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INVESTIGATIVE JOURNALISM FOR ENERGY SECURITY

Summary of Contest Winners' articles

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INTRODUCTION

Russia actively supports and subsidizes the Breakaway regions in Moldova (Transnistria), Ukraine (Donbass), and Georgia (Abkhazia and South Ossetia) through energy supplies while undermining the energy security of these countries. Russian aggression has deprived Georgia and Moldova of the control of their major power generating assets, and Ukraine of its essential coal reserves.

Since the early days of **Moldova's** independence, the country's energy security has largely depended on the Russian Federation for both gas consumption and electricity generation. The entry points and the gas compressor station of the Trans-Balkan pipeline are under the control of self-proclaimed Transnistrian authorities on the left bank of the Dniester River, which serves as proxies for the Kremlin authorities in achieving their foreign policy objectives in the region. Less than 19% of Moldova's electricity demand is produced domestically by 3 combined heat and power (CHP) plants that run on natural gas as fuel, with Gazprom being the only gas supplier. Gazprom owns 50% and controls another 13.4% of shares of Moldovagaz, the only gas utility for Moldova, having a de facto monopoly in Moldovan gas market. Moldova is highly dependent on the Transnistrian region for gas¹.

The Moldovan government failed to prevent the gradual takeover of the Moldovan gas sector by Gazprom, making Moldovan consumers finance separatism in their own country by purchasing energy from Transnistria and accumulating gas debts. Tiraspol regime does not pay for the gas delivered by Gazprom, which is burned to produce energy for more than 13 years. In the meantime, the breakaway region accumulated a historic debt of about 7 billion US dollars for the Russian gas. This could be a big problem for Moldova in terms of reunification of the country, considering, that Russia states, that this historic bill belongs to Chisinau. The Russian Federation has used Moldova's dependence on Russian gas to establish a contractual system whereby Moldovan consumers are forced to finance separatism in their own country by purchasing energy from power plants in Transnistria and accumulating gas debts. Gazprom served as the main instrument to finance the geopolitical agenda of the Kremlin administration, which can be summarized as strengthening Russian influence in Moldova by financing separatism and maintaining the role of mediator of the Transnistrian conflict to advance its own interest.

In Georgia's breakaway region Abkhazia, Abkhazian de-facto government has been benefiting from free electricity supply from Enguri Hydro Power Plant (HPP) after the war in Abkhazia in 1993, when the facilities of the biggest HPP (1300 MW) Enguri HPP ended up being on both sides of the dividing line. Powerhouse and substation of Enguri HPP and Vardnili 1 HPP are on the Abkhazian controlled territory, while the dam, reservoir and part of the diversion tunnel are on Georgian-controlled side. Initially there was an informal agreement to divide the output of the Enguri-Vardnili cascade in proportion 40:60 between Abkhazia and the rest of Georgia. This represented an estimate of plant fixed assets by both sides of dividing line for that period. Ever since, Abkhazia uses electricity generated by Enguri HPP cascade without any limitation and any financial reimbursement, while the rest of the Georgian consumers and the country budget pay for the operation and capital repairs of the station. The state of Georgia is subsidizing the consumption of electricity in Abkhazia, where Russian military bases are located, not only by covering the plant expenses but also through electricity imports in winter.

The growing unpaid consumption of electricity in Abkhazia is becoming a major energy security problem for Georgia. It results in increasing outflow of energy and financial resources, worsens the technical condition of the Enguri-Vardnili cascade and aggravates the situation in Georgian power system. It also increases the energy dependence on Russia and Azerbaijan and creates additional economic and political risks. The situation is difficult for Abkhazian population as well, who suffers from the poor quality and reliability of supply. This is particularly important problem, as electricity is the only source of energy in Abkhazia (Natural gas is not accessible in the region). The absence of metering and respective payment leads to excessive consumption and creates opportunities for wholesale and retail diversion of

¹ <https://transparency.am/assets/documents/news-1635763732-0-722320.pdf>

energy resource in Abkhazia. Cheap electricity is also actively used for illegal crypto currency mining (this is also a typical problem for Transnistria, Moldova). This is also like Russia's energy support to otherwise unsustainable breakaway regions in Moldova and Ukraine².

There is an ongoing dialogue between Georgian and Abkhaz civil society representatives supported by the Swiss government, where the issues of reforming the energy sector in Abkhazia are discussed, including introducing proper tariffs and metering, energy efficiency, renewable energy etc. Although this dialogue may be a welcome effort for finding constructive solutions, it is crucial to inform citizens and involve the civil society to consolidate the public support for resolving the problems

As for the Ukraine, Ukraine's energy security was seriously challenged in 2014 following the Russian invasion and military action in the eastern part of the country and the loss of governmental authority in Crimea.

Russian military aggression in 2014 has caused major challenges for the Ukrainian energy system. These challenges could be divided into three groups:

- 1 The physical threat to Ukrainian energy infrastructure (especially the threat of weaponized actions near the gas transmission networks).
- 2 The cutting off the access to the Ukrainian energy assets (transmission lines, companies' facilities, etc.) and energy resources. Ukraine lost the opportunity to explore its natural gas deposits on the Black Sea shelf and use the coal from the mines on the temporarily occupied territories of the Donbas region.
- 3 The problem of energy supply of the population of the temporarily occupied territories of Ukraine (the Autonomous Republic of Crimea and the city of Sevastopol, as well as certain areas in the Donetsk and Luhansk regions, as both regions have experienced a lack of local energy production).

Coal production in the Donbass basin has been severely curtailed. Damage caused to the coal mining and energy-intensive industries by military action in this region is immense, leaving many flooded mines and destroyed energy and transport infrastructure, and subsequent logistical problems. Coal supplies from the Donbass region to central Ukraine and the thermal power plants stalled almost entirely in mid-2014 and in the winter of 2015 due to discontinued rail operations and damaged or destroyed roads and bridges. This destruction poses major, irreversible damage to the coal and industry sectors, and its impact on the country's energy and economic outlook has yet to be fully assessed³.

The topic of breakaway regions is extremely sensitive and is often put on the top of the declared political agenda, however, energy sector-related aspects are often overlooked by policymakers and neglected by Journalists. Citizens lack information on critical energy security problems in their country.

