



# **Cyprus Energy Sector Reforms supported by SRSS**

**Structural Reform Support Service (SRSS)**

**Athens, IENE, November 2015**

# Overview of the presentation

- Introduction
- What does SRSS do?
- What does SRSS and its predecessor SGCY do in the field of energy in Cyprus?
- Disclaimer: The views express solely the personal view of the author



# Reform process with Technical Assistance

## The activity of the SRSS

# Overview



- Created on 1st July 2015
- Draws on the expertise & know-how of the TFGR and SGCY
- In the Secretariat General, under the coordination of VP Dombrovskis
- About 50 persons (Brussels; Athens; Nicosia)
- Matrix structure: thematic and country focus

# The SRSS: Mandate

The SRSS will provide and coordinate technical assistance for the:

- implementation of **growth-enhancing administrative and structural reforms**, in particular in the context of the economic governance process;
- efficient and effective use of the **EU Structural and Investment Funds**.

Support is available to **all EU Member States**, on request.

# Structure & Policy Areas

TA administration, legal and  
quality control

Legal & contract issues, financing monitoring...

Governance and public  
administration

Modern public administration, ESI Funds...

Labour market, health  
and social services

Pensions and social benefits, Labour Market,  
Healthcare...

Financial sector and  
access to finance

Banking, Access to finance

Revenue administration &  
PFM

Taxation, Public Financial Management...

Growth-supporting  
reforms

Business environment, Trade, Sectorial policies...

# Support Methods and Financing

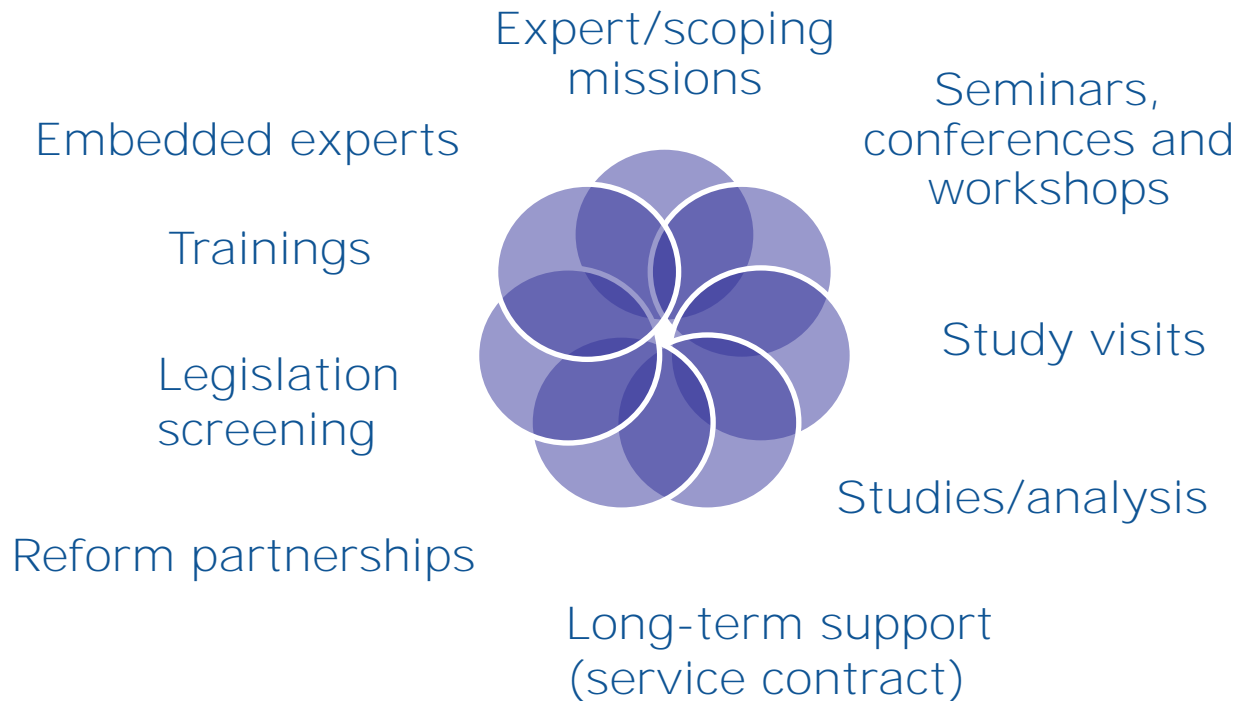
- Direct support (EC) and SRSS in-house expertise
- Member States
- International Organizations
- National Public Bodies
- Private experts

