- NDC:
  - In its updated NDC (NDC3, submitted in December 2024), Moldova intends to reduce its greenhouse gas emissions by 71 – 73% below its 1990 level in 2030, instead of 64 – 67% as committed in NDC1.
  - The country's absolute economy-wide target for 2035 is to reduce its GHG emissions by 75% below its 1990 level. The 2035-year target is following a steeper trajectory to net zero emissions (non-reducible GHG emissions are compensated by removals in the land use, land-use change and forestry [LULUCF] sector) by 2050 for all greenhouse gases.
  - In the long-term perspective, as stipulated by Law no. 74 of 11 April 2024 on climate actions, the country aims to achieve climate neutrality by 2050 (non-reducible GHG emissions are compensated by removals in the LULUCF sector).
  - The natural gas consumption reduced already by 73.9% from 1990 until 2019. This is due to two factors: (i) a decrease in population by 11.9% and the GDP by 27.7 % between 1990 and 2016 and (ii) the general increase of the energy efficiency leading to a decrease of the energy intensity (CO<sub>2</sub>eq/GDP) by 4.5% p.a. on average since 2000.
- Moldova has progressed with its decarbonisation agenda. Current renewables installed capacity is 85.64 MW. EBRD is supporting the tendering of 165 MW of new renewables (bid submission period running from the 31st of October 2024 until the 31st of March 2025). At the end of 2023, renewables accounted for 10.5% of national electricity consumption. In 2030, renewables are expected to contribute 30% to the national electricity mix and 27% to final energy consumption.
- Carbon lock-in:
  - The Project is a revolving facility of short duration (5 years) that does not entail any capital investment. It will be only used for the purchase of electricity and natural gas and to avoid any disruption of the supply. Consequently, the risk of carbon lock-in of this Project is very low as no new facilities or extension of the operating life of the current facilities are included in the Project.

#### *Alignment with the adaptation goals of Paris Agreement*

The Project is determined as aligned with the adaptation goals of the Paris Agreement as it satisfies all three steps of the assessment. No material physical climate risks have been identified.

#### **GREEN FINANCE ATTRIBUTION**

The Project is attributed does not qualify for green finance.

[REDACTED]

## **ANNEX 3. SANCTIONS GENERAL OVERVIEW**

## [REDACTED] ANNEX 4. PROJECT IMPLEMENTATION

### Procurement classification – *Public sub-sovereign*

[REDACTED]

The Project Entity for the Project will be Energocom which will be fully responsible for all procurement and implementation activities under the Project. Energocom has experience in procuring gas and electricity under the Bank's PPR, Moldovan Public Procurement Law and on international trading platforms (for example, the EU's gas trading platform, Aggregate EU, OPCOM).

*Contracts risk assessment: Low*

The Project will finance contracts for procurement of natural gas and electricity.

Natural gas: contracts will be awarded to prequalified suppliers/traders solely based on lowest price. All contracts financed under the Project will be based on the industry standard European Federation of Energy Traders (EFET) conditions of contract.

Electricity: Electricity acquisitions will be undertaken through the electronic trading platform operated by the Romanian Electricity and Gas Market Operator, "OPCOM" or any other exchange acceptable to the Bank.

### Project implementation arrangements:

Energocom, supported by a gas procurement consultant financed by US Aid, has successfully implemented a similar Bank project and thus, has now built an internal capacity to implement similar projects.

### Procurement arrangements:

The proposed operation is classified as public sector for procurement purposes. Procurement procedures shall follow the principles and requirements set out in the EBRD PPR articles 3.25 [Procurement of commodities] and 3.57 [Procedures for procurement of commodities].

#### Gas:

Contracts for natural gas to be financed under the Project will be procured in accordance with the Bank's PPR and the procurement procedures agreed with Energocom under the Bank's previous two transaction (Moldova Emergency Gas Purchase Facility and its extension) updated to reflect the PPR 2022. In this regard, under the previous transaction (7) gas traders were prequalified to participate in the project and subsequently entered into an acceptable standard EFET contract (which contained the Bank's prohibited practices and right to audit provisions) with Energocom.

