



Responsible authority: Energy Service

Managing authority: Ministry of Energy, Commerce and Industry

History, current targets and results

The law for regulating the Energy Efficiency Obligation Scheme (EEOS) in Cyprus is under legal vetting by the Law Office of the Republic of Cyprus. The Bill is expected to be submitted to the House of Representatives for adoption by early 2020.

The overall target for cumulative end use energy savings over 2014-2020 equals to about 242 ktoe.

The total annual savings achieved from all alternative measures (EEOS not yet implemented) have been 0.9 ktoe/y in 2014; 2.3 ktoe/y in 2015; 6.3 ktoe/y in 2016 and about 69 ktoe/y in 2017. Most of the increase in the savings in 2017 came from the tax on transport fuels (newly reported from this year on).

Scope and focus

Specifications of actions eligible to the EEOS are under design. It is planned to use the types of calculation methods as defined in the EED (deemed savings, metered savings, scaled savings, or surveyed savings for the special case of behavioural actions). During the design of actions, the responsible authority considers the need for mitigating energy poverty and requires part of the actions to be implemented in vulnerable and energy poor households.

Key actors, roles and options

Responsible authority for target setting, implementation and monitoring of the EEOS is the Energy Service of the Ministry of Energy, Commerce and Industry.

Obligated parties (OP) will be all energy suppliers (electricity and transport fuels) with annual energy sales exceeding a predetermined level.

OPs will be allowed to design and implement their own energy savings support schemes, and also to count certified savings that have been achieved by energy service companies or other third parties. Bilateral exchange of energy savings between OPs will also be allowed.

OPs can count the savings achieved within a year, as of it has been achieved in one of the last four years (banking) or in one on the following three years (borrowing), given that those years are within the period of the obligation scheme.

The law will provide for penalties, subject to the difference between OPs' target and savings achieved each year.

In case an OP does not meet its target, the responsible authority will have the possibility to mandate OPs to fulfil part or all of their obligation by contributing to the Fund for Renewable Energy Sources and Energy Efficiency.

Monitoring, Reporting and Verification

The Energy Service of the Ministry will monitor the target achievement by the OPs, by implementing Monitoring, Reporting and Verification (MRV) systems in at least a statistical sample of the actions implemented by OPs. This will include randomly on-site inspections to check whether the implemented projects comply with the submitted projects.

The responsible authority will publish annually, energy savings achieved by each OP, as well as the cumulative savings under the obligation scheme. Energy poverty mitigation results are included.

The responsible authority will assess the costs entailing OPs for the achievement of their targets, and if necessary, will implement actions towards their minimization, with ultimate goal the preservation of OPs' worldwide competition.



Overview of the policy mix (alternative measures) reported by Cyprus for article 7

Transversal / cross-cutting

- Set of soft measures (information campaigns, trainings, workshops, etc).
- Special electricity tax (increase in the contribution to the Fund on Renewable Energy Sources and Energy Efficiency).
- Excise taxes on fuels for transports (tax level above the minimum EU taxation level).

Residential

- Financing scheme for photovoltaic systems with net-metering (including special grants for vulnerable households).
- “Save & Upgrade” grant scheme for improving the energy efficiency of dwellings (with special grants for vulnerable households).
- Grant Scheme for replacement of solar thermal collectors for domestic hot water.
- Urban incentive for increasing nearly zero energy buildings - nZEB (possibility for increase in building size in case nZEB energy criteria are met)

Public Sector

- Energy efficiency investments in public buildings (related to air conditioning systems: split units and heat pump chillers).
- Energy efficiency investments in street lighting (in motorways by the State + loans for municipalities).

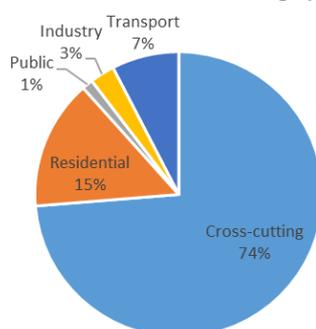
Services/Industry

- Photovoltaic systems for own consumption for commercial and industrial consumers.
- “Save & Upgrade” grant scheme for improving energy efficiency of commercial and industrial buildings.

