



## ENERGY AND BIOMASS

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## Moldova Energy and Biomass Project Newsletter

### Moldova Energy and Biomass Project

This project is funded by the European Union and co-funded and implemented by the United Nations Development Programme



# PROJECT NEWS



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All the information on Moldova Energy and Biomass Project is available at [www.biomasa.md](http://www.biomasa.md), having maintained the address [www.biomasa.aee.md](http://www.biomasa.aee.md) in parallel.

Hence, you may read through the Project news by having accessed a shorter name. The webpage comprises turnkey information about Moldova Energy and Biomass Project activity and mission, including: news, studies and researches developed under the Project, video and printed communication materials, photo galleries, etc. The webpage includes also an interactive map displaying detailed information about Moldova Energy and Biomass Project investments made in the country rural public institutions for the installation of biomass heating systems: the beneficiary institution, the specific amount invested by the Project, the contribution made by the Community, the boiler model, capacity and country of manufacturing, the type of fuel, the number of beneficiaries of the alternative heating system.

The webpage information is available in Romanian and English.



**The share of subsidies granted to households and microenterprises for the procurement of biomass boilers has been increased to 1,300 EURO**

People willing to heat their dwellings or microenterprises with biomass may purchase modern pellet/briquette-fired boilers and get a boiler cost refund in the amount of 1,300 EURO. The decision to increase the share of subsidies from 1,000 to 1,300 EURO was approved on 28 February by the Moldova Energy and Biomass Project Board, chaired by Valeriu Lazar, Minister of Economy.

*"The financial support granted for the installation of biomass boilers in dwellings or microenterprises in the rural areas is targeted at several objectives. From the one side, the country energy independence and security is enhanced by the smart use of agricultural waste; and, from the other side, the citizens' living standards are augmented since they have got heating comfort at lower costs relative to the traditional energy resources",* Valeriu Lazar, Deputy Prime Minister, Minister of Economy stated.

The boilers to be purchased under this Programme are to be manufactured/assembled in the Republic of Moldova. Up to the present, 15 companies have been accredited by the Energy Efficiency Agency to provide boilers to households within the Programme. These companies portfolio comprises a wide range of boilers either manufactured in the Republic of Moldova or assembled locally from parts made by well-known European manufacturers from such countries

as Germany, Poland, Czech Republic, Romania, Latvia and Greece. The companies to deliver biomass boilers will be accredited on a continuous basis.

*"By having increased the amount of subsidies we aimed to cover part of the costs incurred for boiler installation, which make up 30% of the boiler cost, on the average. The decision has been taken following many requests submitted by the people willing to get better prices for biomass boilers", Nicolae Zaharia, Business Development Officer of the EU-UNDP funded Moldova Energy and Biomass Project, acknowledged.*

Approximately 600 families will be able to buy modern biomass boilers under advantageous conditions. So far, circa 100 families have been enrolled in the Programme.

The Programme aimed at supplying biomass boilers to households under advantageous conditions is an activity of the EU-UNDP funded Moldova Energy and Biomass Project carried out in partnership with the Energy Efficiency Agency.

#### **Moldova Eco-Energetica Contest 2014 has been launched**

Moldova Eco-Energetica Contest was launched on 5 March 2014. This is the largest competition in the area of energy efficiency and renewables. The Contest is open for public institutions, private sector representatives, NGOs, foundations, initiative groups, Media, Academia and individuals that have successfully accomplished notable, innovative and ambitious initiatives aimed at using and promoting renewables and energy efficiency.