Following the successful implementation of the previous transaction, Energocom has advised the Bank of a significant level of interest in participation in future gas tenders from established gas traders which were not prequalified under the previous transaction. For this reason, and with the aim of maximising the level of competition under this transaction, the Client has launched another round of prequalification. The existing (11) gas traders shall automatically retain their prequalification status while the new applicants may be added to the list subject to them successfully meeting the prequalification requirements.

#### Electricity:

The procurement of electricity shall be undertaken through the electronic trading platform operated by Operatorul Pieteii de Energie Electrica si de Gaze Naturale S.A "OPCOM", the Romanian Electricity and Gas Market Operator, or through any other electronic trading platform acceptable to the Bank, which have created an electronic marketplace where energy can be traded in a transparent manner. The applicable procedures governing the registration of potential buyers on the OPCOM platform and the applicable regulations governing procurement on the platform are detailed in the OPCOM website – see [OPCOM: Tranzactii produse](#). All trades made by Energocom on the platform will be made between OPCOM and Energocom and governed by OPCOM's standard Participation Agreement which cannot be amended. Energocom will have no contractual relationship with any seller or trader on the platform

and all payments for electricity trades completed on the platform will be made by Energocom directly to OPCOM.

Prior to the commencement of procurement on the platform, Energocom shall enter into OPCOM's standard Participation Agreement. The Participation Agreement will be subject to no-objection by the EBRD prior to the commencement of procurement on the platform. Following the completion of any trade made on the exchange, Energocom shall provide the Bank with a copy of a document issued by OPCOM which provides evidence of the trade. The evidencing document shall include details of the volume of electricity procured, the contract price payable under the transaction, and the final delivery date for the electricity.

The procurement processes for the natural gas to be supplied under the transaction, will continue to subject to the Bank's PPR, the agreed procurement procedures, and the Bank's no-objection following a post-review process.

## ANNEX 5. ENERGY REFORM SECTOR ACTION PLAN IMPLEMENTATION

	ACTIONS	DEADLINE	RESPONSIBLE ENTITY	COMMENTS	<i>Progress as of May 2025</i>
<b>1. Improve Corporate Governance at Energocom</b>					
1.1	Implement a Corporate Governance Action Plan that contains – inter alia - some targeted corporate governance actions aimed at improving the corporate governance and transparency at Energocom in line with agreed best international practices.	[REDACTED]	Public Property Agency, Energocom	[REDACTED]	[REDACTED]
1.2	Improve the capacity in Energocom to purchase gas on competitive European markets	[REDACTED]	Energocom, USAID	[REDACTED]	[REDACTED]

1.3	<p>Develop a Climate Corporate Governance (CCG) assessment leading to an initial disclosure that sets out:</p> <ul style="list-style-type: none"> <li>• The main principles of the Company's adopted CCG Action Plan;</li> <li>• The anticipated impacts of climate change and climate policies on its business; and</li> <li>• An initial assessment of the Company's exposure to climate risks</li> </ul>	[REDACTED]	Public Property Agency, Energocom	[REDACTED]	[REDACTED]
<b>2. Sector reforms implementation</b>					
2.1	<p><b>Develop and implement necessary primary and secondary legislation and related measures.</b></p> <p>In cooperation with the Energy Community, promote the amendments to the Natural Gas Law necessary for the introduction of the harmonised gas transmission tariff to ensure consistency with</p>	[REDACTED]	The Government of the Republic of Moldova (Ministry of Infrastructure and Regional Development in cooperation with and National Energy Sector Regulator (ANRE), Energy Community Secretariat and EBRD)	[REDACTED]	[REDACTED]



