

Research RES LEGAL – Promotion system

Country: Cyprus

1. Overview of promotion system

Overview of promotion system	At the moment, there are three grant schemes to support renewable electricity generation in Cyprus. On the one hand, renewable electricity generation in Cyprus is promoted through a price regulation scheme based on a feed-in tariff per kWh. On the other hand, some renewable energy generation technologies are supported by grants.
Statutory provisions	<ul style="list-style-type: none"> ▪ LREM (Law No. 122 I 2003 Regulating the Electricity Market) ▪ LPRES (Law No. 33 I 2003 on the Promotion and the Encouragement of Use of RES and of Energy Efficiency) ▪ SSEEA (Support Scheme 2009-2013 for Energy Conservation and the Promotion of Renewable Energy Sources (RES) for natural persons and public entities) ▪ SSEEA II (Support Scheme 2009-2013 for Energy Conservation and the Promotion of Renewable Energy Sources (RES) for private entities) ▪ SSRES 2009-2013 (Support Scheme 2009-2013 for Electricity Generation from Wind Energy, Solar Energy and Biomass)
Promotion system	<ul style="list-style-type: none"> ▪ Feed-in tariff: The general laws on energy, LREM and LPRES, and the Support Scheme for Electricity Generation from Wind Energy, Solar Energy and Biomass introduced fixed feed-in tariff rates. ▪ Subsidies: Furthermore, Cyprus allocates grants to encourage the construction of renewable energy systems. The grant scheme applies to private households, non-profit organisations and private entities.
Technologies	LREM applies to all renewable electricity generation technologies.
Area of application	Only electricity generation in the Republic of Cyprus is eligible.
Funding	Renewable energy is promoted through a tax of 13 €/kWh on electricity consumption. This tax is transferred to a special fund (art. 7 par. 1 LPRES), which is run by its own committee (art. 3 LPRES).

2. Basic information on legal sources

Name of legal source (original language)	Law Regulating the Energy Market	Law No. 33 I 2003 on the Promotion and the Encouragement of Use of RES and of Energy Efficiency	Support Scheme for Energy Conservation and the Promotion of Renewable Energy Sources (RES) for natural persons and public entities for 2009-2013
Name of legal source (full name)			
Name of legal source (English)	Law Regulating the Energy Market	Law No. 33 I 2003 on the Promotion and the Encouragement of Use of RES and of Energy Efficiency	Support Scheme for Energy Conservation and the Promotion of Renewable Energy Sources (RES) for natural persons and public entities for 2009-2013
Abbreviated form	LREM	LPRES	SSEEA I
Type of law	Act	Act	Support scheme
Document structure	Chapters, paragraphs	Articles, sections	Chapters, paragraphs
Entering into force	25/07/2003	01/08/2003	23/03/2009
Latest amendment			
Future amendments			
Purpose	Implementing European Union Directives 96/92/EC and 2003/54/EC.	Implementing the obligations specified in chapters 88, 89 (2) (a) of LREM.	The scheme supports projects and investments to increase energy efficiency and the use of renewable energy.
Relation to renewable energy	This Act includes rules on the promotion of electricity from renewable sources.	LPRES provides for the establishment of a fund that finances the feed-in tariff and other costs related to renewable electricity generation and specifies the requirements for usage of the grid.	Under this scheme, grants are allocated to encourage the construction of renewable energy systems.
Link to full text of legal source (original)	http://www.dsm.org.cy/media/attachments/Section4/4.3_Electricity_Mark	http://www.cie.org.cy/laws/RES_ECON_N.33%28I%29_2003.pdf	http://www.cie.org.cy/pdf/sxediOfisika2009-2013a.pdf

language)	et Regulation Law of 2003 gr.pdf		
Link to full text of legal source (English)	http://www.dsm.org.cy/media/attachments/Section4/Law_Regulating_the_Electricity_Market_of_2003_and_2004.pdf	http://www.erec.org/fileadmin/erec_docs/Project_Documents/RES_in_EU_and_CC/Cyprus.pdf	

