



Electricity market and prices in Cyprus

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EIB 2017 Cyprus Overview Report

Question

Why Cypriot companies perceive the high energy cost among the most important barriers to investment and what can be done in this regard?

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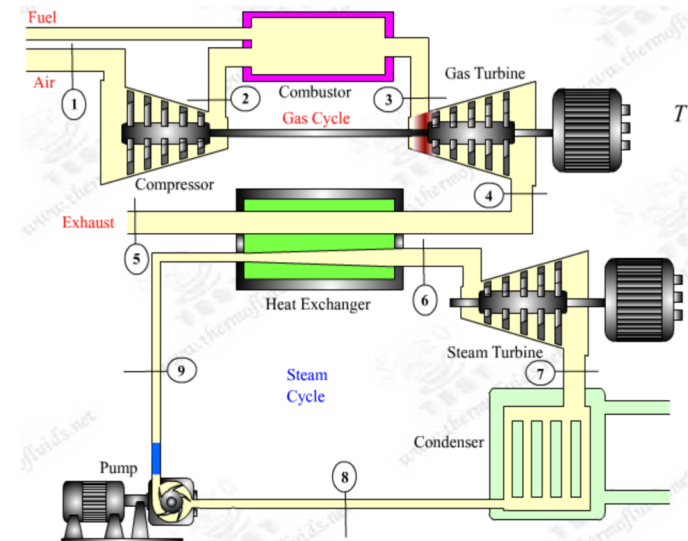
- **Cyprus current electricity and NG systems**
 - statistics
- **Setting up of electricity tariffs** – regulatory framework
- **Electricity prices** – comparisons
- **Future actions and options**

