

Residential Prosumers in the European Energy Union

EAHC/2013/CP/04

Mapping the legal and regulatory framework in the 28 Member States, Iceland and Norway

Cyprus



This study is part of the mapping of the legal and regulatory framework for residential prosumers in the 28 Member States, Iceland and Norway, within the project on Residential Prosumers in the European Energy Union EAHC/2013/CP/04, and carried out by Milieu Ltd (Belgium), Chaussée de Charleroi, 112, B-1060 Brussels, tel: +32 (0)2 506 1000; web address: www.milieu.be

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National report on the regulatory framework for residential prosumers: Cyprus

General Description of the national legal and regulatory framework

General

The electricity market

The electricity market in Cyprus presents some particularities, mainly due to the geographical position of the island and the size of the market. A major challenge that the sector faces is the isolation of the electricity system, with no interconnection with neighbouring countries, while at the same time the system is very small and lacks any energy storage infrastructure. This imposes serious technical limitations on the amount of energy that can be absorbed in the network from intermittent RES, as the intermittency can have an impact on the reliability, security and stability of the system¹. At the same time, the market is relatively small. As the system is small and isolated, the amount of electricity that needs to be produced is small – a small number of production units could serve all the needs of the market².

The generation of electricity continues to rely heavily on imported fuels, mainly crude oil and petroleum products. In 2014, only 7,39% of electricity was generated by renewables³, despite the remarkable potential of the island in solar and wind. Cyprus' RES target for 2020 has been set at 13%⁴.

Market Operators

Concerning market operators, the market is essentially a monopoly. Even though since the 1st January 2014 the electricity market is formally fully liberalized, liberalization has not been yet implemented in practice. The Cypriot electricity sector is today 100% covered on the supply side and more than 90% on the generation side, by the state-owned Electricity Authority of Cyprus (EAC)⁵. In an effort to open up the market to new participants, the Cyprus Energy Regulatory Authority (CERA) has proposed the Net-Pool model as being the most appropriate trading arrangement approach for the Cyprus electricity market, setting mid 2016 as the milestone for its commercial operation. Recent discussions in the Cypriot Parliament, as reported by the local press, indicate that there are delays in the design of the new model and the drafting of the relevant regulations, and that the electricity market may not be opened before 2018-2020⁶.

The EAC owns both the transmission and the distribution system. The TSO is legally unbundled from the EAC, is a separate entity with his own name, logo and website, but all of its employees are seconded from the single vertically integrated utility, namely the EAC. As to the DSO, its function has remained within the Network Business Unit of the EAC and all of its employees remain part of the single vertically integrated utility, namely the EAC⁷.

¹ CERA, 2015 National Report to the European Commission, July 2014 to July 2015, p. 4, available at: http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National_Reporting_2015/NR_En/C15_NR_Cyprus-EN.pdf.

² Challenges in the electricity market of Cyprus, Energy Conference of the Institute of Energy for South-East Europe, 26 January 2012, p. 2, available at: <http://www.iene.gr/symposium-cyprus2012/articlefiles/3rd-session/Thrasou.pdf>.

³ EUROSTAT, SHARES 2014 Results for Cyprus, available at: <http://ec.europa.eu/eurostat/web/energy/data/shares>

⁴ See Annex I to Directive 2009/28/EC, setting the national overall targets for share of energy from renewable sources in gross final consumption of energy by 2020.

⁵ CERA, 2015 National Report to the European Commission, July 2014 to July 2015, p. 4, available at: http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National_Reporting_2015/NR_En/C15_NR_Cyprus-EN.pdf.

⁶ <http://cyprus-mail.com/2016/10/11/electricity-market-may-not-opened-2020/>.

⁷ CERA, 2015 National Report to the European Commission, July 2014 to July 2015, p. 5-7, available at: http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National_Reporting_2015/NR_En/C15_NR_Cyprus-EN.pdf.

State policy on RES

Through the adoption of L. 112(I)/2013 on the Promotion of RES Cyprus has undertaken to adopt support schemes to encourage the use of renewables. The main RES used in Cyprus are PV systems, solar thermal panels, wind power systems and biomass. The support scheme currently in place that is relevant for residential prosumers is focused on solar energy ('Plan for Solar Energy for All'), and consist of subsidies (for vulnerable consumers) and net metering. Both residential prosumers (households) and enterprises can benefit from the net-metering scheme.

The schemes adopted by the state throughout the years have found great response from the public. For instance, from July 2013 when the implementation of the net-metering program started to September 2014 it is reported that approximately 4.100 PV systems were installed, with a total capacity of 12 MW⁸.