Name of legal source (original language)	Support Scheme 2009-2013 for Energy Conservation and the Promotion of Renewable Energy Sources (RES) for private entities	Support Scheme 2009-2013 for Electricity Generation from Wind Energy, Solar Energy and Biomass	
Name of legal source (full name)			
Name of legal source (English)	Support Scheme 2009-2013 for Energy Conservation and the Promotion of Renewable Energy Sources (RES) for private entities	Support Scheme 2009-2013 for Electricity Generation from Wind Energy, Solar Energy and Biomass	
Abbreviated form	SSEEA II	SSRES	
Type of law	Support scheme	Support scheme	
Document structure	Chapters, paragraphs	Chapters, paragraphs	
Entering into force	23/03/2009	20/07/2009	
Latest amendment			
Future amendments			
Purpose	The scheme supports projects and investments to increase energy efficiency and the use of renewable energy.	The scheme supports investments to increase energy efficiency and the use of renewable energy.	

Relation to renewable energy	Under this scheme, grants are allocated to encourage the construction of renewable energy systems.	Under this scheme, the construction of renewable energy systems and renewable electricity generation are incentivised by a feed-in tariff.	
Link to full text of legal source (original language)	http://www.cie.org.cy/PDF/sxedionomika2009-2013.pdf	http://www.cie.org.cy/APE/Sxedio%20paroxis%20Xorigion%20gia%20nomika%20proswpa%20APE_v9.pdf	
Link to full text of legal source (English)			

3. Further information

Institution (name)	Website	Name of contact person (optional)	Telephone number (head office)	E-mail (optional)
Ministry of Commerce, Industry and Tourism (MCIT)	http://www.mcit.gov.cy/mcit/mcit.nsf/dmlenergy_gr/dmlenergy_gr?OpenDocument			
Cyprus Institute of Energy (CIE)	http://www.cie.org.cy/indexen.php	Ioannis Chrysis	+357 22606060	
Cyprus Energy Regulatory Authority (C.E.R.A.)	http://www.cera.org.cy		+357 22666363	
DSM-TSO – Transmission system operator	http://www.dsm.org.cy/nqcontent.cfm?a_id=1	Stavros Stavrinos	+357 22611622	sstavrinos@dsm.org

4.1. Price regulation (feed-in tariff)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> ▪ LRPES ▪ SSRES 2009-2013 	
Country-specific promotion system	Scheme SSRES 2009-2013, run by the managing committee of the Renewable Energy Fund, encourages renewable electricity generation through feed-in tariffs. The Cypriot grid operator only has to pay the market price to the system operators; the bonus payment is allocated by the Fund for Renewable Energy (ch. 5 par. 2 of SSRES 2009-2013). The amount of tariff depends on the electricity generation technology employed.	
Promoted technologies	The feed-in tariff scheme applies to wind, solar and biomass technologies.	
Wind energy	Eligible (ch. 3 par. 1.1 of SSRES 2009-2013).	
Solar energy	Eligible (ch. 3 par. 1.2 of SSRES 2009-2013).	
Geothermal energy		
Biogas	Eligible; landfill gas only (ch. 3 par. 1.3 IV of SSRES 2009-2013).	
Biomass	Eligible (ch. 3 par. 1.3 III of SSRES 2009-2013).	
Hydro-electricity		
Area of application	National	Only electricity generated in the Republic of Cyprus is eligible.
	International	Electricity generated outside Cyprus is not eligible.
Legal basis for a claim/addressees	(x) statutory basis () contractual basis	The basis for a claim is SSRES 2009-2013 (ch. 11 of SSRES 2009-2013).
	Entitled party	The feed-in tariff applies to natural persons and private entities, public sector organisations and local administrative bodies that carry out business activities unless they <ul style="list-style-type: none"> ▪ have committed an offence according to the penal code or ▪ are in insolvency proceedings (art. 3 par. 3 of SSRES 2009-2013).
	Obligated party	The obligated party is the state. The feed-in tariff is allocated by a committee of the Ministry of Commerce, Industry and Tourism (ch. 9 in connection with ch. 5 par. 2 of SSRES 2009-2013).
Payment structure	Bonus	A given system operator is entitled to receive a bonus on top of the market price on his request (ch. 5 par. 2 of SSRES 2009-2013).