Cyprus current electricity and NG system

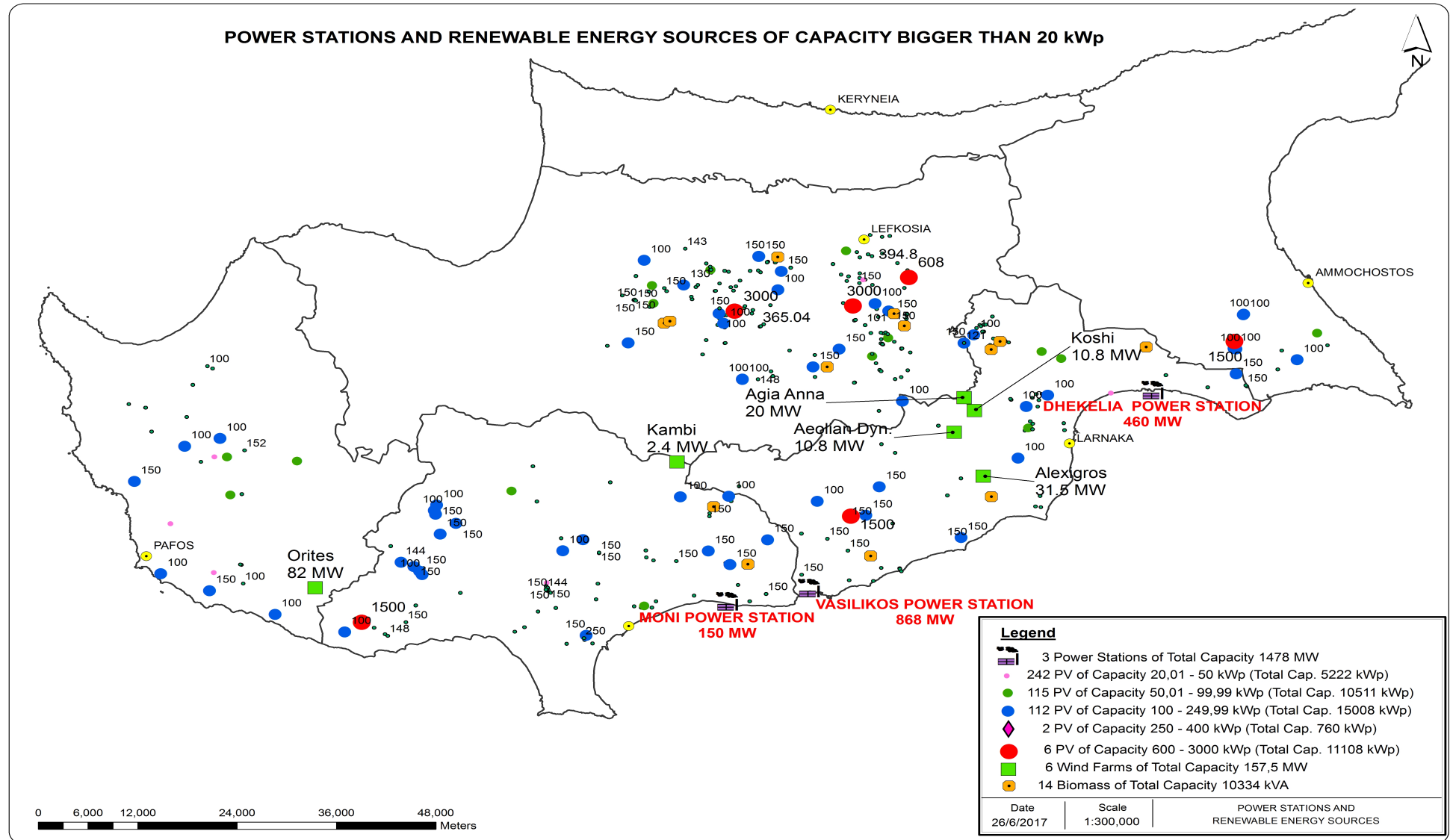
Statistics

Existing power generation system

- **Steam turbine units (HFO)**
 - Dhekelia power station 6x60MWe
 - Vasilikos power station 3x130MWe
- **Combined cycles (Diesel)**
 - Vasilikos power station 2x220MWe
- **Gas turbine units (Diesel)**
 - Moni power station 4x37,5MWe
 - Vasilikos power station 1x38MWe
- **Renewables**
 - PVs 115MWe
 - Wind 157MWe
 - Biomass 13MWe