*"The Competition proved its paramount importance over time, and has become a milestone for remarkable achievements in the area of energy efficiency and renew-*

*ables. The participating Projects have got success stories in their backgrounds, which serve as good examples and motivation, having inspired other people to follow them", Valeriu Lazar, Minister of Economy, Chairman of Moldova Eco-Energetica Coordination Board, stated.*

#### **The participants embarked on the Contest may compete in the following categories:**

##### **Best Project in Solar Energy:**

- Photovoltaic
- Thermal

##### **Best Project in Wind Energy**

##### **Best Project in Hydropower**

##### **Best Project in Geothermal Energy**

##### **Best Project in Bioenergy:**

- Production of solid biofuels
- Production of liquid biofuels
- Assembling and/or installing equipment for the production of bioenergy
- Energy supply systems
- Production of gasiform biofuels

##### **Best Energy Efficiency Project in the:**

- Energy Sector
- Industry Sector
- Building Sector
- Transport Sector
- Public Sector

##### **Best Communication Initiative**

##### **Best Educational Initiative**

##### **Best Youth's Initiative**

##### **Special Prize**

The Contest enrolment requirements, the Application forms and other relevant data are available on the Energy Efficiency Agency webpage at: [www.aee.md](http://www.aee.md)

The application period is set for 5 March – 5 August 2014. The Contest winners will be awarded during the Moldova Eco-Energetica Gala to be conducted on 5 December 2014.

Moldova Eco-Energetica is organized by the Ministry of Economy and Energy Efficiency Agency, in partnership with Moldova Energy and Biomass Project, funded by the European Union and co-funded and implemented by UNDP Moldova.





### **The third round of the Assistance Programme for those willing to buy briquette and pellet production line under leasing conditions has been launched**

Entities/people willing to buy briquette and pellet production line under leasing conditions may apply for the third-round selection process launched recently by the Energy Efficiency Agency.

The deadline set for the submission of the package of documents for participating as Programme Beneficiary is 14 March 2014.

It is worth reminding that the aforementioned Programme is part of the activity carried out by Moldova Energy and Biomass Project in partnership with the Energy Efficiency Agency. The Programme is aimed at fostering the biomass production market in the Republic of Moldova and at facilitating the procurement, under leasing conditions, of a wide range of equipment for the production of biomass briquettes and pellets.

The equipment is provided under advantageous conditions for a three-year period with 0% commission, 0% interest rate and 0% VAT. The first tranche represents an advance payment equalling to 20% of the equipment costs, and shall be settled within five working days after the date of signing the Agreement of Intent to purchase the industrial equipment. The second tranche (20 % of the equipment costs) shall be settled during the first year of the Contract, but not later than 360 days after the date of signing the Lease Contract. The third and the fourth tranches, representing each 30% of the equipment costs, shall be settled by the end of the second and of the third year, accordingly, after the date of signing the Lease Contract.

It is worthy to remind that the briquette/pellet production line purchase and delivery procedure for the undertakings – beneficiaries of the EU-UNDP funded Moldova Energy and Biomass Project was amended in late 2013. Hence, in order to expedite the procurement process under leasing conditions the mandatory requirements to go through public procurement procedures were abolished, and the money intended for the procurement of briquetting devices are to be transferred directly to the Provider/Supplier selected by the Beneficiary based on a three-party Contract signed by the Energy Efficiency Agency, Provider and Beneficiary.

**The package of documents required to be filled in and participate in the Programme can be downloaded [here](#)**

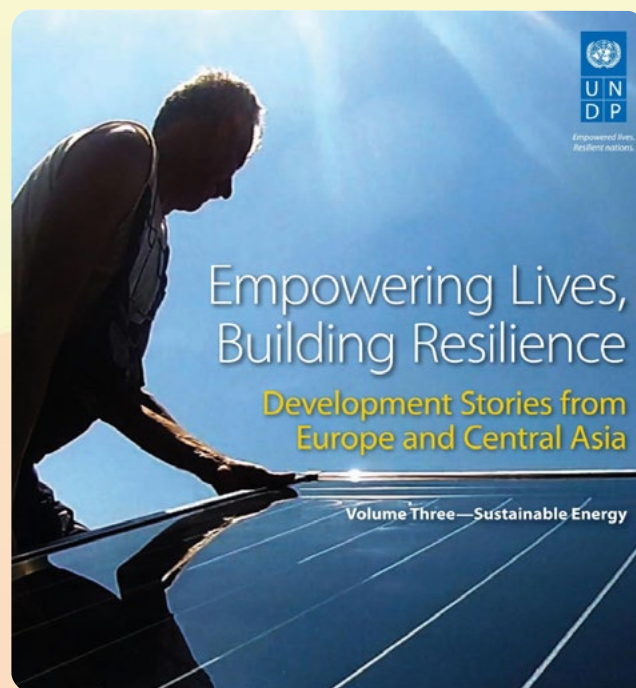
### **UNDP has launched a new collection of Success Stories on innovative development projects unrolled in Europe and Central Asia**

