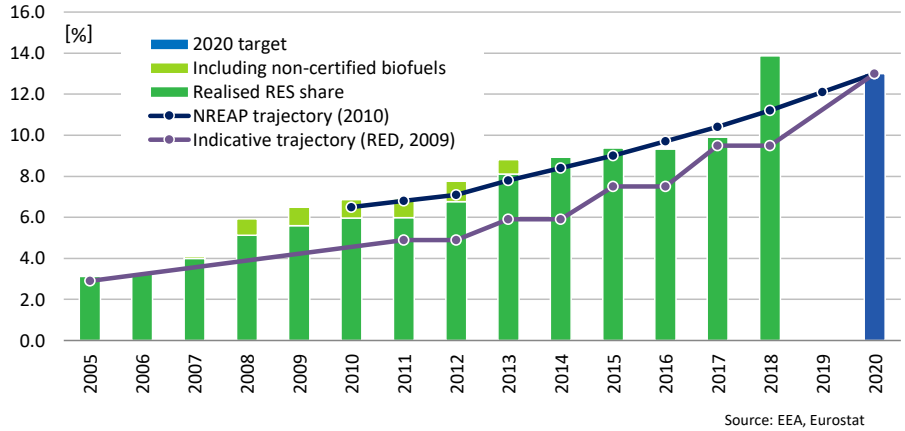
Cyprus

Renewable Energy Policy Factsheet

October 2020

Summary

In Cyprus, electricity from renewable sources is promoted through investment subsidies in combination with a net metering / net billing scheme. Renewable heating and cooling is promoted by investment subsidies to enterprises and households respectively. A number of policies are in place, aiming at promoting the development, installation and use of renewable energy installations as well as specific renewable heating and cooling obligations. To date, no incentives are available for production and use of biofuels in the transport sector.



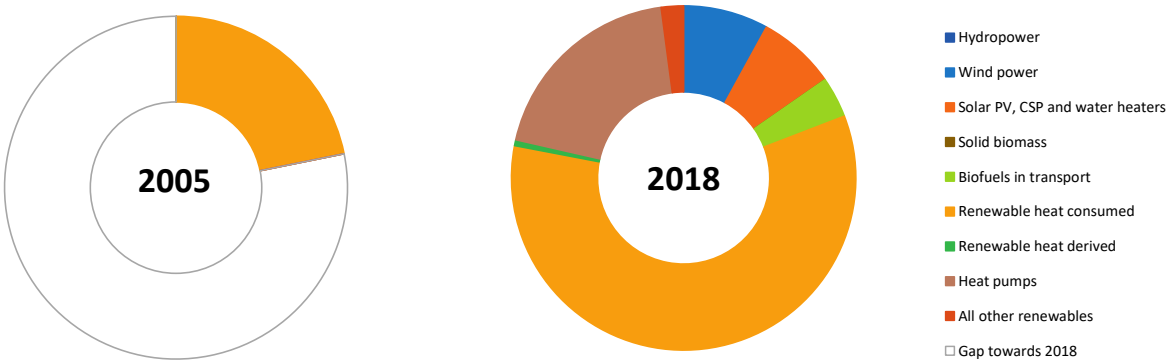
Source: EEA, Eurostat

Abbreviations used:

RES: renewable energy sources
RES-E: renewable electricity
RES-H/C: renewable heating/cooling
RES-T: renewable transport fuels

Data for 2018

Overall RES share:	13.9%	Avoided fossil fuels:	0.2 [Mtoe]
Overall RES 2020 target:	13.0%	Avoided fuel expenses:	0.1 [billion euro]
Share RES-E in electricity:	9.4%	RES Turnover:	120 [MEUR]
Share RES-T in transport:	2.7%	RES Employment:	1500 [jobs]
Share RES-H/C in heating:	36.8%		



Source: Eurostat, 2020.

	2005	2018		
	Energy	Energy	Employment	Turnover
Hydropower	0.0 ktoe	0.0 ktoe	<100 Jobs	<10 MEUR
Wind power	0.0 ktoe	18.7 ktoe	100 Jobs	10 MEUR
Solar PV, CSP and water heaters	0.0 ktoe	17.2 ktoe	500 Jobs	30 MEUR
Solid biomass	0.0 ktoe	0.0 ktoe	300 Jobs	20 MEUR
Biofuels in transport	0.0 ktoe	9.0 ktoe	100 Jobs	10 MEUR
Renewable heat consumed	50.9 ktoe	137.6 ktoe		
Renewable heat derived	0.0 ktoe	1.3 ktoe		
Heat pumps	0.0 ktoe	45.2 ktoe	<100 Jobs	<10 MEUR
All other renewables	0.0 ktoe	4.9 ktoe	300 Jobs	30 MEUR
Gap towards 2018	182.7 ktoe			

Source: Eurostat, EurObserv'ER, 2020.