The lack of coverage of these issues in the media leads to poor dialogue on this matter in society.

To address this gap, the think tank World Experience for Georgia (WEG), in cooperation with NGO Dixi Group Ukraine, Kyiv School of Economy, and Centre for Investigative Journalism in Moldova with the support of the European Union under the Black Sea Trust Fund for Regional Cooperation conducted a project "Journalists for Energy Security" (in 2021)

The main goal of the project was to support awareness raising in energy security through investigative journalism. To achieve this goal, the project was engaged in promoting oversight of critical energy policy issues among Journalists and raise awareness through training and contest of analytical and/or investigation articles for Journalists.

Journalists from 3 countries participated in the training and published investigative/analytical articles. 9 best articles were selected from 3 countries. The articles are summarized below.

² <http://weg.ge/sites/default/files/enguri-hpp-and-energy-supply-to-abkhazia-1.pdf>

³ <https://www.iea.org/reports/ukraine-energy-profile/energy-security>

HOW MOLDOVA REPURCHASED FROM GAZPROM A DEBT OF 140 MILLION USD AT A PRICE FOUR TIMES LOWER

by Ion Preasca

The almost 30-year history of relations between the Moldovan authorities and the Russian giant Gazprom is full of blackmail with the cessation of gas supplies or the transfer of gas assets on account of debts and of less talked about successes which relates also to the breakaway region of Transnistria.

One of these successes is the redemption of a debt to Gazprom at a price four times lower. Among the architects of this success are three ladies. In the summer of 1999, three Moldovan officials went to Moscow.

However, their visit was unofficial strictly confidential, and only a few people in Chisinau knew about it. Even Gazprom's management did not know who the three women really were.

The reason for the visit was the redemption at a lower price of a debt of about \$ 160 million, which our country could not pay. Mold-Street.com has reconstructed the story of this unknown operation.

The first gas conflict

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Only a few months after the proclamation of independence, the Republic of Moldova has faced problems with gas supply. In June 1992, Chisinau and the country's centre, which accounted for more than 50 per cent of Moldova's consumption (right bank of the Dniester), ran out of gas.

The secessionist Transnistrian authorities in the eastern districts blocked the deliveries, closing the 26A valve near Tiraspol. Thus, the supply of gas through the Odessa-Tiraspol-Chisinau highway was interrupted forever. It was the first gas-related conflict in the post-Soviet space, which arose for political reasons.

For the reliable supply of natural gas to Chisinau and the districts of central Moldova, then a segment of the Râbnița-Chisinau pipeline was urgently rebuilt, but it passed through areas with a high risk of landslides, which created risks for stable supply.

For various reasons, gas supplies to Moldova were interrupted several times in the following years.

In November 1994, due to a debt of \$ 220 million, Gazprom stopped deliveries. However, the supply was unblocked only after Moldova agreed to set up a joint venture with Gazprom, to which Chisinau sold its main export pipelines.

At the same time, the Moldova-Gaz concern was created (not to be confused with SA Moldovagaz, created in May 1999).

Debts and government bonds worth \$ 140 million

A new agreement was signed between the Government of Moldova and Gazprom on July 18, 1996, to resolve the issue of gas debts accumulated in 1994-1996.

Debt redemption solution Economist Alexandr Muravschi, who in 1999 was deputy prime minister in the Government led by Ion Sturza, says that being responsible for the energy sector also led to difficult negotiations with Gazprom, trying to get both lower tariffs and deferred payments, etc.

However, in the coming years, Moldova was accumulating new debts of hundreds of millions of dollars to Gazprom because it could not pay in full for gas consumption, and a number of payments were made through barter. So the country was still running the risk of running out of methane.

One of the measures taken by the Government led by Andrei Sangheli was to restructure the debt of Moldova for gas supplies by issuing by the Finance Ministry and sending to Gazprom securities worth \$ 140 million.

Foreign experts also recommended the solution with the redemption of papers from Gazprom.

"Every year, Moldova receives \$ 250 million worth of natural gas, but pays only 25-30 per cent. According to the situation on December 1, 1997, the debts of the consumers in Moldova to Gazprom amount to over \$ 350 million, of which two-thirds constitute the debts of Transnistria. The delayed payment penalty for 1994-1997 is estimated at \$ 160 million, of which more than half goes to Transnistria," stated the Chisinau gas master plan developed by USAID experts in 1998.

At the same time, they recommended that during the years 1999-2003, Moldova repurchased its obligations of \$ 140 million, issued and transmitted to Gazprom for debt restructuring. Or the state debt had reached about 70 per cent of GDP.

Shortly, this operation looked like this: in 1996, Moldova issued bonds worth \$ 140 million at an interest rate of 7.5% on gas debts. In 1999, due to defaults, this debt had exceeded \$ 160 million. So Gazprom transferred the recovery rights to a bank, and the Government of Moldova, through a French bank, repurchased the bonds for \$ 35 million.

 *Link to original article:* <https://www.mold-street.com/?go=news&n=13273>

HIGH VOLTAGE SCHEME! HOW PLAHOTNIUC AND SHEVCHUK BUILT CRIMINAL BRIDGES ACROSS THE DNIESTER RIVER

By Mariana Rata and Stela Mihailovici

As a result of unprecedented blackmail and pressure, in 2015, Moldova bought electricity at an inflated price from a joint-stock company connected to the unrecognized former leader from Tiraspol, Evghenii Shevchuk and Moldovan oligarch Vlad Plahotniuc.

The scheme for the purchase of electricity from the Cuciurgan Power Plant, through a tick company from Tiraspol - Energokapital, has been investigated since 2015 by Moldovan prosecutors. Still, the case was put on the deadline and then disappeared.

"The Black Box" TV investigative show managed to get more information documented by SIS officers demonstrating the involvement of some deputies, ministers, heads of state enterprises, but also so-called officials from the left bank of the Dniester River in the scheme by which Moldovan citizens were forced to pay more for electricity consumed.

It all started in October 2014, when, in Tiraspol, the joint-stock company Energokapital is registered. Officially, the company's founders were two other companies whose beneficiaries hid offshore in Belize and Hong Kong.