Distribution of RES-E



RES-E targets

- **Current RES-E penetration: ~9%**



- **PVs 115MWe**
- **Wind 157MWe**
- **Biomass 13MWe**

- **RES-E target for 2020: 16%**

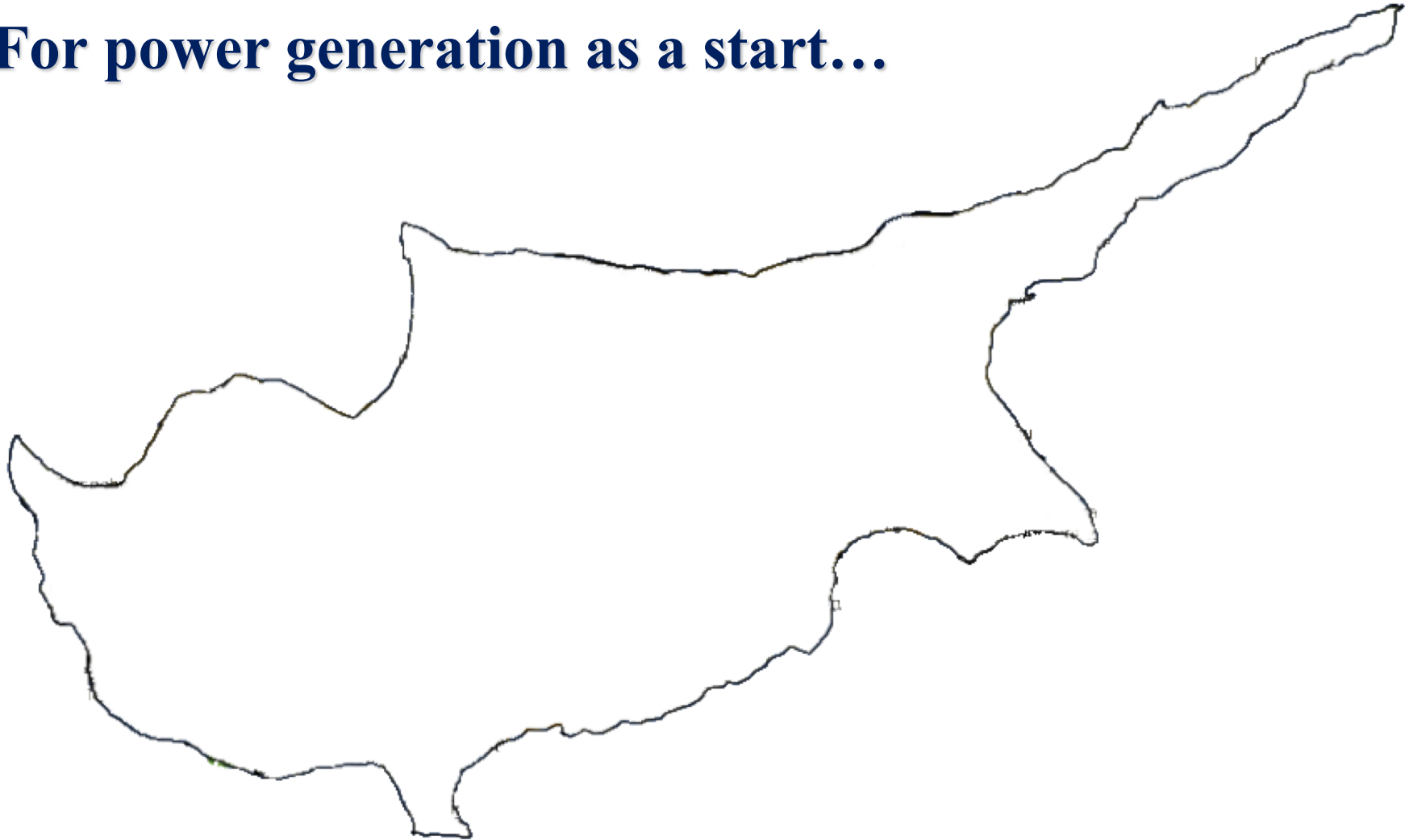


- **PVs 360MWe**
- **Wind 175MWe**
- **Biomass 15MWe**

- **RES-E target for 2030: not yet**

Existing natural gas system

- Under development !
- For power generation as a start...



Setting up of electricity tariffs

Regulatory framework

Basics of electricity tariffs

- **Generation cost including reserves to meet peak demand and forced outages at reference fuel prices (e.g. at 300€/MT)**
- **Transmission and distribution cost**
- **Metering cost**
- **Supply cost**
- **Rate of return**
- **Fuel cost adjustment at real fuel (e.g. at 350€/MT)**

