



Cyprus Reform Efforts

Business opportunities in the field of energy

Structural Reform Support Service's (SRSS) engagement in Cyprus

Nicosia, December 2015

Overview of the presentation

- What does SRSS do?
- What does SRSS and its predecessor SGCY do in the field of energy in Cyprus?
- Cyprus and business opportunities in the field of energy
- 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

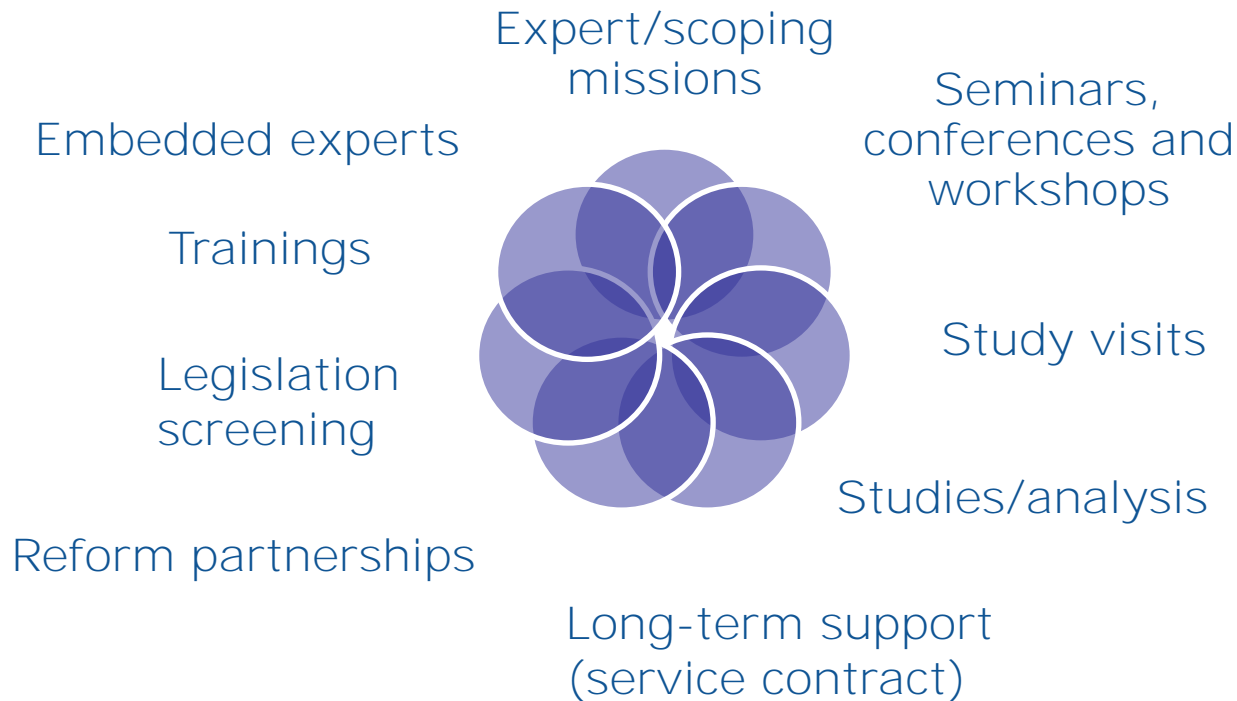
- Direct support (EC) and SRSS in-house expertise
- Member States
- International Organizations
- National Public Bodies
- Private experts

Budget

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



Type of Support





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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 field of energy

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



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Business opportunities

in the field of energy

Energy sectors under scrutiny (1)

- Electricity market to more effectively liberalise
- High potential for decentralised RES under market conditions
- Big potential to raise energy efficiency
- Potential for RES in transport and electrification

Energy sectors under scrutiny (2)

- Electricity market to effectively liberalise
 - **Potentially moving from HFO only to natural gas and RES**
 - **Need to free up flexibility in the electricity system (ramping, demand response, load shifting)**
 - **Weather Forecasting and portfolio management**
 - **Engage as innovative supplier and aggregator**

Energy sectors under scrutiny (3)

- High potential for decentralised RES under market conditions
 - **High load in summer at lunchtime, decentralised demand**
 - **Support for net-metering and self-generation**
 - **Decision for smart metering pending**
 - **Smart grid initiatives in early stage**

Energy sectors under scrutiny (4)

- Big potential to raise energy efficiency
 - There is robust legislative framework in line with Directives 2010/31/EU and 2012/27/EU (Energy Performance Certificates, ESCOs, Energy Performance Contracting and Energy Auditing)
Concept of ESCO, tenders for street lighting etc.
 - **The support scheme “Save Upgrade”** which is co financed by the Republic of Cyprus and the EU **has commenced in December 2014 for SMEs and in March 2015 for households. It will supply 33 million** for renovating existing homes and buildings owned or used by SMEs. The buildings have **to achieve at least 40% energy savings or energy class B**. Bigger financial incentives are provided to buildings that will be renovated to NZEB.
 - **Up to 2020** it is estimated that **20 million** will be supplied for upgrading the energy efficiency of the buildings that **belong to the central government**. The project will be co-financed by EU funds
 - Commercial banks have designed **special loans for households and organizations** that **participate in the support scheme “Save Upgrade”** or in the net-metering (installation of photovoltaic)

Conclusion

- **Cyprus has successfully returned to economic growth according to forecast**
- **Some reforms have been successfully concluded**
 - **World Bank Report: Cyprus is ranked No. 47 in terms of overall ease of doing business (of 189), effectively constituting an improvement of 13 ranks since last year**
- **However some reform efforts are still under way**
- **Major change in the Cypriot energy system is envisaged**

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 and want to raise economic gains through energy efficiency and RES integration.
- Several support programs start to take off
- Most business cases do not need subsidies, only good partners!



Thank you for your attention

Q&A

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