The investigative press and energy experts have repeatedly stated that the beneficiaries of the company were the belligerent politicians - Evghenii Sevciuk and Vladimir Plahotniuc. However, those in charge of its administration, planning, organizing and implementing the schemes were the controversial Moldovan MP Vladimir Andronachi, Plahotniuc's confidant, and Yuri Melnic, the adviser to the so-called president of Tiraspol, Evghenii Sevciuk.

Energokapital went through all the registration procedures in Chisinau at full speed, and 4 days after its founding, on October 20, 2014, ANRE also issued a license to supply electricity at unregulated rates.

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"Energokapital" had become the largest taxpayer in Transnistria

On December 1, 2014, with the agreement of Inter RAO, the so-called "Moldavskaia Grăs" from the left bank of the Dniester concluded a contract with Energokapital under which it undertook to produce energy from the gas delivered through Energokapital. Thus, the Cuciurgan power plant obtained profit only from the services provided for natural gas processing. The plant also gave Energokapital the right to supply the energy it produces solely.

Using this scheme, Energokapital reached the top of the largest taxpayers in the Transnistrian region, surpassing even the famous company "Sheriff". In 2015, Energokapital paid taxes on revenues of more than 172 million Transnistrian rubles, the equivalent of 15 million dollars, and at the end of the year recorded a profit of more than 18 million dollars.

Six months after its founding, on April 1, 2015, Energokapital hit the market for the first time. With the political support of Chisinau and the support of a high-ranking Russian giant Inter RAO, Carina Turcan, the company forced the "Gas Natural Fenosa" group to buy energy from the Cuciurgan Power Plant, with Energokapital as an intermediary, at a price of 30 per cent higher than that offered by the Ukrainian company "DTEK Power Trade".

The "Black Box PLUS" TV show came into possession of a telephone recording between Vladimir Andronachi and Iurii Melnic, worn the day after the contract was signed. In the discussion, the Moldovan deputy, who participated in the negotiations with Gas Natural Fenosa, proudly reports to Shevciuk's adviser how he managed to gather the people from Fenosa to the wall, resorting to blackmail and threats with criminal cases.



Link to original article: <https://tv8.md/2021/20/12/video-investigatie-schema-de-inalta-tensiune-cum-plahotniuc-si-sevciuk-au-construit-poduri-criminale-pestre-nistru/165288>

CHRONOLOGY OF A DEBT PAID: MOLDOVA HAS PAID ITS TRANSNISTRIAN GAS DEBT THREE TIMES

By Irina Tabaranu

For the past two decades, the governments of Chisinau have said in unison that the debt of the left bank - the Transnistrian separatist region, regarding gas consumption, is only the debt of the Tiraspol regime and that it will be paid by those there.

What is certain is that these debts are part of the negotiations between Moldova and the Russian Federation on the platform of the Moldovan-Russian Joint Intergovernmental Commission, and this equation does not include the separatist regime. This is because the secessionist regime in Tiraspol has no legal power.

Thus, the debt of the left bank remains the problem of Moldova and, more precisely, of the taxpayers on the right bank. This separation of debts from a common portfolio seems to be only at the declarative level.

It is accounted for only by MoldovaGaz, for which the state has not carried out any audit since its creation. To understand the situation, it is enough to see the shares in MoldovaGaz and who runs this joint-stock company.

Moldova has only 35.3 per cent of the share package, 13.4 per cent - the regime on the left bank of the Dniester River and the rest, except 1.3 per cent owned by individuals, belongs to Gazprom controlled by the Russian state.

In real terms, Moldovagaz should be called Gazprom Moldova because the current name would lead people to believe that MoldovaGaz is a state-owned company, where the Chisinau government is pulling the strings.

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The package held by Moldova would allow it to block specific actions that would harm the country, but it is not enough to enable the Court of Accounts to audit the company. The court can only check private companies with the majority state capital.

The solution that the Action and Solidarity Party, PAS, parliamentary majority thought to apply in this case, in which it wants to know if, for example, a company like MoldovaGaz, in which the majority shareholder is the Russian Gazprom, has made investments correctly over the years and the expenses. Especially those included later in the tariff is a special law that would allow the Court of Accounts to intervene and oblige the company to make its accounting data available.

A law that is not yet at the level of a legislative initiative.

The problem of accumulating gas debt is a major one because the scheme of their accumulation continues.

What can happen to this debt?

Vadim Ceban, chairman of the Board of Directors of JSC "Moldovagaz", said that in theory, it could be cancelled by the platform of the Moldovan-Russian Joint Intergovernmental Commission, and more precisely by the Russian Federation.

"We have a contract signed with Tiraspoltransgaz, the contract was signed before November 1, and the same purchase price will be paid. The subject is quite complicated. No one said that the Government should assume the debt, it is the debt of MoldovaGaz, but at the same time you noticed that we first focused on the debt of the right bank, respectively related to the debt of Tiraspoltransgaz," said Vadim Ceban for web portal zonadesecuritate.md

"This situation will be discussed at the stage of organizing the Moldovan-Russian Joint Commission and in the discussions and signatures of the respective intergovernmental agreement. Theoretically, the debt cannot be canceled, but it must be discussed in the context of the settlement of the Transnistrian conflict", Vadim Ceban declared for zonadesecuritate.md," he continued.

Two debt settlement scenarios: "Let's get along amicably."

The gas crisis of 2021 has put pressure on both Moldova and Gazprom, so it has been decided that they will audit Moldovagaz's debts in the first part of 2022. This will require the joint selection of an independent company. Even so, Sergiu Tofilat sees the solution to the gas debt problem through an amicable agreement.

MoldovaGaz is listed as the founding company of several gas distribution companies, including Tiraspoltransgaz, which de facto owns all the gas assets on the left bank of the Dniester.

This company has to collect the money for the consumed gas and then transfer the amounts to the accounts of MoldovaGaz and the latter to Gazprom.

After going through this route in a theoretical way, debts would not accumulate, but, as are all the processes related to the uncontrolled region, de facto everything happens differently.