## Budget

- Centralised Structural Funds (EC)
- Decentralised Structural Funds
- Specific modalities for programme countries



# Type of Support







European  
Commission

# EXAMPLES OF SUPPORT

# Examples

## **Governance and public administration:**

- Creation of a Secretariat-General for Coordination in Greece [with FR]
- Absorption of EU Structural and Cohesion Funds: Greece moved from 18th (in 2011) to 5th place out of all Member States [EC staff]
- Reform of Cypriot personal and corporate insolvency legislation [with IMF and ECB; IE]

## **Growth-supporting reforms:**

- Removing barriers to competition for some sectors in Greece [with OECD]
- Cypriot strategy for energy sector, including aspects of market regulation and market organisation [with AT; IT; JRC]

## **Financial sector and access to finance:**

- Creation of the Institution for Growth for Greece [with DE kfw]
- Establishment of a unified supervisor of insurance companies and occupational pension funds in Cyprus [with EIOPA; ES]

# Examples

## Revenue administration and PFM:

- Immovable property tax reform and capacity building activities in Cyprus [with IMF; ES]
- Establishment of an integrated domestic tax department in Cyprus [with IMF; BG; NL]
- Creation of semi-autonomous tax administration in Greece [with IMF]

## Labour market, health and social services:

- "Health in action" reform road map in Greece [with WHO; DE; SE]
- Preparation towards a National Health System in Cyprus: e.g. IT infrastructure [with PT]; other tools and best practices for implementing a National Health System [with AT; BE; DE; IT; UK; under preparation WHO]
- Development of tools for facilitating labour inspection activities and dealing with undeclared work in Cyprus [with BE]

# Example to be detailed out:

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# **SRSS's engagement in Cyprus**

**assisting in the fields of**

***Energy strategy***

***Restructuring of the energy market***

***Fostering of RES***

***Energy efficiency***

# Support provided to detailed levels

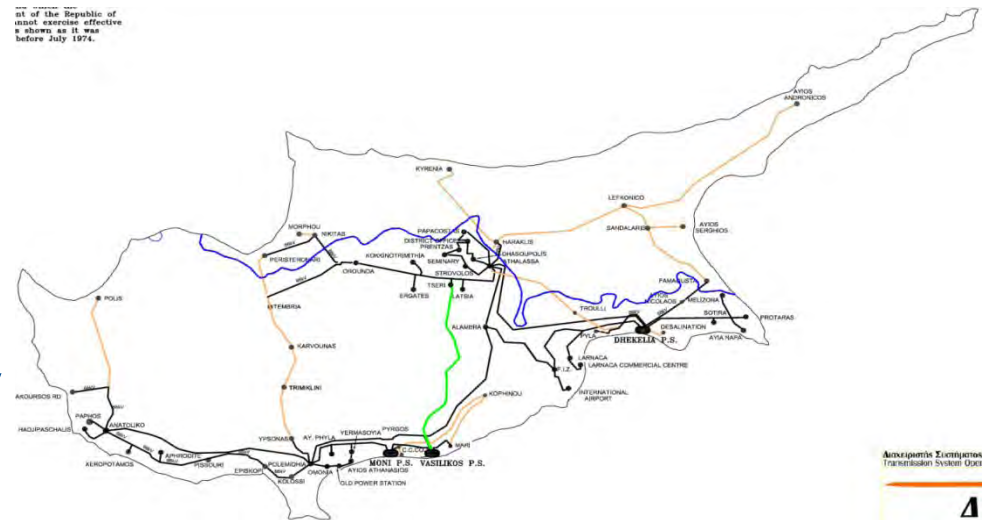
- Support to form an energy strategy Support to re-structure the energy market including the creation of a new electricity target model
- Fostering the introduction of RES through the market **model, technical capacity assessment, market modelling, ...**
- Support to raise energy efficiency potential through potential analysis, best practice training, and influenced by the above
- Also further ad-hoc Technical Assistance (TA) given

