Cyprus response to Public Consultation on the
Proposed Framework for Future Energy Policy (2030)

Cyprus agrees that the future energy policy of the EU should be mainly focused on energy efficiency, renewable energy and flexible energy infrastructure. Although the 20-20-20 climate and energy policy proved useful for initiating change in setting goals for renewables, lowering carbon emissions and improving the use of energy, Cyprus supports that the post-2020 energy policy measures should be based more on free market statutes and less on binding targets. In particular, the future energy policy of the EU should meet the following criteria:

Be targeted and take into consideration specificities of Member States
The EU 2030 Energy Policy should be more focused and adjusted to the national specificities of Member States and their potential to incorporate certain technologies. Within this framework, mature technologies matched to the specific climatic conditions should be promoted. In general, the costs and benefits for each individual Member State should be carefully analyzed.

Distinguish between technology producers and technology importers
A clear distinction between technology producer and technology importer member states should be made. Technology importer member states should be provided with financial and other incentives so as the implementation of capital-intensive technologies does not adversely affect their economies and competitiveness.

Provide immediate benefits for member states participating in programs of fiscal consolidation
In the case of adopting targets and measures at EU and national level, the overall financial and economic state of member states should be taken into consideration. It is now clear, that important changes have taken place since the agreement of the original framework in 2008/9, namely the on-going economic crisis and the relevant budgetary restrictions and lack of investments, which have to be taken into account. In particular, targets should be non-binding and relative to financial capacity of each member state, while the energy policies applied to member states participating in programs of fiscal consolidation should yield immediate conditions for growth, employment and re-strengthening of their investment security and climate.

Take into account the indigenous national resources in a sustainable manner
The indigenous energy resources of each member state should be taken into consideration when defining energy targets and measures at a national level. Cyprus intents to replace Diesel and HFO fuels with Natural Gas, in order for the latter to be the main fuel for electricity generation in Cyprus after 2020. This follows the recent discoveries of Natural Gas Deposits in the Exclusive Economic Zone of Cyprus as well as those of neighbouring countries (Israel, Egypt and Lebanon).

Exploitation of indigenous energy sources, including those which are considered unconventional, should be promoted in a sustainable manner, while carefully taking into account the related environmental and other risks. In order to support free market conditions, any environmental or external costs relevant to such exploitation must be adequately reflected in the sale prices, without allowing for state subsidies.

Be implemented in relevance to the EU Standards for fuels
Reducing greenhouse gas emissions in the life cycle of transport fuels, namely petrol and diesel, by blending biofuels contributes to the achievement of the EU target to reduce greenhouse gas emissions by 20% by 2020.

However, since the maximum limit of biofuels that can be blended with conventional transport fuels according to EU standards for petrol and diesel, are up to 10% bio-ethanol in petrol and 7% bio-

diesel in diesel, the target to reduce greenhouse gas emissions in the life cycle of transport fuels by 6% by 2020 can only be achieved through the use of advanced biofuels that have zero emissions from indirect land use changes and reduced greenhouse gas emissions. While setting new targets, the Commission has to take into account the above considerations, especially in light of the limited development of advanced biofuels at present.

Be in accordance to the timelines set by EU legislation (instruments for Energy Efficiency)
The objective of the Energy Efficiency Directive is to achieve the Union's energy efficiency target of 20% by 2020 and pave the way towards further energy efficiency improvements beyond 2020. Given that the by 2014 the European Commission will review the measures taken by the MS and decide whether there is need to take further measures, any discussion on taking further measures in energy efficiency should be currently avoided.

Focus on reduction of energy costs rather than energy prices
Energy cost in Cyprus is among the highest in Europe, mainly due to the country's isolation from the Trans-European energy infrastructure and its dependence on fuel imports. This creates serious imbalances in the internal energy market, as electricity consumers, especially in the case of industrial units, bear higher energy costs and are unable to compete on unequal terms with their counterparts in other member states, particularly those in continental Europe.

End the isolation of member states and regions from trans-european energy networks
The isolation of Cyprus from trans-european energy networks imposes great limitations regarding the degree to which sustainable and environmental solutions can be accommodated. The capacity of the electricity transmission system to integrate intermittent sustainable energy sources without risking the system's energy security is limited due to the lack of interconnections with the European meshed electricity network. Hence, future European policies should take into account the above limitations and at the same time pursue ending the isolation of member states and regions.

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