1. What types of residential prosumers are there in your country on the basis of type of RES used and size of the installation?

Answer:

The national legislation does not contain a definition of prosumers as such. Law 112(I)2003 on the regulation of the electricity market (REM Law) contains the definition of 'self-production' and provides that the Cyprus Energy Regulatory Authority (CERA) may issue decisions to exempt self-production from the holding of permits that are otherwise required under the REM Law⁹.

The general regulatory framework concerning all installations producing electricity from RES is also applicable in the case of prosumers. However, based on the different schemes adopted in the past years with a view to promote the use of RES, different types of residential prosumers can be identified, based on both the size of installation and type of RES.

Prosumers have different conditions according to the size or power capacity. CERA has exercised its power to exempt self-production of electricity with installation **power up to 1 MW**, as well as installations generating electricity from RES with installation **power up to 5 MW** are exempted from the obligation to **hold the permits** otherwise required by the REM Law for: (a) the construction of a power plant, (b) the generation of electricity and (c) the supply of electricity to consumers. Interested persons need to submit an application for exemption to the CERA.

For the generation of electricity from RES with installation power from **1KW to 20KW**, CERA has further decided that no application for exemption is required – a simplified procedure whereby they request to be discharged from the obligation to submit an application for exemption applies (Decision of CERA 1549/2016).

Furthermore, the Ministry of Energy, Industry and Tourism (Energy Office) has issued over the years different Support Schemes to promote the use of RES, targeting natural persons and organisations who do not exercise economic activity. For instance, the 2012 Grant Scheme for the encouragement of the use of RES and energy-saving subsidised small autonomous wind power capacity systems up to 30KW, solar thermal panels and small PV systems (autonomous or connected to the system) up to 7KW for households.

For 2016, the "Plan for Solar Energy for All 2015-2016" was launched, which consists of a net metering scheme. For vulnerable consumers, as defined in Ministerial Decree 218/2013, the Plan supports the purchase and installation of PV up to 5KW that will operate under a net-metering scheme. For households, public administration and industrial units, the Plan introduces a net-

⁸ <http://energypress.gr/news/nea-shedia-horigion-gia-exoikonomisi-energeias-kai-ape-entos-oktovrioy-stin-kypro>

⁹ Article 35 L.112(I)/2003.

metering system, also for PV of up to 5KW. Even though the present report is focused on residential prosumers, it is useful to note that in addition to the net-metering, the Plan also contains provisions on self-production (no access to the network) by industries, public buildings, schools, agricultural holdings.

2. What is the institutional framework & division of competences regarding residential prosumers in your country?

The Ministry of Energy, Commerce, Industry and Tourism (Energy Office) has the general responsibility for energy matters in Cyprus, including the responsibility to establish and implement programs for energy efficiency, for the promotion of the use of RES and the development of new technologies.

The Cyprus Energy Regulatory Authority (CERA) was established pursuant to L. 122(I)/2003 on the Regulation of the Electricity Market as an independent authority responsible for regulating the electricity and gas market. Its main tasks include the licensing for all activities concerning the electricity sector, the control and approval of all charges and electricity tariffs, dispute resolution and consumer protection. Within the framework of its competences, CERA has issued decisions aimed to support the use of RES and electricity production by residential producers, such as decisions to exempt electricity producers for own consumption from certain permit obligations (see section 4 for more information). CERA is also competent for dispute resolution and the protection of consumer rights on energy matters.

Cyprus follows a centralised governance model and decisions on energy matters are taken at central level, by the Ministry of Energy, the Parliament and the CERA. Municipalities and local communities have no competence on energy/RES issues.

Specific Questions on the regulatory framework for residential prosumers

3. What is the regulatory framework for residential prosumers in your country?

General

The legal framework governing the electricity market in Cyprus that is relevant for prosumers consists of the following:

Law 122(I)/2003 on the regulation of the electricity market: contains the definition of ‘self-production’ and provides that CERA may issue decisions to exempt self-production from the holding of permits that are otherwise required for the production of electricity and its supply to certain consumers.

Law 112(I)/2013 on the promotion and encouragement of the use of RES: establishes a Fund to operate the Grant Schemes for the subsidy of various investments in RES. The Fund has own legal personality, own resources and budget, and its resources mainly come from the levy and collection of the electricity consumption duty. The Law provides that a minimum of 15% of the total Fund revenues from the consumption duty received in the previous financial year must be used for Schemes of which the beneficiaries are natural persons, and which relate to the installation of domestic renewable energy systems.