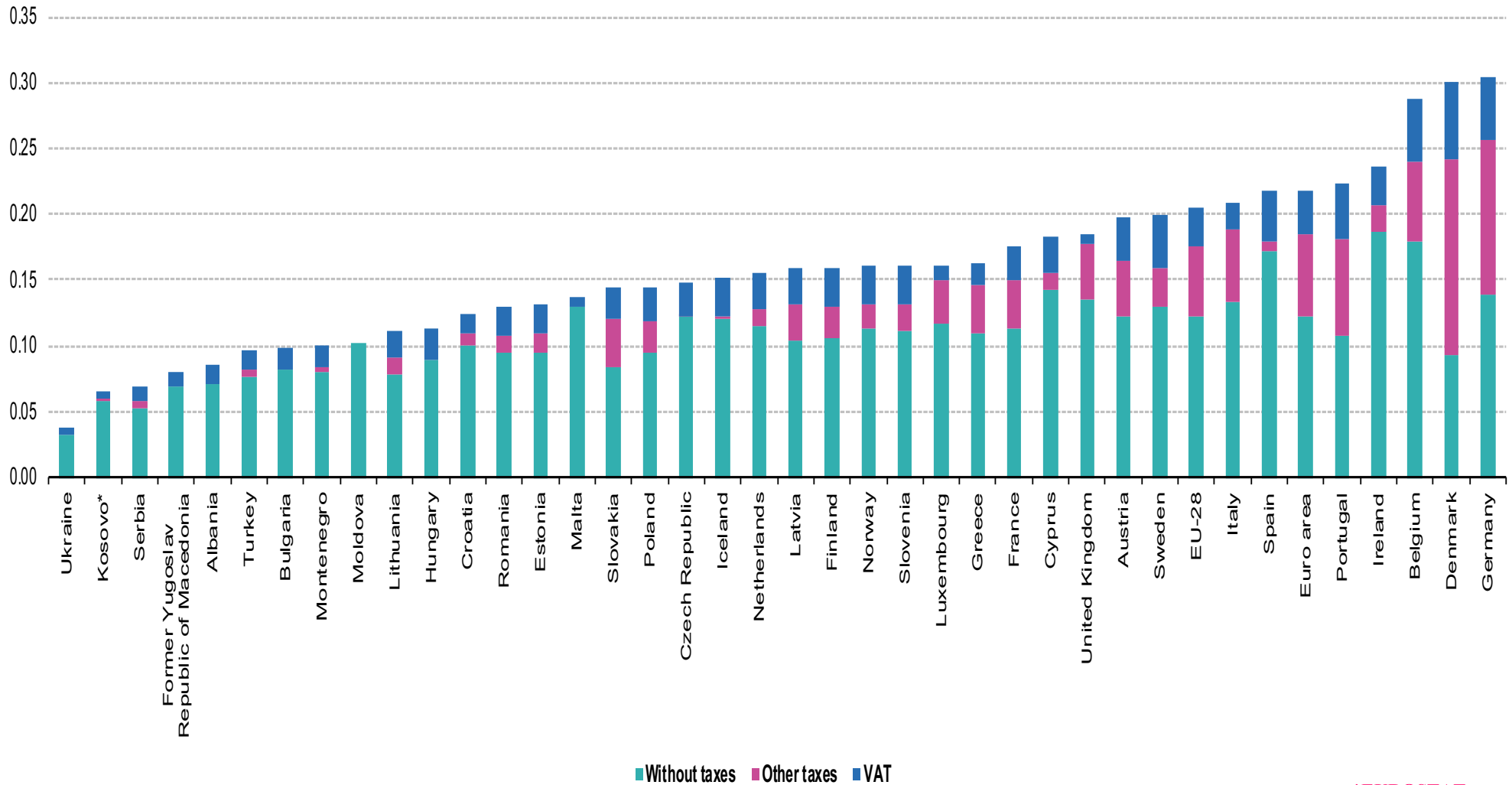
Tariff regulation

- **Incentive regulation vs cost plus regulation**
- **New regulated tariffs since Sep 2017**
 - **Public consultation**
 - **Allowable income for the next 5 years**
 - **IRR set at 4.6% for all functions**
 - **Efficiency factor set at -1%**
 - **Overall ~ 6% reduction on basic tariffs**
 - **Transparency in electricity bills**