#### **Moldova Energy and Biomass Project is presented as a successful one in the region**

The Success Story of Moldova Energy and Biomass Project is included in Volume 3 of the UNDP New York Publication titled "Empowering Lives, Building Resilience: Development Stories from Europe and Central Asia". Volume 3 is devoted to successful accomplishments in the sector of renewable energy.

Moldova Energy and Biomass Project Success Story is included in this Publication for second year in a row.

The Publication was launched in New York under a public event with the participation of Helen Clark, Director of the United Nations Development Programme. In her message, Helen Clark mentioned the success attained by Moldova Energy and Biomass Project. "In Moldova, in partnership with the European Union and the Government, UNDP supported the installation of modern biomass heating systems in 130 schools, health facilities, and community centres in rural areas across the country. The benefits were quickly apparent: 37,000 more people now have comfortably heated public buildings throughout the winter; their heating costs have fallen by over thirty per cent; and, greenhouse gas emissions are expected to contract by up to 30,000 tonnes of CO2 per year as biomass replaces coal and gas", Helen Clark asserted.



**The original Publication is available [here](#)**

# SUCCESS STORIES



## The Better Business of Clean Energy

Moldova's move towards renewable energy supplies has brought a boom in the biomass fuel business. Since the fuel is relatively clean and inexpensive, it's a triple win for consumers, businesses and the environment.

Entrepreneur Oleg Donoaga set up one of the country's first companies to transform plant debris into biomass briquettes and pellets, which can be burned in special furnaces for heat. In just two years, Agro-BioBrichet has grown from a start-up enterprise to one of Moldova's major producers, manufacturing enough fuel each year to heat 30 public buildings.

"We took a risk in an underdeveloped market," Donoaga recalls with pride, surveying a thriving factory where workers shovel piles of straw and agricultural waste into machines that compress them into log-like briquettes. These are easy to handle and transport, and burn efficiently. Every ton replaces about 800 kilograms of coal.

"At the beginning, the effort to promote the fuel was great," he adds. "People wanted an alternative to gas, but were afraid to change." Donoaga credits a partnership between UNDP and the European Union with helping his business get off the ground—part of a whole new industry that takes Moldova

closer to a future of sustainable energy use. The partnership stands behind the largest renewable energy project in the country. It takes a two-pronged supply and demand approach. Deputy Prime Minister and Minister of Economy Valeriu Lazar explains, "The project has triggered the creation of both a market and an industry for renewable energy sources and technologies." Since UNDP and the European Union began collaborating with national counterparts two years ago, biomass production has increased 10 times; companies now manufacture 160,000 tons of fuel a year. After last winter, when AgriBioBrichet was unable to meet a sharp surge in demand, it took measures to boost capacity, such as investing in new sources of raw materials. It has also been active in installing production lines and advising new manufacturers. In 2012, Donoaga took the stage during the Moldova Eco-Energetica Award Ceremony to receive recognition for the best biomass start-up. The ceremony has been one of many initiatives to stir public interest in the potential benefits of switching to biomass.

## A quest for energy security

Moldova is one of the few south-eastern European countries almost totally dependent on external energy supplies. It imports nearly all of its electricity, natural gas, coal and petroleum products. With rising energy costs and growing concerns about energy security, the Government has set several ambitious targets to move towards energy independence.

