

Consumers access to affordable energy sources in Cyprus

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Perspective on consumers' access to affordable energy sources in the policy debate of Cyprus

Consumers in Cyprus do not have alternatives when it comes to selecting electricity suppliers or plans that are affordable and still fulfill their needs. The electricity market in Cyprus is monopolized by the state-owned Electricity Authority of Cyprus (EAC) that generates and provides 100% of the island's electricity. The electricity market was partly liberalised in 2004 (35% for the wholesale component of the market) and even further in 2009 (65%). The Cyprus Energy Regulatory Authority (CERA) has proposed liberalisation of the Cyprus electricity market by July 1, 2019. At the moment there are no competitors to EAC, which still remains the sole electricity supplier of the domestic market. This was a major issue in 2011 when an explosion at one of the major power stations of EAC resulted in serious supply issues and selective power cuts throughout the island. Moreover, energy companies wishing to supply electricity in the near future would need to submit an application to CERA and obtain a corresponding license (Oosterhuis, 2013). In recent developments, several companies have obtained generating and supplying licenses to compete in the electricity market against EAC, utilizing mainly petroleum and solar technologies – with the provisions to expand to natural gas (CERA, 2020). Therefore, in 2020 and 2021 a number of key projects, currently under tendering or implementation, are expected to materialize (Mesimeris et al., 2020). The full liberalisation of the electricity market is expected to attract investors and eventually offer lower costs for domestic electricity.

The gas market is currently non-existent in Cyprus. According to EU directives, Cyprus qualifies and is classified as an emerging market for natural gas and also as an isolated market. The Natural Gas Public Company (DEFA), set up and controlled by the state, is the sole distributor, of any form of natural gas, in Cyprus

i.e. DEFA is totally responsible for the Cyprus Internal Gas Market. Moreover, the gas sector is expected to follow a fully monopolistic model for a period of at least 10 years (Natural Gas Public Company (DEFA), 2012).

As for the services that may alleviate costs of electricity, the EAC offers installation of storage heaters and promotion of prosumers (consumers who generate electricity mainly via photovoltaics) via net metering. There is also a special tariff targeting vulnerable consumer groups, as specified in the relative legislation for the regulation of the electricity market (EAC, 2018a). The cost of the special tariff is covered by public service obligations (PSOs), imposed on all non-vulnerable consumers in Cyprus (EAC, 2018b). Significantly, at the moment there are no contract limitations on the amount of energy the vulnerable consumers are allowed to consume. This has possible implications such as excess costs in PSOs as a consequence of uncontrolled consumption at the special tariff. This special tariff was introduced in 2006 as a result of the relative [EU Directives 2003/54/EC](#) and [2003/55/EC](#) stipulating that member states should protect consumers against inability to pay their bills and therefore mitigate energy poverty. The regulations governing the tariff were revised in 2013, 2015 and 2016 towards increasingly refined definitions of groups of vulnerable consumers, without necessarily resulting in decreased group sizes. According to the National Energy and Climate Plan for Cyprus, categories of vulnerable consumers will be expanded, introducing income criteria and this will be announced within 2020 through a new Order (Mesimeris et al., 2020); something which is still anticipated due to public health-related delays.

Research perspective on consumers' access to affordable energy sources in Cyprus

At the moment there has been no academic research published on this topic. Data on consumer access to affordable energy sources can be found on the EPOV database of knowledge and resources (EPOV, 2018).

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