Electricity prices

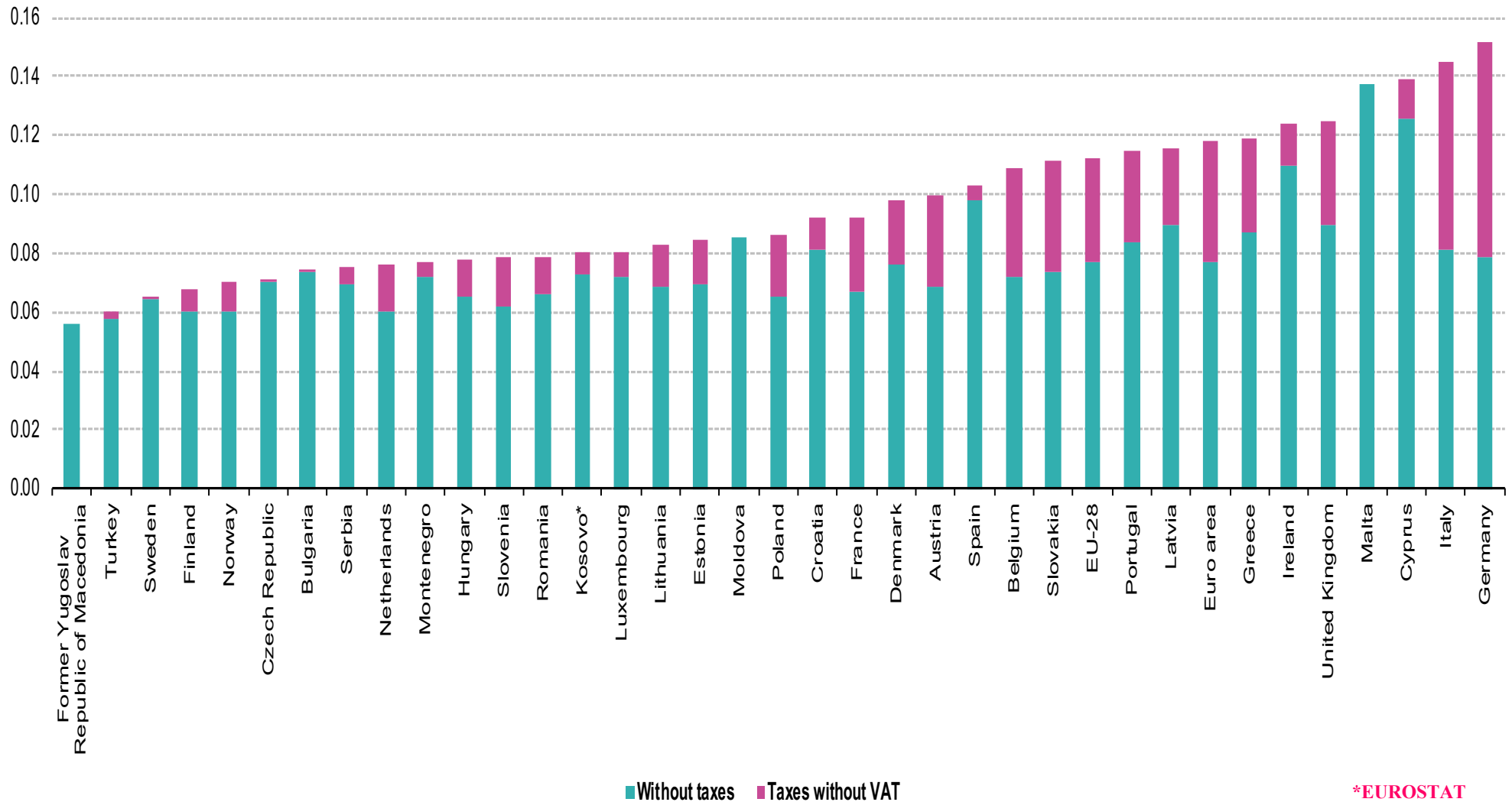
Comparisons

Electricity prices for household consumers, second half 2017* (€/kWh)

