

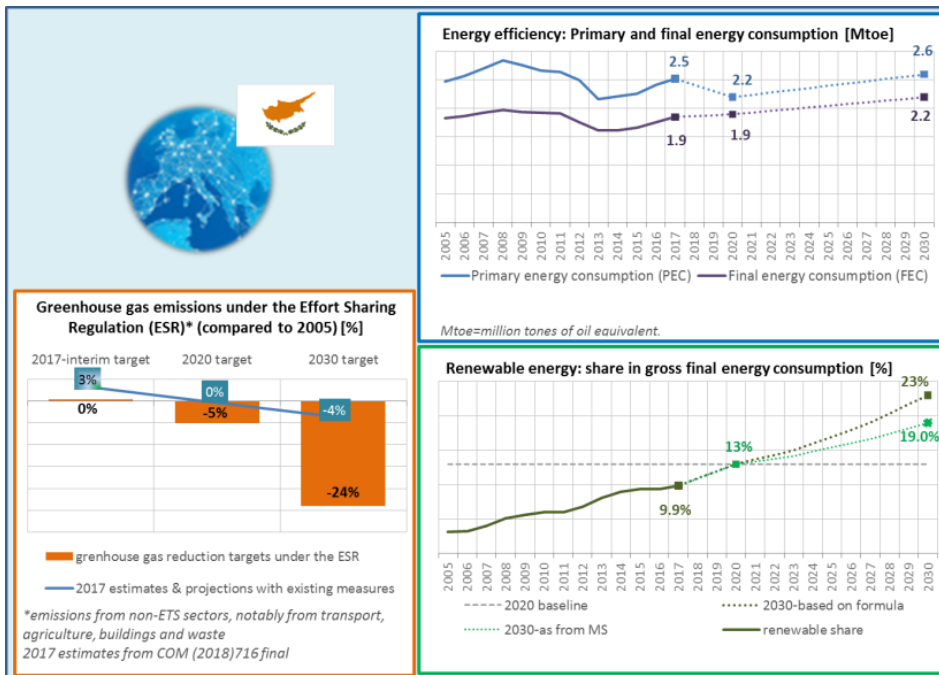


CYPRUS

Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030

The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change and provide clean energy to all. To deliver on this commitment, the EU has set binding climate and energy targets for 2030: reducing greenhouse gas emissions by at least 40%, increasing energy efficiency by at least 32.5%, increasing the share of renewable energy to at least 32% of EU energy use and guaranteeing at least 15% electricity inter-connection levels between neighbouring Member States. To ensure that the EU targets are met, EU legislation requires that each Member State drafts a 10-year National Energy and Climate Plan (NECP), setting out how to reach its national targets, including the binding national target for reducing greenhouse gas emissions that are not covered by the EU Emissions Trading System (ETS). The European Commission has analysed each draft NECP. The summary of this assessment for Cyprus is outlined below. The final NECPs for the period 2021-2030 are due to be submitted by Member States by the end of 2019.

CYPRUS - National targets and contributions foreseen in the draft National Energy and Climate Plan



Sources: Cyprus's draft National Energy & Climate Plan, Eurostat (PEC2020-2030, FEC2020-2030 indicators and renewable SHARES), COM (2018) 716 final (2017 GHG estimates)

