



RENEWABLE ENERGY POLICY REVIEW

CYPRUS

Cyprus has no indigenous sources of energy and at the moment, it is almost entirely dependent on imported energy. In y 2007, imports of oil products, coal and pet coke for home consumption, amounted to 1.05 million Euros, representing approximately 16.7% of the country's domestic imports. Energy is therefore of vital importance to the island's economy.

The energy consumption in Cyprus is predominantly oil-based and amounts to 96% of the total energy consumption. Other forms of commercial energy used are Solid Fuels (coal and pet coke) for the production of cement, amounting to 2.0% of the total energy consumption. The remaining 2.0% is mainly solar energy and at the moment is the only substantial contribution of renewable energy sources, in the country's final energy consumption.

The high costs of imported energy are a burden on the economy of the country. Renewable energy sources (RES) constitute the only indigenous source of energy in Cyprus capable of making a significant contribution to the island's energy balance. However, until 2005, the contribution of RES was low. This started to change with the introduction of the New Support Scheme in 2006. In addition to this, in 2007 feed in tariffs for RES were set and the public interest for RES investment increased dramatically.

Cyprus is one of the leading countries in the use and construction of solar water heating systems. 92% of households are equipped with solar water heaters and 53% of hotels have installed large solar water heating systems. According to ESTIF (European Solar Industry Federation), in 2007 Cyprus had the larger number of solar collector installations per capita, with a 57 kWth per 1000 capita.¹

- **KEY FIGURE**The share of RES in total primary energy consumption was of 2.4% in 2007 (with important contribution of solar thermal).
- The share of RES in the gross final energy consumption was 3.4 % in 2007.
- The share of RES electricity generation was 0.07 % in 2007 (from PV and biomass).

¹ ESTIF

- The **share of biofuels** in the transport sector in 2007 was 0.1%.
- Cyprus energy dependence on imports amounts to 96 % in 2005

RES POLICY

In order to promote the uptake of RES, the Cyprus government adopted a framework for support measures which included the first Action Plan for the Promotion of Renewable Energy Sources, 2002-2010. Based on the experience gained during the first 5 years of operation of the Action Plan, a New Support Scheme was approved by the Council of Ministers and will be in operation as soon as it is approved by DG Competition of the European Union. The New Support Scheme (2009-2013) provides more generous incentives than the previous Scheme and sets more ambitious targets for the increase of renewable energy sources, to the total electricity consumption and overall to the total energy balance. It also includes a financial mechanism to encourage renewable energy sources and proposes strategies to eliminate administrative obstacles.

RES TARGETS

Mandatory targets set by the Directive on the Promotion of the use of energy from renewable sources

- 13% share of RES on the final consumption of energy in 2020.
- At least 10% share of renewable energy of final consumption of energy in transport by 2020.

Indicative Target set by the RES- electricity European Directive from 2001²

- 6 % Share of RES on gross electricity consumption by 2010

Indicative Target set by the European Biofuels Directive from 2003³

- Biofuels consumption of 5.75% of petrol and diesel use for transport in 2010.

National commitments

² Directive 2007/71/EC on the promotion of electricity produced from renewable energy sources in the internal electricity market. Currently in force, sets targets up to 2010.

³ Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport currently in force, sets targets up to 2010, with indicative targets by 2005.

- The Action Plan for the Promotion of RES determines that the contribution of RES to the total energy consumption of Cyprus should rise from 4.5% in 1995 to 9% in 2010.
- As an indicative target, 1% biofuel by energy content in 2007 has been set as well as 2% biofuel by energy content for 2008, 2009 and 2010.
- There is no national target/commitment for heating and cooling.

Progress towards the Targets

At present, there is a 6% target for RES electricity contribution, by the year 2010, which is considered to be attainable. It is expected that if the first wind farms (total capacity of 110 MW) are installed by the end of 2010 the target will be achieved.

The use of biofuels in Cyprus was 0.1% in 2007.

Support for RES electricity

In 2009, Cyprus will introduce a New Support Scheme⁴, The Support Scheme covers investments regarding utilization of RES, and electricity-heating/cooling cogeneration. The percentage of subsidy and the funding per category as well as the form of public aid per category are shown in detail in Table 1.

For the calculation of operating supports, the respective investments supports as well as the estimated Electricity Authority of Cyprus (EAC) costs were taken into account.

⁴ After its approval by the European Committee

Table 1.