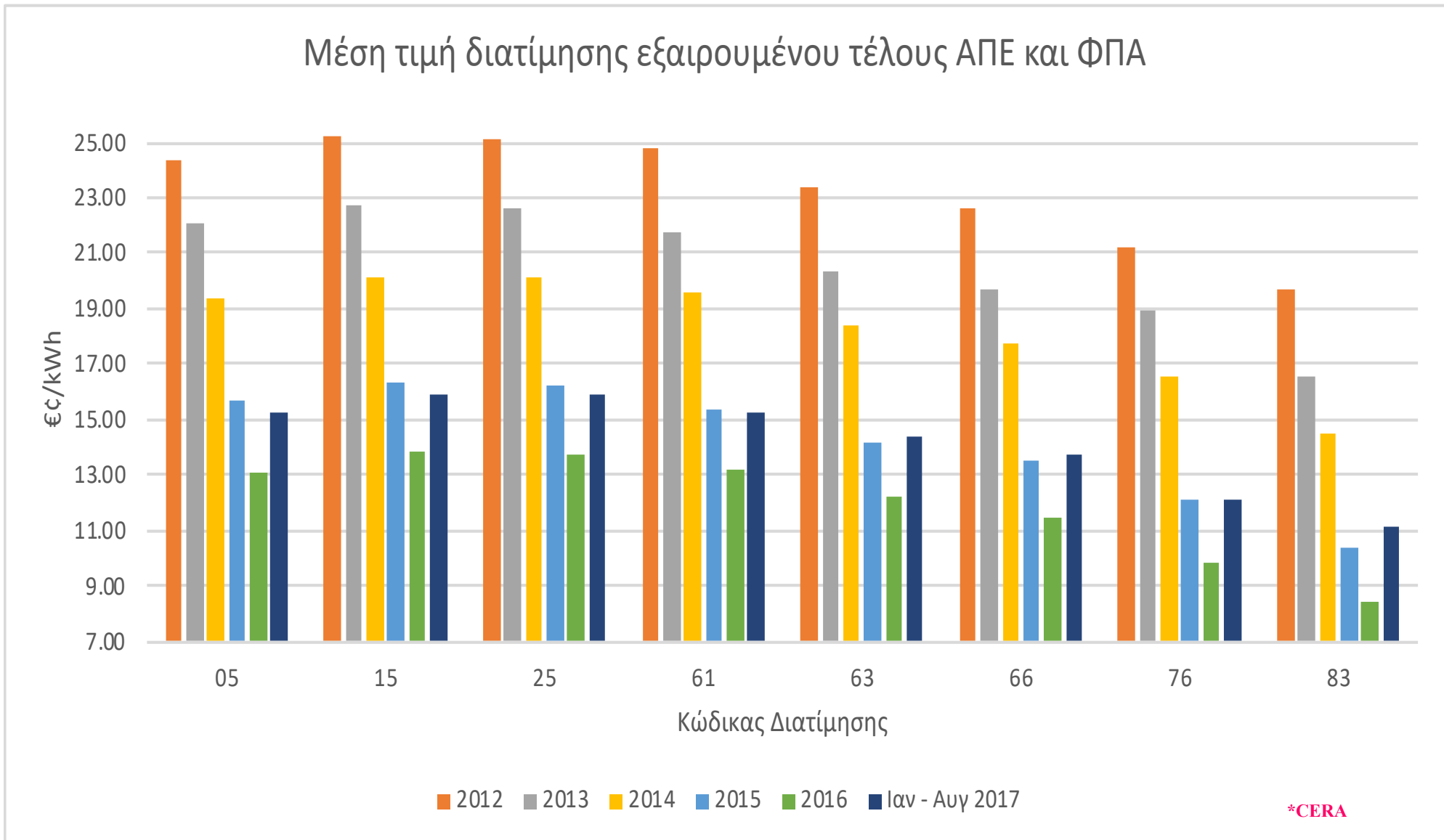


*EUROSTAT

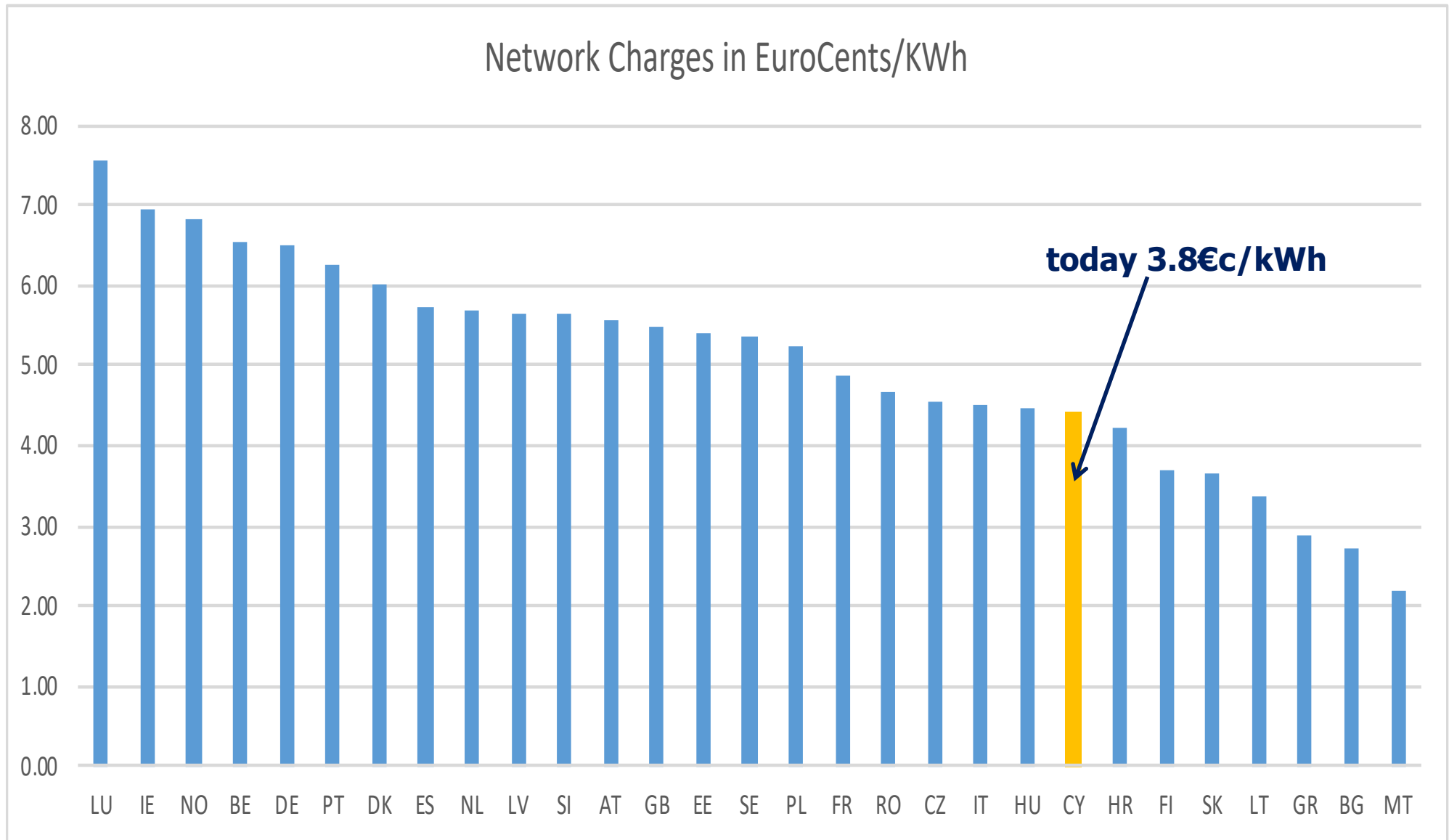
Electricity prices for non-household consumers, second half 2017* (€/kWh)



Historic tariffs for Cyprus* (2012-Aug 2017)