Tiraspoltransgaz is no longer functional on the left bank of the Dniester, as all its responsibilities are exercised by Tiraspoltransgaz - Transnistria created by the Transnistria breakaway region.



Link to original article:

[Chronology of a debt paid: Moldova has paid its Transnistrian gas debt three times](#)

ABKHAZIA'S ENERGY – FROM CRISIS TO COLLAPSE

by Beslan Kmuzov

The water level in the reservoir of the Enguri hydroelectric power station was 422 meters on December 24, and according to the estimates of its staff, the operation of electric generators might be stopped within a week due to the critically low water level. At present, Enguri HPP supplies only 15% of electricity to Abkhazia, and Russia supplies the remaining 85% since December 18. Despite the fact that Sukhumi still has a debt of 162 million rubles (about 2,220 thousand dollars), it is forced to request electricity from Russia for the third year in a row.

Aslan Bzhania, the de facto President of Abkhazia, have noted that one of the crucial reasons for the energy crisis in Abkhazia is that population, as well as commercial enterprises, does not pay electricity bills regularly, despite the very low electricity tariff.

The shortage of generating capacities

Sukhumi hydroelectric power station, restored in 2019, is the only power plant fully controlled by the Abkhazian de-facto authorities. Russian investor Vladimir Apukhtin has spent \$12 million to restore the Sukhum HPP. The plant has a capacity of 19.6 megawatts and an annual output of 120 million kWh, which is approximately five percent of the energy consumed in Abkhazia. The rest – more than 2 billion kilowatt-hours is supplied to the rebel republic either directly from the Enguri hydroelectric power plant, or purchased from Russia.

The peculiarity of the Enguri hydroelectric power station is that the Jvari's reservoir that feeds power generators is located in the Zugdidi region, controlled by the Georgian authorities, and the power plants that generate electricity are in the Gali region of Abkhazia. After the end of the war in September 1993, under agreement between the two sides, 40% of the energy from the Enguri HPP was supplied to Abkhazia, and 60% to Georgia.

In the event that the generation of electricity at the Enguri hydroelectric power station falls or the station stops, electricity supply to Abkhazia is carried out from Russia. And such supplies hit the budget of Abkhazia, because Sukhumi pays nothing to Georgia for electricity, but de facto authorities have to pay for the Russian power supplies, and the price of Russian energy ranges from 2.7 rubles (\$0.037) to rubles 3.6 (\$0.049)

They sell at a price of 2.70 to 3.60 rubles per kilowatt-hour. At the same time, in Abkhazia itself, private consumers pay 0.4 kopecks (\$0.0054), and legal ones pay 0.85 (\$0.012) per kilowatt.

Abkhazia covers all the debt on electricity to Russia from the funds that are allocated to it every year, starting in 2013, by Russia itself within the framework of the "Investment program to promote the socio-economic development of Abkhazia." For 2020-2022, the program provides for the allocation of funds in the amount of 4.5 billion rubles (612 million dollars).

During the repair of the Enguri HPP tunnel, from December 2020 to the May 2021, Abkhazia received 1 billion kilowatt-hours from Russia. It was assumed that debts to Russia for electricity would amount to 3 to 5 billion rubles, and to pay them off, all the money received under the "investment program" in 2-3 years would have to be paid in full. However, as stated by the Minister of Economy Kristina Ozgan, the bill for the electricity was not presented.

However, both the Georgian and Abkhaz sides agree that consumption in Abkhazia will grow and exceed the limit that it receives from the use of the Enguri HPP, the estimated generation of which is 4 billion 430 million kilowatt hours, while the total consumption of electricity by Abkhazia from December 2020 to October 2021 amounted to 2.2 billion kWh.

Where to get energy from?

The way out of the situation looks quite simple – to buy electricity or build additional hydroelectric power plants. However, Abkhazia has no funds for this investment.

Deterioration of networks

In addition to the construction of power plants in Abkhazia, there is also a big problem of wrapping electrical wires and transformers. The Chernomorenergo company published more than 100 announcements on transformer accidents, cable breaks or outages due to equipment overheating on its Facebook page, in 2021. Replacing the infrastructure of the electricity distribution system, according to the deputy of the de facto parliament of Abkhazia, Garry Kokai, will amount to at least 4.7 billion rubles (\$ 54 million). “According to Abkhaz’s data, according to their calculations, about 20 billion rubles are needed to restore the electric grid infrastructure/ Abkhazia does not have such amounts,” – says Jemal Gamakharia.

The non-payments’ problem

As de facto President Aslan Bzhania believes, the low collection rate for energy is due to the lack of metering. Remote shutdown meters have already been installed in Abkhazia. In particular, according to Said Blabba, deputy chief engineer of Chernomorenergo, 500 such meters were installed in 2019. However, residents of Abkhazia are skeptical about this initiative.

“Such meters are installed near all houses on Avidzba street (former Bzyb highway), and almost all of them are broken – the tenants just took and transferred the supply directly. Most often this happens because the meters cannot withstand voltage surges. And the drops occur because the power lines are simply outdated. Mainly, the voltage in the network is barely more than 110 volts, but sometimes it jumps sharply above 220 volts, then not only the meters burn out, some home appliances – televisions, computers fail,” – says Sukhumi resident Anna D.

Nevertheless, according to de facto Prime Minister Alexander Ankvab, thanks to the new metering system, the average collection rate increased over the year from 38 to 54 percent.

According to Chernomorenergo, Abkhazia will need to purchase meters for 90 thousand households, which will amount to more than 270 million rubles. However, as Jemal Gamakharia notes, since the price of electricity remains low, even a 100 percent charge on electricity will not solve the problem of energy supplies or renewal of the power grids.

Russian investment or takeover

The disagreements between the de facto president and the government came to light in August 2021: Aslan Bzhania instructed the cabinet of ministers to prepare draft agreements with the Russian company Clean Energy on the rehabilitation of three differential hydroelectric power plants in the Gali region on the Eristkali River. However, Deputy Minister of Economy Timur Mikvabia reported to the President that these agreements were never presented.

“According to preliminary estimates, the cost of restoration is significantly higher than construction elsewhere. Subsequently, we also have considered the issue of building small hydroelectric power plants on other rivers. At the moment, the Ministry of Economy does not have a draft contract with a potential investor,” – Mikvabia said at a government meeting.