	the Energy Community acquis, Third Energy Package, network code Regulations, Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency and national legislative and market condition.				
2.2	In cooperation with the Energy Community Secretariat, ANRE to modify entry-exit transmission tariff methodology in line with amended Natural Gas Law. The methodology to include a harmonized tariff and an Inter-TSO Compensation (ITC) mechanism.	[REDACTED]	ANRE	[REDACTED]	[REDACTED]
2.3	Introduce the harmonised gas transmission tariff and ITC mechanism	[REDACTED]	ANRE	[REDACTED]	[REDACTED]
2.4	Update gas market rules	[REDACTED]	ANRE, Vestmoldtransgaz and Moldovatrangaz	[REDACTED]	[REDACTED]
2.5	<b>Strengthen the functional unbundling</b>	[REDACTED]	The Government of Moldova (Ministry of	[REDACTED]	[REDACTED]

	<b>of the TSOs.</b> Implementation of unbundling of MoldovaTransGaz under the terms and conditions stipulated in the Law No 108 of 27 May 2016 on Natural Gas		Infrastructure and Regional Development), ANRE, Public Property Agency		
2.6	<b>Implementation of Renewable Auctions.</b> Implement an enabling framework for the development of renewables through the amendments to the Renewable Energy Sources Law and implementation of renewable auctions in the Republic of Moldova.	[REDACTED]	The Government of the Republic of Moldova (Ministry of Infrastructure and Regional Development), ANRE, Public Property Agency	[REDACTED]	[REDACTED]
2.7	Building capacity in the Ministry of Energy and Public Property Agency to deliver on sector reforms	[REDACTED]	The Government of the Republic of Moldova (Ministry of Energy), Public Property Agency, EBRD	[REDACTED]	[REDACTED]

## **ANNEX 6. CGAP IMPLEMENTATION UPDATE**

[REDACTED]

## ANNEX 7. ENERGY SECTOR REFORM ACTION PLAN 2.0

	ACTIONS	DEADLINE	RESPONSIBLE ENTITY	COMMENTS
<b>3. Introduce open and competitive electricity market.</b>				
1.1	National terms and conditions for the balancing are established in line with the provisions of EBGL and other Energy Community acquis	[REDACTED]	ANRE Moldelectrica	[REDACTED]
1.2	The public procurement tenders are launched for balancing services for new capacities by Moldelectrica.	[REDACTED]	Moldelectrica	[REDACTED]
1.3	The balancing market is in place.	[REDACTED]	Ministry of Energy ANRE Moldelectrica	[REDACTED]
1.4	Nominated Electricity Market Operator (NEMO) designated.	[REDACTED]	ANRE OPEM	[REDACTED]
1.5	Day ahead and intraday markets are introduced.	[REDACTED]	Ministry of Energy, Ministry of Finance, ANRE, OPEM Moldelectrica	[REDACTED]
<b>4. Introduce open and competitive gas market.</b>				
2.1	Large industrial gas consumers procure gas on open gas market.	[REDACTED]	Ministry of Energy ANRE	[REDACTED]
2.2	The supplier of the last resort/universal gas supplier is	[REDACTED]	Ministry of Energy	[REDACTED]

	appointed by ANRE, based on the transparent and non-discriminative procedure		ANRE	
<b>5. Thriving market for renewable energy</b>				
3.1	The Action Plan for the deployment of renewable energy, and energy storage continue to be implemented	[REDACTED]	Ministry of Energy ANRE National Centre for Sustainable Energy with the support by EBRD with dedicated TC.	[REDACTED]
3.2	The secondary legislation concerning sustainability criteria for biomass, biofuels, and greenhouse gas emission reduction criteria is fully transposed, ensuring that the fuels consumed nationally are blended with certified biofuels, either locally produced or imported is adopted.	[REDACTED]	Ministry of Energy ANRE	[REDACTED]

## **ANNEX 8. TRANSITION IMPACT SCORING CHART**

[REDACTED]