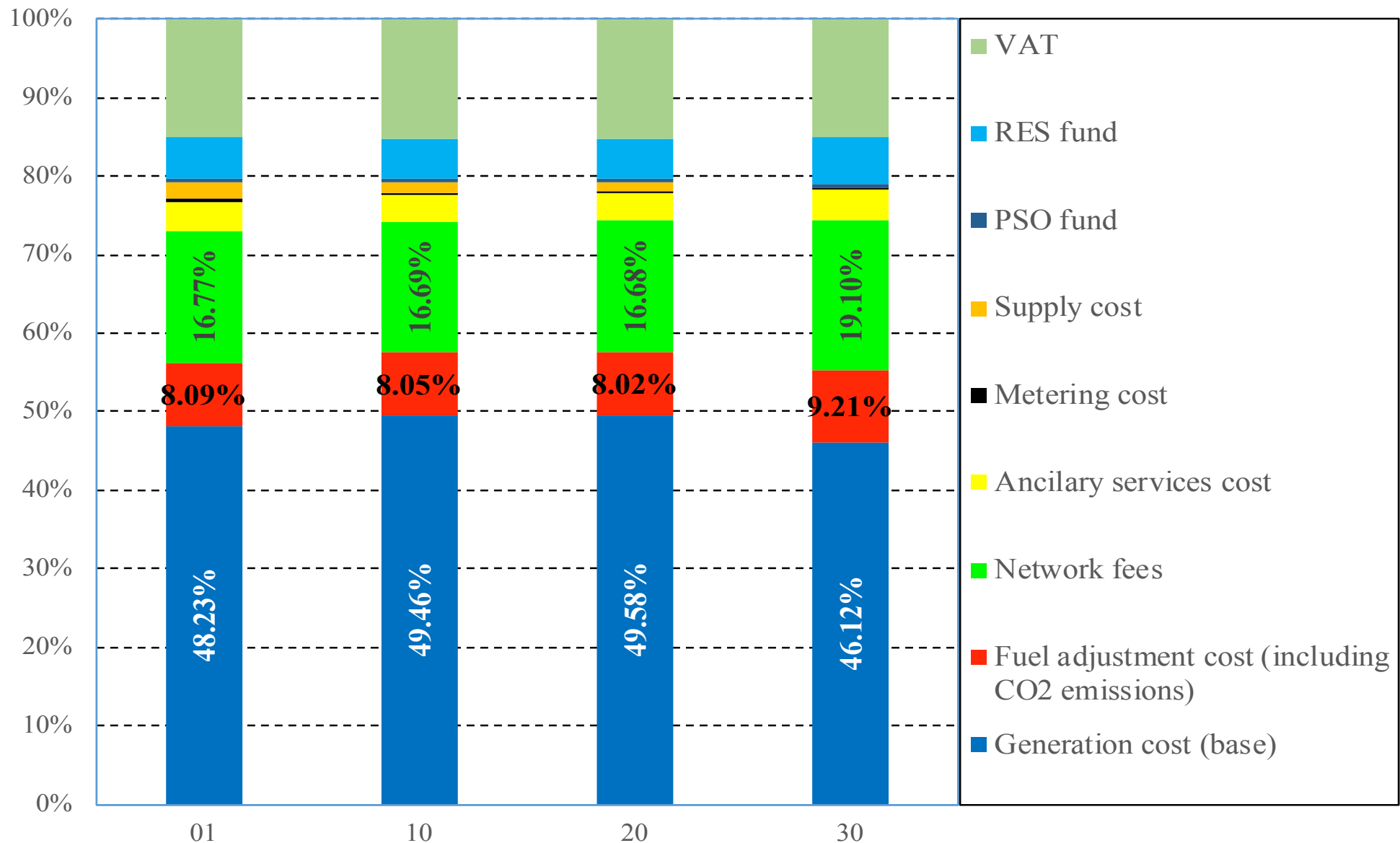


Network charges comparison*



*ACER

Share of new tariffs (since Sep 2017)



Future actions and options

Future actions and options

- **Energy audit and energy management**
- **Use of net-metering/net-billing**
- **Regulatory decisions regarding electricity market**
 - **EU electricity target model**
 - **New basic tariffs ~ 6% reduction**
- **Other options:**
 - **change of generation technologies including fuel**
 - **electricity interconnections**
 - **change of electricity supplier**