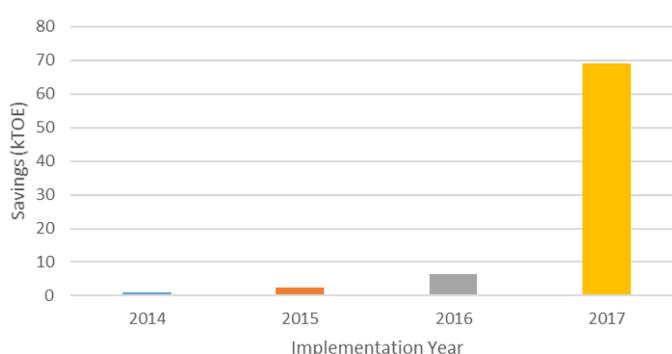
Transports

- Integrated Fleet Management System (installed in vehicles of the Central Government).
- Vehicle taxes based on CO₂ emissions.
- Eco-driving training for new drivers.

Distribution of **achieved savings** per sector



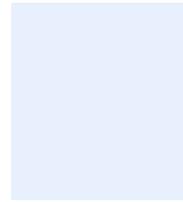
Distribution of **achieved savings** per year



The figures above present the contribution of sectoral policies towards the achievement of the Article 7 targets (left), as well as the total annual energy savings achieved in each year from 2014 to 2017 (right), according to the data of [the annual reports for the EED](#). Most of the large increase in the total annual savings reported by Cyprus for year 2017 comes from the new annual savings reported for the taxes on fuels for transport (policy measure that was not reported for the previous years).

Interview with Mr. Christodoulos Ellinopoulos

Energy Service
Ministry of Energy, Commerce and Industry



1) What are the main expectations or objectives for the new EEOS?

The introduction of EEOS is primarily intended for enabling competition to emerge among energy efficiency market actors for the benefit of final consumers.

In order for Obligated Parties to retain the achievement of their annual target in economic viable level, the Obligated Parties must choose to implement a group of energy saving measures, that lead to the expected result in a timely and cost-effective manner.

Through EEOs the energy performance contracts can also be promoted, as the Obligated Parties can meet their annual target by utilizing certified savings that have been achieved by energy service companies or other third parties.

EEOs can also play a strong role to tackle energy poverty, since it will include special counting of the savings derived from measures tackling energy poverty.

2) How have you prepared the design of the EEOS? (were the experiences of other countries useful for this preparation?)

The design of the Cypriot EEOs was based on the EEOs operating in Europe, adjusted to local specificities.

The general principle underlying the Cypriot EEOs, is that Obligated Parties are permitted to implement any individual action without any interference from the competent authority. However, the Obligated Party must obtain the approval of the competent authority for the methodology it intends to use for calculating the energy savings of an individual action and the data used.

3) What would be the lessons learnt from implementing alternative measures up to now?

Implementing alternative measures (acting as implementing public authority) requires good coordination and communication between government departments and other organizations that implement the measures. The bureaucratic process that has to be followed causes delays and an unclear picture on the actual progress towards target achievement.

4) And lessons learnt about MRV for these alternative measures?

The monitoring, reporting and verification system requires to process a large amount of information and therefore a good multiuser database is essential. Moreover, the acquired information needs to be of high quality, reliable and accurate.

Inadequate or incorrect information need more time to process and usually lead to wrong conclusions.

Implementing authorities should also consider developing "typical templates" which are used consistently throughout the government departments and other organizations.

5) If you could go back in time, what would you do differently?

The combination of alternative measures and energy efficiency obligation schemes appears to be necessary in order to achieve the national energy efficiency target on time and in the most cost-effective way.