Ministerial Decree 218/2013 on the Definition of Energy Poverty and of vulnerable consumers Categories as well as Measures to tackle energy poverty and to protect vulnerable consumers: defines “energy poverty” and the criteria based on which a consumer can be categorized as

“vulnerable”. It requires the provision of financial incentives to vulnerable consumers, through their participation to a Scheme providing for the installation of home photovoltaic systems with a capacity up to 3 KW with net metering. In line with the Ministerial Decree, the ‘Plan for Solar Energy for All 2015-2016’ in an effort to enable vulnerable consumers to become prosumers provides for a subsidy (900EUR per installed KW, with a maximum subsidy of 2700EUR) for the installation of PV systems in their residence. The Plan further provides for the connection of the PV systems to the grid and the participation of the prosumer to the net-metering scheme.

Regulations of 2015 on the promotion and encouragement of the use of RES (methodology of the calculation of the temporary ‘green tax) 248/2015: establishes the methodology for calculation of the green tax. The temporary green tax was adopted in order to pay for the shortfall in the RES FUND, which used to compensate investors in energy production from solar, wind and biomass. The Fund showed substantial deficits since 2013 due to the stifled electricity consumption and the fall in the oil prices, which led to the need to adopt a temporary green tax to ensure the viability of the Fund.

Regulations of 2015 on the promotion and encouragement of the use of RES (certified installers of small scale renewable energy systems) 374/2015.

Decree of 2013 on the promotion and encouragement of the use of RES (methodology of calculation of the energy share from renewable resources) Decree 441/2013.

Decree of 2013 on the promotion and encouragement of the use of RES (technical requirements for the equipment and RES systems for heating or/and cooling) Decree 5/2014.

Plan for Solar Energy for All 2015-2016: <http://www.cea.org.cy/wp-content/uploads/2016/08/schedio-iliaki-energeia-gia-oloys-2016.pdf>

Agreement between the EAC and the prosumer on net-metering: RES- PV systems up to 5KW – net metering plan of the CERA:

<https://www.eac.com.cy/EL/EAC/RenewableEnergySources/Documents/%CE%A3%CF%8D%CE%BC%CE%B2%CE%B1%CF%83%CE%B7%20%CE%A3%CF%85%CE%BC%CF%88%CE%B7%CF%86%CE%B9%CF%83%CE%BC%CE%BF%CF%8D%20%CE%9C%CE%B5%CF%84%CF%81%CE%AE%CF%83%CE%B5%CF%89%CE%BD%20%CE%9C%CE%AD%CF%81%CE%BF%CF%82%20%CE%91%CE%A3%CE%9C5%2019-8-16.pdf>

3.1. What is the existing legislative framework regulating Renewable Energy Projects in your country?

Answer:

The main law on RES is Law 112(I)/2013 on the promotion and encouragement of the use of RES. For further instruments relevant for renewable energy projects see the answer above.

3.2. Does the Renewables National Action Plan include any objectives for residential prosumers (if so, please specify)

Answer:

As part of the planned and existing measures adopted to promote the use of RES, the National Action Plan announced measures that are relevant for residential prosumers. These include the possibility for producers using any RES production technologies with total installed capacity of up to 5MW to submit an application to CERA asking for an exemption to the permitting requirement, and the announcement of certain Support Schemes.

It should be noted that as the NAP was adopted in 2010, information contained therein could be outdated. For instance, the NAP indicates that to connect to the grid, all RES technologies only need to borne 50% of the connection costs, with the remaining cost to be paid by the EAC (as the owner of the transmission and distribution systems), and no other ancillary charges would be charged on RES technologies. However, CERA has issued a decision on 2013 (Decision 909/2013) that establishes charges for the use of the grid and other ancillary services to be applied for the net-metering scheme (PV systems installed in households). The NAP has been updated through the 3rd Progress Report for RES submitted to the European Commission¹⁰ and thus, the two documents (2010 NAP and the 3rd Progress Report) should be read together.

3.3. Is there a definition (legal or regulatory) of residential prosumers (or self-consumption) in your country? If so, state it and describe the elements of this definition?

Answer:

Law 112(I)2003 on the regulation of the electricity market defines ‘self-production’ as ‘the production of electricity for own use’. The term prosumer is explicitly used in the Agreement between the EAC and the prosumer on net metering (which falls within the CERA Scheme on Net Metering and concerns PV systems up to 5KW). However, there is no definition of ‘prosumer’ in the model contract.

4. What are the permitting requirements for each type of residential prosumer?

General

As reported in the 3rd Progress Report based on Article 22 of Directive 2009/28/EC, covering the period between 2013-2014, Cyprus has taken a series of measures to improve the administrative procedures so as to eliminate obstacles to the promotion of RES use.