	Guaranteed payment		
	Criteria for amount of payment	The tariff is a fixed minimum payment and depends on the source of energy used. The amount of bonus is the difference between the retail price and the market price charged by the Cypriot grid operator. Certain technologies like biomass and biogas are eligible for an additional premium (0.0171 €/kWh) (ch. 4 of SSRES 2009-2013).	
	Adjustment mechanisms	The market price depends on the oil price and is determined by the Cyprus Energy Regulatory Authority (RAEK) (ch. 5 par. 2 of SSRES 2009-2013).	
	Limitations/deadlines	The feed-in tariff is a time-limited payment. System operators conclude purchase agreements of 20 years with the grid operator (ch. 5 par. 1. of SSRES 2009-2013)	
	Amount	The amount of tariff depends on the electricity generation technology employed.	
			Retail price per kWh
		Wind power stations	0.1666 € /kWh
Large-scale PV systems (21 to 150kW)		0.34 € /kWh	
Small PV systems (up to 20kW)		0.36 € /kWh	
	Biogas	0.1145 € /kWh	
	Biomass	0.135 € /kWh	
Funding	State		
	Consumers	The costs of the tariff scheme are borne by the final consumers (art. 7 par. 1, art. 9 par. 2 of LPRES 33 I 2003 in connection with ch. 5 par. 2 of SSRES 2009-2013).	
	Grid operator		
	System operator		
	Distribution mechanism	Every consumer is obliged to pay to the Fund for Renewable Energy a tax of 13 €ct on every kWh of electricity consumed. This fund allocates the feed-in tariff (art. 7 par. 1, art. 9 par. 2 of LPRES 33 I 2003 in connection with ch. 5 par. 2 of SSRES 2009-2013).	
Control mechanisms	The Cypriot Energy Regulatory Authority is responsible for checking compliance with all technical requirements set out in the agreements (ch. 6 d of SSRES 2009-2013).		

4.2. Subsidy (Investment grant)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> ▪ LRPES ▪ SSEEA I 	
Country-specific promotion system	Under the SSEEA I scheme, grants are allocated to encourage the construction of renewable energy systems. The scheme applies to natural persons and public entities. The amount of grant is a certain percentage of the amount invested. Grants are awarded by the managing committee of the Renewable Energy Fund.	
Promoted technologies	The scheme promotes the construction of wind and solar energy systems.	
Wind energy	Capacities of up to 30 kW are eligible (ch. 2 par. 2 of FB1 SSEEA I).	
Solar energy	Capacities of up to 20 kW are eligible (ch. 2 par. 2 of FB4 SSEEA I).	
Geothermal energy		
Biogas		
Biomass		
Hydro-electricity		
Area of application	National	Only systems constructed in the Republic of Cyprus are eligible.
	International	Projects implemented outside Cyprus are not eligible.
Legal basis for a claim/addressees	(x) statutory basis () contractual basis	The legal basis is grant scheme SSEEA for natural persons and public entities (ch. 10 of SSEEA I).
	Entitled party	The persons and entities entitled are all natural persons whose permanent place of residence is in Cyprus, and non-profit organisations that are not involved in profit-oriented activities (ch. 3 of SSEEA I).

	Obligated party	The obligated party is the state. The grants are managed by a special committee of the Ministry of Commerce, Industry and Trade (ch. 9 of SSEEA I).
Amount	<p>The amount of grant is a certain percentage of the amount invested.</p> <ul style="list-style-type: none"> ▪ Wind energy systems of up to 30kW: 55% of total investments (subject to a maximum of 51,500 €). ▪ Solar energy systems of up to 20kW: 55% of total investments (subject to a maximum of 65,000) (ch. 5 in connection with ch. 4 par. 3 and ch. 4.2 of SSEEA I). 	
Procedure	<ul style="list-style-type: none"> ▪ Application. System operators must submit their applications to the committee (art. 9 par. 1 of LPRES). ▪ Award of grant: In order for a grant to be awarded, a given applicant has to prove that his system was constructed within a period of 18 months and the requirements of the applicable grant scheme are met. One and the same system operator may not receive more than one grant (art. 9 par. 1 of LPRES in connection with ch. 9 of SSEEA I). ▪ Payment. The grant awarded by the committee is paid out to the investor after project completion (ch. 9 in connection with ch. 9 par. 2 of SSEEA I). 	
Funding	State	
	Consumers	The costs of the tariff scheme are borne by the final consumers (art. 7 par. 1, art. 9 par. 2 of LPRES 33 I 2003 in connection with ch. 5 par. 2 of SSRES 2009-2013).
	System operator	
	Grid operator	
	Distribution mechanism	
Control mechanisms	The competent committee of the Ministry of Commerce, Industry and Tourism ensures that the grant is used for the intended purpose according to general criteria (ch. 8 of SSEEA I).	