Despite the position of LLC Enguri HPP, Aslan Bzhania said that the Russian side is preparing investments in the amount of 10 billion rubles for the restoration of the differential HPPs on Eristkali.

“We, together with our Russian friends, have prepared an energy roadmap. It provides for issues related to the establishment of an economically justified tariff in the country, there will be several of these tariffs, they will be introduced in stages,” – Bzhania said at a September press conference.

The situation was further aggravated by the speech of Aslan Bzhania on November 22, when he justified the need for Abkhazia to fulfill its obligations under military and economic treaties. “We must share a part of our sovereignty, I don’t see any tragedy in this,” – Bzhania said.

For a month, the opponents of the incumbent president made statements about the inadmissibility of ceding sovereignty. As a result, it came to a rally on December 21, at which the opposition demanded the president’s resignation. On December 21, for the first time in the history of Abkhazia, riot policemen took to the street with shields and clubs. Meeting resistance, the protesters dispersed, but in their statement they indicated that they were demanding “to freeze all energy, property and foreign policy initiatives of the president.”

Former Georgian Minister for Civil Integration Paata Zakareishvili believes that the interests of the Abkhaz opposition coincided for a time with the interests of Georgia – to suspend the privatization of energy networks, however, this coincidence will soon disappear.

According to Jemal Gamakhariya, Georgia will not tolerate Russia privatizing the differential power plants and it is possible that Enguri HPP would be stopped at all.



Link to original article:

https://newcaucasus.com/in-english/20707-abkhazias-energy-from-crisis-to-collapse.html?fbclid=IwAR1LhSn72077PR42btmf7c_QL6Sda694HI0mkTwLSLDOEWc2snHtjuQdKk

WHAT IS A THREAT TO THE LIGHT IN OUR WINDOWS?

By Gela Mamulashvili

"Whether we blame hybrid interventions or general ignorance, internal energy security strengthening is vitally necessary for the country"

Realities and Threats

Part of the largest hydropower plant "Enguri" is located on the non-controlled territory of Georgia. The increased energy demand in Abkhazia is also problematic, which is due to the production of crypto currency, the increase in consumption by the troops of the Russian army, or the activation of the commercial activities of Russian business organizations. Due to this, a large share of the production of Enguri HPPs is taken by Abkhazia. In addition, the electricity infrastructure in Abkhazia is deteriorated with high distribution losses. The quality of electricity supply is very low and the tariffs are small. For example, the population pays 40 kopecks (Russian ruble) per kilowatt hour, which is about 2 tetri. For comparison, in Georgia, one kilowatt hour costs more than 20 tetri on average. The cost of electricity for the commercial sector in Abkhazia is up to 85 kopecks (rubles) per kilowatt hour, which is about 3.8-3.9 tetri, which is much lower than in the rest of Georgia.

In the direction of Tskhinvali, the occupants are moving the so-called border within which our critical energy infrastructure falls. The section of the Baku-Sufsa oil pipeline, which is already more than a kilometer long, is already beyond this so-called border. They are also very close to high voltage transmission lines and fiber optic cables. This creates additional threats to the energy security and in the future this too can be used for provocations against the country.

The situation in the occupied Abkhazia

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Abkhazia's daily electricity consumption is around 9.5-10 mln kWh. Usually electricity demand is being satisfied with Enguri HPP generation, however, this year due to low level of water in Enguri reservoir and rehabilitation of its tunnel, Abkhazia had to start importing electricity from Russia. This is not the first time Abkhazia imports electricity from Russia. Due to high domestic consumption, low tariffs, high electricity losses and crypto currency mining, the volume Abkhazia gets from Enguri doesn't cover the total domestic demand. Electricity import expenses are being compensated from the annual financial support programme that is provided to Abkhazia from Russia. Existing debt is 162 mln Russian ruble.

Although the "government" of Abkhazia has already started tackling crypto currency mining and introduced regular planned blackouts in the system, in order to be able to gradually rehabilitate distribution network and improve metering system, the tariffs will be reviewed and increased. According to Chernomorenergo almost 70% of population doesn't pay electricity bills.

How energy system impacts Abkhazian elite?

According to the Abkhazian journalist Rion Agrba, Energy is one of the key factors directly affecting Abkhazian elite. Economy of Abkhazia heavily relies on railway and energy. "Russian government wants to have a tool for political pressure and can use both railway and energy, as both facilities are having financial problems and may become a subject of political trade".

There is also a skepticism concerning the possible rehabilitation of electricity network through increased tariffs. The needed investments volume exceeds the potential volume of money the "government" can accumulate through increased tariffs. Also, since majority of population has very low income and lives beyond the poverty line, increase of tariffs may be considered as an unfair decision from the social point of view, as both poor and rich portion of population will pay increased tariffs. Either the "government" shall invest in rehabilitation of grid or sell the only distribution company to Russia.

Another problem is a large volume of crypto currency mining farms. In spite of number of attempts to prohibit mining and to close the farms, there are still many illegal mining practice examples. Supervisors find 5-6 illegal mining farms per day. Even if tariffs will be increased, only law abiding customers will pay, while the largest share of consumption comes from illegal crypto mining farms.

"Russia is trying to take away Abkhazia's rights on energy resources, after which it will remain vis a vis with Tbilisi"

Analyst Leval Geradze says that in spite of tense relationship between Georgian, Abkhazian and Russian sides, the employees of Enguri have all necessary conditions for uninterrupted operation of HPP. Part of Enguri is located on the territory controlled by Georgia and the other is on the Abkhazian side. Operation of this plant is critical for both sides.

However, Georgia wants to attract investment and build large HPP in a safer place. Namakhvani HPP was one of such projects, however, due to local protests the investor left the project. According to the various experts, Georgia doesn't fully utilize its domestic energy potential and possibility of effective cooperation on energy issues with neighboring countries.