Hydropower jobs & turnover only covers 'small hydropower'. PV=Photovoltaics, CSP=Concentrated Solar Power. Biofuels in transport only covers compliant fuels (employment and turnover additionally cover the non-compliant biofuels). Derived heat includes heat produced in main activity producer plants and heat sold produced in autoproducer plants. Its counterpart is the final heat consumption in the final consumption sectors (such as households).

CURRENT RENEWABLE ENERGY POLICY

Cyprus promotes *renewable electricity generation* supporting the purchase and installation of PV, biogas, biomass installations up to 3kW for vulnerable social groups targeting households and the agricultural sector respectively as well as public-sector entities, benefitting from a net-metering scheme as well. Other renewable electricity technologies can also benefit from a transitional feed-in tariff scheme with one renewable electricity tariff eligible for one year only. After the transitional feed-in tariff support has lapsed (12 month after commissioning) the installations concerned have to sell their power produce on the electricity market. Several support schemes are in place to promote *electricity from renewable sources*:

- *Net-metering* for public administration entities and industrial/commercial establishments (PV, biogas)
- *Net-metering/net net-billing* for households, public administration entities, and off-grid legal entities (PV, biogas)
- *Subsidies* supporting the purchase and installation of PV up to 3kW for vulnerable social groups that will operate under a net-metering scheme.

There several policy instruments promoting the deployment of *renewable heating and cooling***.** Cyprus implements the Energy Performance of Buildings Directive and enforces requirements to install PV installations on public buildings to emphasize the exemplary role of public authorities. This goes notably but not exclusively for public school buildings. Public and newly built private-sector buildings with a floor area more than 1000 m^2 must acquire, and meet the requirements of, an energy performance certificate in accordance with the aforementioned directive. Moreover renewable heat obligations for buildings (regarding solar thermal for hot water and PV) are in force.

As for *renewable transport fuels* no direct policies and measures are in place for the promotion of biofuels so far, but future stimulation thereof has been announced in the final National Energy and Climate Plan of Cyprus. Vehicles with emissions less than 120 grams of carbon dioxide per kilometer are exempt from paying registration taxes, which notably but not exclusively benefits battery electric vehicles. Car ownership exemption/reduction is contingent on specific CO_2 emissions/vehicle-km.

So far, the assessment by the European Commission of *draft National Energy and Climate Plans* of the Member States is available. The assessment of the targets for year 2030 for the share of renewable energy and gross final energy consumption in the draft integrated National Energy and Climate Plan of Cyprus are shown below.[1]

[1] Other factors remaining the same, high gross final energy consumption reduction (energy efficiency improvement) accomplishment boosts the share for renewables in gross final energy consumption as well as high reduction of GHG emissions.

Table 1: Overview of the Cyprian actual performance (2018), targets (2020), proposed contributions (2030) under the Governance Regulation, Regulation (EU) 2018/1999 and contribution ambition assessment by the European Commission, regarding the share of renewables and the level of gross final energy consumption

National targets and contributions	2018	2020	2030	Assessment of 2030 ambition level
Share of energy from renewable sources in gross final consumption of energy (%)	13.9	13.0	19.0	Below 23% (result of RES formula)
Final energy consumption (Mtoe)	1.9	1.9	2.2	Low

Source: European Commission, (2019); Eurostat (2020a, 2020b)

Based on the formula contained in Annex II of the Governance Regulation, Cyprus's renewables share would have to reach the level of 23% in 2030 (European Commission, 2019) against the historical rate of 13.9% in 2018. Hence, the European Commission (2019) assessed that the draft NECP fell significantly short in ambition level regarding the **19%** target for year 2030. The Commission recommended to design and implement additional measures enabling to reach a share of 23% by 2030. The gross final energy consumption in 2030, targeted at **2.2 Mtoe**, against 1.9 Mtoe in 2018 was qualified by the European Commission to show a very low ambition level.