- The draft integrated National Energy and Climate Plan (NECP) of Cyprus includes well-developed sections that will serve as a good basis for the development of a complete and coherent final plan. For example, various policies and measures have been presented, which seem generally coherent within and across Energy Union dimensions. The provided information would however benefit from a clearer presentation, for example by distinguishing between targets and projections, and by better describing the methodologies.
- Cyprus' 2030 target for greenhouse gas emission in sectors not covered by the EU Emissions Trading System (non-ETS) is -24% compared to 2005 as set in the Effort Sharing Regulation (ESR)¹. The draft NECP projects a 26% gap to reaching Cyprus' ESR target in 2030 with existing measures and does not mention whether Cyprus intends to make use of the available flexibilities in the ESR, such as purchasing emission allocations from other Member States. It is noted that the planned policies and measures are still under development. Further consideration could be given in this section in particular to the transport sector, including on how Cyprus intends to reduce, as planned by 2030, the private use of cars by 30% and to increase electromobility, public transport and cycling, as well as fuel switching for residential buildings. The draft NECP does not explain yet how Cyprus intends to achieve the Land Use, Land Use Change and Forestry (LULUCF) no-debit commitment (i.e. emissions do not exceed removals). It would also benefit from more details on the use of available flexibility in accordance with the accounting rules in the LULUCF Regulation².
- Based on a scenario with existing measures, Cyprus sets out a 19% share of energy from **renewable** sources in gross final consumption of energy in 2030. This level of ambition, which is not set out clearly as the proposed national contribution to the EU renewable energy target for 2030, is significantly below the share of 23% in 2030 which results from the formula contained in Annex II of the Governance Regulation, a situation which would also require an indicative trajectory in the final plan that reaches all reference points³ in accordance with the national contribution set out in the final plan. For the transport sector, this share is projected to be at 7% in 2030, compared to a 2020 target of 10%. The final plan would benefit from elaborating further on the policies and measures allowing the achievement of the contribution and on other relevant sectorial measures.
- The proposed contribution to the EU **energy efficiency** target would actually allow Cyprus to increase its primary and final energy consumption in 2030 by 3.1% and 18.8% compared to 2017 levels, respectively. This would go in the opposite direction of the collective EU effort on energy efficiency. Cyprus mentions over 60 policies and measures that would contribute to achieving its energy efficiency contribution; the expected energy savings should be better factored-in in the final plan.
- Regarding the dimensions of **energy security** and **internal market**, Cyprus plans to diversify its energy sources by introducing natural gas via LNG import infrastructure and possibly domestic resources, increasing renewable energy penetration, improving conditions for demand response via network modernisation and regulatory changes, fully implementing a competitive electricity market, and by

¹ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013.

² Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU.

³ Pursuant to Article 4(a)(2) of Regulation 2018/1999.

interconnecting its currently isolated electricity system. A more detailed description of the measures concerning the gas market and of the state of play, as well as of the remaining barriers and expected timelines for achieving a fully operational and competitive electricity market, would help to improve investor certainty and should be included in the final plan. The final plan would also benefit from considerations of how the proposed policies and measures across dimensions are expected to impact the level of energy poverty.

- With regard to **research, innovation and competitiveness**, Cyprus plans to triple its annual spending on energy and climate related research and innovation, which can be considered as good practice. The draft plan would benefit from a clear strategy and objectives for research and innovation to be achieved by 2030 through these additional funds. More concrete objectives for competitiveness, in particular for the industry sector, could have been included.
- The draft plan includes partial information on **investment needs**, although with limited detail and explanations and spread across different sections thus not yet fully taking advantage of the role NECPs can play in providing clarity to investors and attracting additional investments in the clean energy transition. A dedicated section on investment needs and its sources at national and EU level is needed in the final plan.
- For some of the Energy Union dimensions, there is already **regional cooperation** taking place between Cyprus and Greece, and also other Member States in the region. The final NECP could provide a more detailed, forward looking perspective for regional cooperation across all the Energy Union dimensions.
- The final plan would benefit from complementing the draft plan's analysis of the interactions with **air quality and air emissions** policy with more quantitative information.
- The issue of a **fair and just transition** to a climate neutral economy could be better integrated throughout the draft plan, by considering social and employment impacts related to a green and circular economy, such as shifts in sectors/industries (and the related skills/training impacts), distributional effects and revenue recycling.
- A list of all **energy subsidies**, including in particular for fossil fuels, and actions undertaken and planned to phase them out need to be included in the final plan.
- In the research and innovation dimension, the draft plan defines broad objectives to help increase energy efficiency, renewable energy, energy security and tackle climate change, while adding value for businesses and policy makers, along with more detailed objectives such as tripling the budget for research and innovation in energy and climate for the 2021-2030 period or decoupling economic activity from the use of fossil fuels. This constitutes a **good practice**.

Related links:

- [National Energy & Climate Plans](#) – for links to the Commission recommendations and Staff Working Document for Cyprus and all other Member States, to the Commission Communication assessing all draft NECPs, and to the draft NECPs themselves.
- More information about the [Clean energy for all Europeans package](#)
- More information about the [2030 climate & energy framework](#)