"Russia can simply black out the whole country, it is necessary to have a large HPPs"

According to parliamentarian Roman Gotsiridze, Russia can simply black out the whole country, not because we are highly dependent on import from Russia, but because they can stop operation of Enguri. Hey can use it as a tool for political pressure on Georgia government. According to parliamentarian, electricity consumption in Georgia growth rapidly and there is a high need for large HPPs to develop domestic renewable energy and reduce import dependency.

Work of Enguri HPP is an example of effective cooperation between Georgian and Abkhazian sides. This cooperation is very important and can be strengthened. At the same time Georgia needs to develop its own domestic resources and ensure security of supply.

Concluding remarks

Georgia's energy security faces great challenges. The energy threats coming from the occupied territories also require a dialogue with the other side and an active response. At the same time, the country needs additional energy capacities, including hydropower plants, to meet the ever-increasing demand. Taking into account the developments around "Namakhvani", the professional implementation of similar strategic projects (dialogue with stakeholder, groups, convincing them) is of crucial importance.

For decades, the enemy has been trying to influence the sovereign politics of Tbilisi by using the occupied territories. Uncontrolled processes in the energy sector of Sukhumi and Tskhinvali also serve this purpose. There is no freedom without responsibility. We cannot get rid of thirty years of "darkness" with completely irresponsible, unpatriotic policies. We cannot allow the dark in our windows again. We continue to fight for a better Georgia.



Link to the original article: http://ufleba.ge/index.php?do=fullmod%2Fnews&id=3987&fbclid=IwAR1-VSbxapjYssHPnCav9pNvx_GH96sFTb3nvMNsDot3w1HiOrm_7Pf9Cg

THE ROLE OF ENERGY FACILITIES IN PROMOTING THE PEACEFUL RESOLUTION OF CONFLICTS

By Nino Samadashvili

Recently, information about the continuation of the construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) trans-Afghan gas pipeline has been actively appearing in the media of Asian countries.

The 1,814-kilometer pipeline will connect Galkynysh natural gas fields in Turkmenistan to the Indian city of Fazilka, located on the Pakistan-India border in the Punjab state. Pakistan will be the main consumer of transported natural gas. The design capacity of the gas pipeline is 33 billion cubic meters per year. The estimated cost of the project is 8-10 billion US dollars. It was scheduled to start in 2017, but was delayed due to tensions between India and Pakistan.

The project was developed in the early 1990s by the oil companies of Kazakhstan and Turkmenistan, because Russia, which controlled all the export pipelines of the mentioned countries, periodically refused to use its pipeline network for various "reasons", sometimes for no reason at all. These companies needed **an independent export route that would avoid dealing with both Iran and Russia.**

Despite the fact that the problems between India and Pakistan persists, and the Taliban factor should also be taken into account, the common interest pushes the mentioned countries to close cooperation. The main point of contact and an important subject of dialogue, depending on the situation in the world and the region, is the energy.

Georgia, Abkhazian region and Enguri HPP

According to the verbal agreement in 1997, the Abkhazian side had to take 40% of the electricity generated by Enguri and at first, before the crypto-currency market started development, it often could not uptake even the mentioned 40%. Although over the years the consumption increased more and more and put a heavy burden on the Georgian energy system.

The energy system of Abkhazia is mainly relied on electricity. Before the war, more than twenty small HPPs were operating in the region, in addition to Enguri HPP, Sukhumi HPP and Tkvarcheli thermal power station. The war caused significant infrastructural damage to the energy system.

The lack of gasification in the region adds to the problems of the energy system. The main source of energy is electricity, which the residential and commercial sectors consumes in a very ineffective way. This puts additional burden on already deteriorated electricity network causing frequent outages.

It should also be noted that in the region mostly old meters are being used, while in rural and urban areas they are not controlled at all. Additionally there are a lot of crypto mining farms. Free power remains a paradise for crypto miners. Everyone from Russian generals to "thieves in law" can mine crypto-currency here. For example, due to mining, consumption reached 2 billion kWh in 2019. In 2020, it increased further and exceeded 2.5 billion kWh. From January to October 2021, occupied Abkhazia consumed up to 2.372 billion kWh of electricity, which is almost 20% more than the figure of the same period last year.

Technical director of Enguri HPP Gia Khubua in his interview to Energy Platform talks about the unfavorable situation related to water storage: "Enguri (Jvari) water reservoir was once created to supply the country with electric energy in winter, but this year it has become an autumn supply and may continue to do so in the coming years. Due to the intensive use of water, the level in the reservoir has already fallen below the mark, below which there is only emergency stock. Despite the recent restrictions, Abkhazia's annual consumption is already so large that we can supply only two-thirds, and one-third must be filled with imports from Russia."

The current difficult situation requires an urgent response from both the Georgian and Abkhaz sides. One of the solutions for Sukhumi is the investment agreements concluded with Moscow. Negotiations on privatization of the entire energy system and Russian investment are actively underway (rehabilitation of only 4 Vardnili HPPs in the Gali region requires 10 billion rubles). However, the political tasks of the Kremlin alone are not enough to get Russian investment. Sukhumi should also convince Russian capital that it is worth investing money in Abkhazia's energy sector. With economic and financial expan-

sion, the Kremlin is probably trying to legally incorporate the energy sector in Abkhazia into its system, so that in the future it will have freedom of action, and in case of a crisis, it will shift the blame to the local elites. However, it should be noted that without recovery of energy expenses (population mostly don't pay utility bills), it is unlikely that Russian companies will continuously supply the Abkhazian region with electricity. The population will have to pay an increased tariffs.

However, in addition to the non-payment of fees, there are other difficulties for the self-proclaimed government of Abkhazia. Possibility of the privatization of the energy system has caused public protests. The reasons for dissatisfaction are well known to us - the energy system is of strategic purpose and its privatization is undermines national security.

According to Levan Mebonia, Chairman of the Board of Directors of Enguri HPP Abkhazian side is already making some steps to reduce electricity consumption and make it more effective. By tackling illegal crypto mining farms, introducing individual metering system and continuously working with population to increase expenses recovery, the Abkhazian side trying to "normalize" the electricity consumption.

This is where the possibility of cooperation appears. The current situation of the region is very similar to the situation of the rest of the territory of Georgia in the 90s, when part of the population had the so-called "illegal" cable laid at home and no one paid for electricity. Sharing our experience will be very important for them, and as already mentioned by Mr. Mebonia, there is interest and even trust in the mentioned matter.