# Cyprus and the East Med

- Significant hydrocarbon reservoirs have been identified
  - **More than local demand expectation?!**
  - **Export potential?**
  - **International co-operation could be helpful?!**
- Electrical interconnection!?
  - **EuroAsia interconnector** (PCI and CEF)

# Cyprus

- Isolated electricity system
- Quest to reduce electricity price and raise Security of Supply
- Challenges to integrate more RES from technical viewpoint
- Challenges to open market effectively
- Challenge to comply with 20:20:20 target (transport mainly)





## Cyprus (2)

- Challenge of fluctuating demand within year
- Challenge to reduce emissions
- Energy efficiency potential significant:
  - **In transport**
  - **In buildings**
  - **Throughout EED topics**

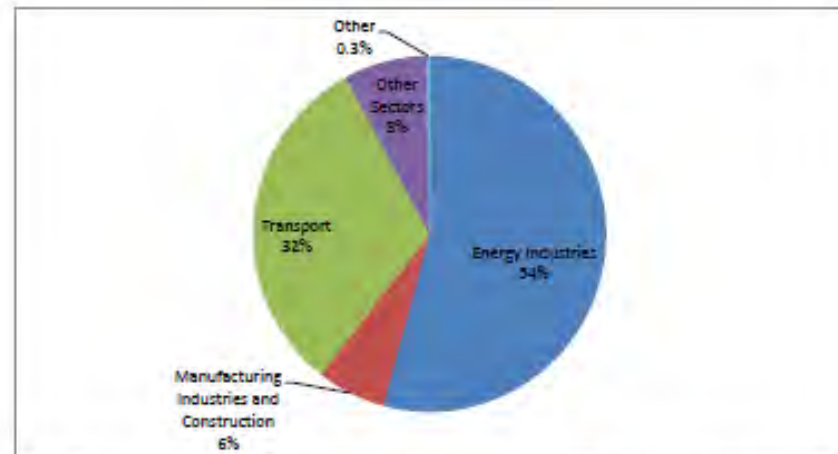


Figure E2. Contribution of the main energy sources of emissions to the total energy emissions in 2012

# Conclusion

- **Major change in the Cypriot energy system is envisaged**

Up until now, the electricity market in Cyprus is dominated by the incumbent, the Electricity Authority of Cyprus. The Ministry of Energy, Commerce, Industry and Tourism with close cooperation with the Regulator and the Market Operator are moving towards the establishment of a competitive electricity market.

- **Regional interconnections are a key question**

The interconnection of Cyprus with Israel and Greece might be realized through three separate Projects of Common Interest, which belong under the same cluster of projects. The technical and economic feasibility of these projects is yet to be proven.

MECIT believes that connecting the Cyprus transmission system with a regional electricity network (Israel) would be beneficial for Cyprus;

**Increasing the supply security** is one obvious benefit but also the potential import of cheaper electricity and the increase of the technical system capability to integrate more electricity produced by RES are significant benefits.

- **International cooperation** is also key for the economic optimisation of natural resources (import/export) in the Eastern Med area.



# Thank you for your attention

## Q&A

*Contact: [stephan.ressl@ec.europa.eu](mailto:stephan.ressl@ec.europa.eu)*