4.3. Subsidy (Investment grant)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> ▪ LRPES ▪ SSEEA II 	
Country-specific promotion system	Under the SSEEA II scheme, grants are allocated to encourage the construction of renewable energy systems. The scheme applies to private entities. The amount of grant is a certain percentage of the amount invested. Grants are awarded by the managing committee of the Renewable Energy Fund.	
Promoted technologies	The scheme promotes the construction of wind and solar energy systems and small hydro-electric stations.	
Wind energy	Capacities of up to 30kW are eligible (ch. 2 par. 2. NB1 of SSEEA II).	
Solar energy	Capacities of up to 20kW are eligible (ch. 2 par. 2. NB3 of SSEEA II).	
Geothermal energy		
Biogas		
Biomass		
Hydro-electricity	Eligible (ch. 2 par.2 NB5 of SSEEA II).	
Area of application	National	Only systems constructed in the Republic of Cyprus are eligible.
	International	Projects implemented outside Cyprus are not eligible.
Legal basis for a claim/addressees	(x) statutory basis () contractual basis	The basis for a claim is SSRES 2009-2013 (ch. 12 of SSEA II).
	Entitled party	Every private entity is eligible as long as it <ul style="list-style-type: none"> ▪ is based in Cyprus ▪ is not in insolvency proceedings (art.4 of SSEEA II).

	Obligated party	The obligated party is the state. The scheme is managed by its own committee of the Ministry of Commerce, Industry and Trade (ch. 9 of SSEE II).
Amount	<p>The amount of grant is a certain percentage of the amount invested. There are two categories of grants:</p> <ul style="list-style-type: none"> ▪ de-minimis grant (ch. 3 par. 2 of SSEE II) and ▪ grant for less developed regions (ch. 3. par. 1 of SSEE II). <p>Wind energy systems of up to 30kW</p> <ul style="list-style-type: none"> • De-minimis grant: 40% of total investments (subject to a maximum of 45,000 €). • Grant for less developed regions according to company size: 15%, 25% or 35% of total investments (subject to a maximum of 45,000 €). <p>Solar energy systems of up to 20 kW</p> <ul style="list-style-type: none"> • De-minimis grant: 40% of the total investments in building-integrated systems (subject to a maximum of 48,000 €); 40% of total investments in ground-mounted systems (subject to a maximum of 50,000 €). • Grant for less developed regions according to company size: 15%, 25% or 35% of total investments (subject to a maximum of 50,000 €). <p>Small hydro-electric stations</p> <ul style="list-style-type: none"> • De-minimis grant: 40% of total investments (subject to a maximum of 105,000 €). • Grant for less developed regions according to company size: 15%, 25% or 35% of total investments (subject to a maximum of 105,000 €). 	
Procedure	<ul style="list-style-type: none"> ▪ Application: System operators must submit their applications prior to project implementation (ch.10 par. 2 of SSEE II for private entities). ▪ Award and payment of grants: A grant is awarded only after a given system operator has proved that his project has been implemented and the requirements of the applicable scheme have been met (ch. 10 par. 4 of SSEE II). 	
Funding	State	
	Consumers	The costs of the tariff scheme are borne by the final consumers (art. 7 par. 1, art. 9 par. 2 of LPRES 33 I 2003 in connection with ch. 5 par. 2 of SSRES 2009-2013).
	System operator	
	Grid operator	
	Distribution mechanism	Every consumer is obliged to pay to the Fund for Renewable Energy a tax of 13 €ct on every kWh of electricity consumed. This fund allocates the grants (art. 7 par. 1, art. 9 par. 2 of LPRES 33 I 2003 in connection with chs. 8 and 12 of SSEE II).
Control mechanisms	The competent committee of the Ministry of Commerce, Industry and Tourism ensures that the grant is used for the intended purpose (ch. 8 of SSEE II).	