 *Link to the original article:* <https://energynews.ge/?p=35405&fbclid=IwAR14wE43pWxoFiVfX-GHEcKSwLyRNPZYOlQxGf131-s199BNqqa34MALklw8>

WHY DOES UKRAINE BUY COAL FROM THE OCCUPANTS AND IS POROSHENKO TO BLAME FOR THIS?

by Oksana Zueva

On December 20, ex-president of Ukraine Petro Poroshenko was accused of treason. The reason is the illegal purchase of coal from ORDLO (temporary occupied territories of Ukraine) at the beginning of the occupation.

At that time the situation, in particular in the energy sector, was unpredictable and extremely difficult. After all, compensating for the volumes of coal lost due to the war, including by importing and changing the generation structure, is a time-consuming process. The country needed electricity and quick solutions, and every solution has its price.

The armed aggression of the Russian Federation against Ukraine has been going on for almost eight years, as a result of which our state lost control over the Autonomous Republic of Crimea and part of the Donetsk and Luhansk regions.

In addition to the loss of our territories, the war had a significant impact on the coal-electricity technological chain, and thus on the energy security of the country as a whole. In the pre-war period, its own coal production fully covered the energy needs, but now Ukraine has to import it from abroad, mostly from Russia.

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What we lost?

In terms of coal reserves Ukraine ranks second (after Germany) in Europe and eighth in the world, which creates opportunities for both full satisfaction of domestic needs and its export. At the same time, the main reserves of hard coal (67%) and the vast majority of coal mining capacities of Ukraine are concentrated within Luhansk and Donetsk regions. Today, only 47 coal mines operate in the territory under the control of the Ukrainian government.

As a result of the hostilities, part of the coal-mining and transport infrastructure was damaged and destroyed, and part of the mines were closed and flooded. In addition, the occupation led to serious environmental consequences: contamination of surface and groundwater with soluble elements of coal, gas release, destruction of buildings, etc.

Production fell three times

Although the occupants did not succeed in completely occupying the territory of Donbas within the administrative boundaries of the regions, they established control over the territories where 100% of anthracite coal mining is concentrated.

The total production of coal in the Donetsk and Luhansk regions in 2013 was almost 64 million tons, or 76% of the all-Ukrainian production, while in 2015 it was more than three times less, namely 19 million tons, or 47% of the all-Ukrainian production. Anthracite production fell to zero by 2017.

Until March 2017, coal mined from the occupied territories was still coming to the government-controlled territory, for example, from DTEK Sverdlovantir LLC, DTEK Rovenkyanthracite LLC, and others, as evidenced by the Ministry of Energy data. This continued until ORDLO carried out the "nationalization" of Ukrainian enterprises.

Consequences for the power system

The aforementioned loss and drop in coal production directly affected Ukraine's energy security, as a significant number of thermal power plants (TPPs) were left without the necessary fuel. TPPs, or more precisely, power units operating on anthracite, suffered from the shortage of coal in particular, since the reserves of anthracite coal began to fall sharply in the fall of 2014.

During the year, the share of thermal generation in the total energy mix fell from 43% to 35%, which was partially compensated by other types of generation, in particular nuclear.

This deficit was more or less compensated by imports and changes to the structure of TPP consumption. In 2017, Russia's share in total coal imports was 74% and reached 92% in 2020. Anthracite coal comes mainly from Russia. During 2017–2019, 11.5 million tons of anthracite coal were imported from the aggressor country.

Has the crisis been overcome?

By 2020, the situation was compensated by the modernization and conversion of power units. The increase in nuclear and renewable generation helped to partially cope with the consequences of the occupation, but did not rid the Ukrainian energy industry of its dependence on coal.

Due to coal imports Russia received another tool of influence on Ukraine. The situation with coal reserves at the end of 2021 is an example: in power plant warehouses there are 0.5 million tons of coal, which is a historical minimum in recent years, and about 20 units are not working due to the lack of fuel. All this indicates that Ukraine needs to actively move towards changing the energy mix of generation, in particular, the introduction of renewable technologies.

"VENDETTA OF ZELENSKY". POROSHENKO IS SUSPECTED OF TREASON TOGETHER WITH MEDVEDCHUK. IS THERE ANY EVIDENCE?"

By Bohdan Zaika

"I am not your opponent. I am your verdict", these words of Volodymyr Zelenskyi during the debate with Petro Poroshenko in the presidential elections in 2019 become a prophecy. After Zelensky's victory in the presidential elections, Poroshenko became a frequent guest in the offices of law enforcement agencies - the State Bureau of Investigation (SBI) and the Prosecutor General's Office.

According to Poroshenko's European Solidarity party, more than 100 criminal cases have already been opened against him since 2019.

Black Friday

Friday is already a traditional day for making resonant decisions and announcing high level suspicions.

On December 17, investigators of the State Bureau of Investigation tried to serve a summons for interrogation to Petro Poroshenko in front of the Verkhovna Rada.

What does the SBI want to talk to Poroshenko about? The investigation concerns the "coal case" - criminal proceedings on the supply of coal to Ukrainian thermal power plants from Russia and the temporarily occupied territory of Donbass in 2014-2015. So far, only three people are the main figures in this case - Viktor Medvedchuk, businessman Serhiy Kuzyara, and former Minister of Energy Volodymyr Demchyshyn.

According to the version of the investigation, Medvedchuk allegedly organized the supply of anthracite coal to Ukraine from Russia and the territory of ORDLO in cooperation with "senior state officials."

Is there any evidence?

In November, the SBU published a recorded telephone conversations allegedly held by Medvedchuk with the top (at that time) leadership of the Russian government. On these recordings, a person with a voice similar to Medvedchuk coordinates actions with representatives of the Russian Federation and separatists in order to unblock the supply of coal from Russia and launch it from ORDLO.

Six years ago: where did it all started?

Russia's aggression in mid-2014 put Ukraine in a difficult position: politically, economically, and energy-wise. Due to the occupation of part of Donbas, Ukraine turned from an exporter to an importer of coal - anthracite from the Donetsk and Luhansk regions. The loss of most of the coal mines led to an energy crisis. In the search for solution, the government began to look for an alternative.