Resource	Beneficiaries	Technology	% Investment grants	Feed-in tariff*	Duration [years that an investor is entitled to support]
PV	Individuals and Organizations, Engaged in Economic Activities	Capacity up to 20 KW, connected to the network	40% de minimis. Maximum amount €48000 per unit	0.205 €/KWh	15
			0%	0.36 €/KWh	20
		Capacity 21-150 KW connected to the network	0%	0.34 €/KWh	20
		Capacity up to 20 KW, NOT connected to the network	15-35% of eligible costs (according to the size of the enterprise). Maximum amount €50000 per unit or 40% de minimis Maximum amount €50000 per unit	0	-----
	Individuals and Organizations, NOT Engaged in Economic Activities	Capacity up to 20 KW, connected to the network	55% of eligible costs. Maximum amount €65000	0.225 €/KWh	15
			0%	0.383 €/KWh	15
		Capacity up to 20 KW, NOT connected to the network	55% of eligible costs. Maximum amount €65000	0	-----
CSP	Individuals and Organizations, Engaged in Economic Activities	Capacity up to 25 MW, connected to the network	0%	0.260 €/KWh	20
Wind	Individuals and Organizations, Engaged in Economic Activities	Wind farms**	0%	0.166 €/KWh	20
		Wind turbines <30kW	15-35% of eligible costs (according to the size of the enterprise). Maximum amount €45000 per unit	EAC ⁵ subsidy only when connected to the network	-----

⁵ Electricity Advisory Committee

			or 40% de minimis Maximum amount €45000 per unit		
Wind	Individuals and Organizations, Engaged in Economic Activities	Windmills for water pumping	15-35% of eligible costs (according to the size of the enterprise). Maximum amount €20000 per unit or 40% de minimis Maximum amount €20000 per unit	0	-----
	Individuals and Organizations, NOT Engaged in Economic Activities	Wind turbines <30kW	55% of eligible costs. Maximum amount €51500 per unit	EAC subsidy only	-----
Biomass/biogas	Charity institutions, municipalities, and other non-profit organizations	Central systems for heating and cooling	55% of eligible costs. Maximum amount €19000 per unit	0	-----
	Individuals and Organizations, Engaged in Economic Activities	Co-generation of heat and electricity using biomass.	15-35% of eligible costs (according to the size of the enterprise). Maximum amount €680000 per unit or 40% de minimis Maximum amount €200000 per unit	0	-----
		Electricity production from Biomass	0%	Up to 0.135 €/KWh according to the type and size of the installation	20
		Electricity production from biogas	0%	Up to 0.1145€/KWh according to the type and size of the installation	20

*The total price comprises of 1) the purchased price by EAC and 2) the subsidy from the Renewable Energy Fund. The initial electricity purchase price by the EAC may be modified due to decisions taken by the Cyprus Energy Regulatory Authority (CERA). It is noted that the total purchase price from the EAC, which includes the subsidy, will remain the same as the agreed price during the entire period of time that the agreement defines. Therefore, the percentage/amount of subsidy will be accordingly modified

**Applications on this Support Scheme may not exceed 165MW

Source: Energy Service - Ministry of Commerce, Industry and Tourism

Desalination using RES

- For Small, Medium and Large size enterprises, the grant will be 35%, 25% and 15% respectively of eligible costs or 40% de minimis. The maximum amount of grant is €175000

Co-generation of heat and electricity

- For enterprises Subsidy plus 30% de minimis aid or 15-30% of eligible costs, Maximum amount of grant in any case €171000.

Subsidy:

Day Rate: 2.93 euro cents

Night Rate: 2.57 euro cent [Day=07:00-23:00 Night=23:00-07:00]

- For charity institutions, municipalities, and other non-profit organizations subsidy plus 45% of eligible costs, Maximum amount of grant €85500.

Subsidy:

Day Rate: 6.53 – 2.93 euro cent = 3.5 euro cents/KWh

Night Rate: 5.73 – 2.57 euro cent = 3.16 euro cents/KWh

[Day=07:00-23:00 Night=23:00-07:00]

Geothermal heat-pumps for space heating/cooling

- For Small, Medium and Large size enterprises, the grant will be 35%, 25% and 15% respectively of eligible costs. Maximum amount of grant €850,000 or 40% de minimis with maximum amount of money €200,000.

Support for biofuels

An exemption of excise duty for Biofuels imports exist.

Investment Subsidies

Resource	Support level [%]	Comments
biofuels	15, 25, or 35 % of the eligible costs depending on the size of the enterprise. Maximum amount of grant €680,000 Or 40% de minimis aid Maximum amount of grant €200,000.	Precondition: investment is materialized in a selectable for regional funding zone for 2007-2008.

Support for all RES

A levy of 0.22 Euro cents/KWh is imposed on all electricity consumers. The income is used to finance activities aimed to promote the use of RES and Energy Saving.

Sources:

European Commission Factsheets by Country

http://ec.europa.eu/energy/energy_policy/facts_en.htm

Member States Reports in the framework of the Directive 2001/77/EC on renewable electricity

http://ec.europa.eu/energy/res/legislation/electricity_member_states_en.htm

Member States Reports in the framework of the Directive 2003/30/EC on biofuels

http://ec.europa.eu/energy/res/legislation/biofuels_members_states_en.htm

Cyprus Institute of energy

<http://www.cie.org.cy/>

Energy Service-Ministry of Commerce, Industry and Tourism

<http://www.mcit.gov.cy>

Cyprus Institute of energy

<http://www.cie.org.cy/>

EurObserv'er Barometer

<http://www.energies-renouvelables.org/observ-er/sig/eufores/sig.asp>



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