The final Integrated National Energy and Climate Plan of Cyprus, partially revised targets for year 2030 in the draft NECP with specification of policies and measures towards these targets. Cyprus has raised its year 2030 target for the share of renewables in gross final energy consumption level to 23 %, in line with the share, resulting from the application of the formula contained in Annex II of the Governance Regulation. In Cyprus, electricity from renewable sources is not promoted through feed-in subsidies since 2013. Rather a net metering scheme and other regulations facilitating self-consumption have been put in place. In addition, new schemes were announced in the period 2017-2019 that will also operate through market mechanisms, i.e. (1) a net-billing scheme for PV and Biomass (CHP) plants and (2) commercial RES plants. In addition, renewable heating and cooling is promoted by support schemes offering grants to households and through obligatory measures to new buildings. Heat pumps, solar thermal and renewables-based district heating are to play a significant role in the building sector. Increasing RES consumption in transport is considered by the Cyprian government as the most challenging. Local biofuels and CNG/LNG from local gas resources will be stimulated. Cyprus's NECP sets a 2030 target for gross final energy consumption of **2.0 Mtoe**. This is a 0.2 Mtoe downward revision of the corresponding target in the draft NECP and boils down to a targeted reduction in final energy consumption of 13%, compared to the corresponding central projection of the 2007 PRIMES model.

OVERVIEW OF MAIN SUPPORTING POLICIES

Tables 2 and 3 provide an overview of support instruments used to promote the deployment of renewable energy in Cyprus.

Table 2: Overview of support schemes to promote renewable energy in Cyprus

	NON-FISCAL SUPPORT SCHEMES						FISCAL AND OTHER STATE FINANCED INCENTIVES			
	Feed-in tariffs	Feed-in premiums	Tenders	Quota obligation with Tradable Green certificates	Quota obligation without Tradable Green certificates	Net-metering/ net-billing	Investment subsidies 1)	Tax credits mechanism I	Tax credits mechanism II	Soft loans
RES-E										
- Offshore wind										
- Onshore wind	x						x			
- Solar	x					x	x			
- Hydro										
- Geothermal										
- Solid biomass	x					x	x			
- Biogas	x					x	x			
RES-H/C										
- Solar thermal							x			
- Geothermal										
- Biomass										
- Biogas										
- Small scale installations, e.g. solar thermal collects, heat pumps, biomass boilers and pellet stoves										
- Others, i.e. aerothermal, hydrothermal										
RES-T										
- Bio gasoline										
- Biodiesel										

1) For the time being, apart from solar thermal systems investment subsidy schemes for renewables-based heating have been discontinued.

Sources: RES-Legal Europe (2019), EurObserv'ER

Table 3: Overview of instruments used at present to stimulate the uptake of renewable energy in Cyprus

Instrument	*Description*
Net metering	Prosumers (within the business sector and households) having installed PV installations on their respective premises/ roofs are only charged for grid-supplied electricity to the extent that these supplies have exceeded own aggregate production during the previous accounting period.
Investment subsidies	Different policy target groups are eligible for grants from distinct investment subsidy schemes on a differentiated €/W (€/W_p) basis. Currently, apart from subsidies for new solar thermal systems investment subsidies for the promotion of renewable heating have been closed.

For further information:

CEER, 2017. Status Review of Renewable Support Schemes in Europe. http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Electricity/2017/C16-SDE-56-03%20Status%20Review%20RES%20Support%20Schemes.pdf

European Alternative Fuels Observatory, https://www.eafo.eu/countries/cyprus/1728/incentives

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EEA, 2019. Progress towards renewable energy source targets at member State and EU-28 levels. Copenhagen, 19 December https://www.eea.europa.eu/data-and-maps/daviz/actual-res-progress-indicative-trajectory-9#tab-chart_3

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Government of Cyprus, 2020. Cyprus' Integrated Energy and Climate Plan. Nicosia, January https://ec.europa.eu/energy/sites/ener/files/documents/cy_final_necp_main_en.pdf

International Energy Agency (IEA) database on policies and measures https://www.iea.org/policies?topic=Renewable%20Energy

Member State Progress Report, available at the Renewable Energy pages of the European Commission, http://ec.europa.eu/energy/en/topics/renewable-energy

REN21, 2020. Global Status Report 2020. Paris, 16 June https://www.ren21.net/wp-content/uploads/2019/05/gsr_2020_full_report_en.pdf

RES Legal database, http://www.res-legal.eu/search-by-country/Cyprus

https://ec.europa.eu/commission/sites/beta-political/files/energy-union-factsheet-cyprus_en.pdf (European Commission/ DG ENER, Energy Union Factsheet Cyprus, November 2017)

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