In August 2014, the state-owned company Ukrinterenergo signed a seven-month contract for the supply of 1 million tons of anthracite from South Africa. At that time President Poroshenko came out sharply against African coal. This became the reason for the General Prosecutor's Office to open a criminal case against the head of Ukrinterenergo: to accuse him of buying coal at a price inflated by \$10-15 per ton.

Differences in views provoked a public conflict between Poroshenko and Arseniy Yatsenyuk's Cabinet of Ministers. Its consequence was the change of the Minister of Energy. Later the coal from South Africa was replaced by fuel from Russia and ORDLO.


Subsequently, according to the investigation, the organization of supplies from uncontrolled territories to Ukrainian TPPs was allegedly facilitated by two persons: Viktor Medvedchuk and Serhiy Kuzyara. According to the investigation, they personally agreed with the top officials of the Russian Federation and representatives of the terrorist DPR and LPR about the supply of fuel and the settlement mechanism - for cash and by subscription.

According to the calculations of the security forces, from the end of 2014 to the beginning of 2015, the state-owned enterprise Centerenergo bought coal from the Russians for the volume of UAH 1.5 billion. Is there any progress?

"I heard that they need to make sure that both (Medvedchuk and Poroshenko. - Ed.) are brought to court on the same day. So that the two of them sit in the corridor or in the same cage." Andriy Bohdan, former head of President Zelenskyi's office, told Dmytro Gordon in an interview.

This is not the only version. According to former Prosecutor General Ruslan Ryaboshapka, this is an "irrational and emotional vendetta" on the part of Zelenskyi. Ryaboshapka was dismissed from the position of the Prosecutor General in March 2021 - after he refused to sign the indictment against Poroshenko.

Although he does not exclude the possibility that someone could make money from the supply of coal, Ryaboshapka doubts that the security forces will be able to bring this case to a positive court verdict for the authorities. Why? Firstly, Poroshenko did not sign any documents in economic matters, Ryaboshapka explains. Secondly, he considers it absurd to accuse the fifth president of treason, financing terrorism and war against Ukraine.

 *Link to the original article: <https://biz.liga.net/ua/ekonomika/tek/article/vendeta-zelenskogo-poroshenko-podozrevayut-v-gosizmene-vmeste-s-medvedchukom-detali-dela?fbclid=IwAR2uZWa7RUY6dX5XuZe2N4xJhKvjpR2HlahPrrEvnuGQVInsHb1dOTSakBw>*

HOW TO GET RID OF ENERGY DEPENDENCE: CONSEQUENCES OF RUSSIA'S AGGRESSION ON OCCUPIED TERRITORIES

By Aleksei Khalin

"Energy Security is the protection of government and population from deficit of energy".

It is obvious that occupation of its territories by Russia and loss of main coal mines and reserves severely affected energy security of Ukraine. Annexing of Crimea and occupation of territories with high concentration of coal reserves demonstrates that this was a long well planned action. Energy becomes a tool for political pressure on Ukrainian government.

Ukraine was not the only country where Russia used military and hybrid attacks to influence political decisions. Energy as a political pressure instrument was used even before in Georgia and Moldova. The situation with occupied territories in all three countries has many things in common.

Occupation of Donbas and coal mines

After occupation of Donbas, Ukraine lost half of its coal production. There was a dramatic decrease in coal production overall and 100% drop in anthracite production, as its concentration was mainly on occupied territories. Ukraine uses coal for Thermal Power Plants, 26% of which use anthracite as a fuel, and its reduction affected the energy production in the country as well as weakened energy security.

Out of 102 coal mines in Ukraine it lost 67 due to occupation. Currently 39 of 67 coal mines that are located on occupied territories are flooded. Flooding of coal mines pollutes the environment and creates health risks for the local population. De-facto government of occupied territories nationalized all critical infrastructure, including coal mines and TPPs located in ORDLO.

Existing infrastructure requires investment for rehabilitation and maintenance of security of supply. De-facto government is not interested in long term investments in energy sector of ORDLO and prefers status quo. Lack of proper maintenance and rehabilitation leads to close and flooding of coal mines. Remaining mines are producing the coal that is being transferred to Russia where it is mixed with coal from Rostov and being exported abroad.

Annexation of Crimea and gas production

Ukraine has domestic gas reserves and local gas production covers around 60%-65% of domestic demand. The richest regions with gas reserves are Kharkov (46 % of domestic production) and Poltava (42% of domestic production) regions. In Crimea Ukraine had production of around 1.5 billion m³ per year. Estimated volume of gas reserves in Crimea at the moment of occupation was around 63 billion m³, which is equivalent of volume needed to cover total domestic gas demand for two years.

Before annexation Crimea depended on the rest Ukraine economically and in terms of energy supply. The main economically profitable areas in Crimea were fishing and wine production. Although Crimea was mainly energy dependent region, with its annexation Ukraine lost critical energy infrastructure, including 17 gas wells on the sea shore, oil terminal and others. Currently Russia is actively exploiting gas reserves of Crimea and for the period of occupation 10 billion m³ of gas were produced.

In addition to the loss of the region and critical infrastructure Ukraine also lost possibility to develop and use the potential of this region.

Concluding remarks

Before 2014 there were many weak "spots" in Ukrainian energy security which Russia effectively used against Ukraine after 2014. Coal sector was not profitable and was continuously supported from the state budget. Russia was and is the main exporter of energy to Ukraine and Ukraine depended on Russian energy. Ukraine imports from Russia gas, coal, oil and fuel for nuclear power plants. Russia used Ukrainian energy dependence for its political interests, including, for example, prolongation of representation of Russian military fleet in Sevastopol, which was later used for annexation of Crimea. It also should be noted the Ukraine made a lot of steps to strengthen its energy security. To further strengthen its energy security Ukraine will increase domestic energy supply, diversify import, improve

energy efficiency, build preparedness for energy system operation in emergency state and integration in Enso-E.

 *Link to the original article (video):* <https://www.youtube.com/watch?v=Q-ARqGniH6o>.