By 2020, plans call for increasing renewable energy to 20 percent of total energy use, cutting energy consumption by 20 percent in public buildings and reducing greenhouse gas emissions by 25 percent. The UNDP-European Union partnership has been vital in helping Moldova move towards its goals. An initial priority was to demonstrate the potential of biomass, both to policy makers and the public. Starting in 2011, the project helped install modern biomass heating systems in 130 schools, health facilities and community centres in rural areas throughout the country.

The benefits were quickly apparent. Over 37,000 people now spend winters in comfortably heated public buildings. Heating costs have fallen by at least 30 percent. Greenhouse gas emissions are expected to contract by up to 30,000 tons of carbon dioxide a year as biomass replaces coal and gas.



### Nurturing an industry

Other advantages come from the fact that, through the growth of the domestic biomass industry, money paid for fuel stays in the country and can be productively invested. New businesses have created hundreds of new jobs, with more on the way. Almost every day, entrepreneurs contact the project team about starting up biomass fuel

production. So far, the project has trained 300 people on how to develop business plans and financial models, and acquire technical skills. This marks an important shift towards systematic support for a fledgling industry. In the early days when Donoaga went into business, he learned mainly by trial and error, and research online.

In 2012, a forum for bio-fuel producers, the first of its type, brought together entrepreneurs from across the country to share experiences and learn from each other on issues such as business modernization and quality assurance. Some entrepreneurs also attended the European Biomass Conference and Exhibition, an opportunity to establish links with big players in the European biomass market. Another group went on a study tour to the Czech Republic, Poland and Romania to see how these countries manufacture efficient biomass-based boilers.

With the biomass industry set to expand, guidance on quality control has become essential to establishing a foundation of trust in its products. The optimal performance of biomass heating systems will also control emissions and costs. In 2012, the National Institute of Standardization and Metrology adopted 37 European standards on producing solid bio-fuels. All manufacturers must comply with them.



### Financing growth

With the early pilots having confirmed the value of biomass fuel, and demand on the rise as a result, the Government has been proactive in helping biomass manufacturing expand. The Ministry of Economy and the Energy Efficiency Agency, with project support, have set up a revolving fund for entrepreneurs who otherwise could not afford the start-up costs.

Potential producers can use the fund to either lease or purchase equipment. Those who opt to purchase can do so through three-year loans that are tax and interest free. *"We aim at developing the private sector for biomass fuel production to make it accessible for everyone"* says Mihail Stratan, Director of the Energy Efficiency Agency.

Sergiu Ochincă is an entrepreneur who sold his home to start a biomass fuel production business. At first, he thought he would sell to the European market, but soon found, to his astonishment, that he could not meet demand in Moldova. He is one of the first business owners to opt for the leasing programme to expand production. *"The offer fits my business development plan like a glove"* he says with satisfaction.



## HIGHLIGHTS:

- Over two years, biomass production increased 10 times; companies now manufacture 160,000 tons of fuel a year.
- One start-up enterprise manufacturers enough to heat 30 public buildings.
- Three hundred entrepreneurs have acquired business and technical skills related to biomass production.
- Modern biomass heating systems operate in 130 schools, health facilities and community centres in rural areas throughout the country.
- Over 37,000 people spend winters in comfortably heated public buildings; heating costs have fallen by at least 30 percent.
- The national institute of standardization and metrology adopted 37 European standards on producing solid bio-fuels, with all manufacturers required to comply.

From “Empowering Lives, Building Resilience” publication, 3rd volume

### Contacts:

29, Sfatul Tarii str, Chisinau, 3rd floor, office 304 Tel.: (+373 22) 839985, Tel/Fax: (+373 22) 839983  
www.biomasa.md, e-mail: ina.zglavuta@undp.org

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**The views expressed in this publication do not necessarily reflect the views of the European Union and UNDP.**