In principle, pursuant to Article 34 of the REM Law, for any person who intends to construct a power plant, generate electricity and/or supply electricity to consumers, a permit from CERA is required. Article 35 gives CERA the competence to exempt self-production from the permitting requirement. The self-production of electricity with installation power up to 1 MW, as well as installations generating electricity from RES with installation power up to 5 MW are exempted from the obligation to hold the permits otherwise required by the REM Law. For the generation of electricity from RES with installation power from 1KW to 20KW, CERA has further decided that no application for exemption is required – a simplified procedure whereby they request to be discharged from the obligation to submit an application for exemption applies (Decision of CERA 1549/2016).

With regards to other permits that the construction of RES systems and the generation of electricity may entail, the following should be noted:

- For the installation/ construction of PV systems up to 20KW, there is an exemption from the obligation to have a planning permission from the relevant Competent Authority, namely the Town Planning and Housing Department, for the installation of PV systems, provided that the PV systems are installed with a specific way (i.e. pursuant to the provisions of Decree 123/2011 and 281/2013 of the Ministry of Internal Affairs), as well as from the obligation to have a building permit. The planning permission and the building permit of the premises where the system will be placed is sufficient. In essence, this means that if the building (e.g. the house, public administration building) where the systems will be placed has been built in accordance with the planning and building regulations and has necessary permits, no

¹⁰[http://www.mcit.gov.cy/mcit/mcit.nsf/All/111406281177587DC2257A31002CA3E7/\\$file/3rd%20RES%20progress%20report20132014_final.pdf](http://www.mcit.gov.cy/mcit/mcit.nsf/All/111406281177587DC2257A31002CA3E7/$file/3rd%20RES%20progress%20report20132014_final.pdf).

additional permits are required for the installation of PV systems in the owners' premises.

- No EIA study is required for: PV systems with capacity up to 100KW; power plants using biomass with installed capacity up to 20KW; power plants using wave energy and wind turbines with capacity up to 30KW.

4.1. Does your country recognize certain forms of self-consumption and subject prosumers to certain

- requirements,
- application fees and
- one-off costs

in order to give them a permit or licence to generate energy?

Answer:

As it has been explained above, the permitting system in Cyprus facilitates self-production through providing for permitting exemptions for small-scale RES generation (see answer to the previous question). Residential prosumers can benefit from the exemptions.

No application fees or one-off costs were identified for residential prosumers, other than the costs that prosumers participating in the net-metering scheme have to borne for connection to the grid. These costs will be presented below (Question 4.2).

4.2. Does the national legal/regulatory framework determine the contractual conditions under which prosumers are allowed to feed or sell their surplus back into the grid or to other consumers?

Answer:

The net-metering scheme adopted since 2013 within the framework of the 'Solar Energy for All' annual plans is subject to the conclusion of an Agreement between the prosumer and the EAC in its capacity as DSO. The Agreement is comprehensive and contains provisions on billing, metering, the net-metering system (more information on this point is provided below), and clauses on the termination of the Agreement, damages and dispute resolution. A technical guide with technical provisions and conditions for the interconnection and the parallel operation of the PV system with the low voltage network is annexed to the Agreement¹¹.

The charges to which the prosumer will be subject for their connection to the grid and for the use of the network are established by CERA (CERA Decision 909/2013). According to the decision, the overall annual charges (before the imposition of VAT) per installed kWp of the PV system amount to 47,23EUR pursuant to the Decision and will be paid by the prosumer in six equal instalments (7,87EUR per installed kWp of the PV system before VAT) and will be included in the consumption that is received every two months by the prosumer.

The net-metering scheme operates as follows: the difference between the energy imported from the grid to the household of the prosumer and the energy produced by the prosumer that is fed into the network is carried out by the EAC in its capacity as supplier every two months for a period of 12 months. Any surpluses will be transferred to the next billing period and any deficits will be priced normally, within the specific billing period. The final clearance of surpluses (if any) will be done in the last account of the 12 months.

¹¹https://www.eac.com.cy/EL/EAC/RenewableEnergySources/Documents/%CE%A0%CE%B1%CF%81%CE%AC%CF%81%CF%84%CE%B7%CE%BC%CE%B1%201%20-%20%CE%A4%CE%B5%CF%87%CE%BD%CE%B9%CE%BA%CF%8C%CF%82%20%CE%9F%CE%B4%CE%B7%CE%B3%CF%8C%CF%82_%CE%A3%CE%9C5_22-12-16.pdf .

5. What are the rules applicable to the access to the grid?

General

Access to the transmission grid and distribution network is based on the principle of open and non-discriminatory network access. Pursuant to the REM and RES laws, RES electricity producers are given priority dispatch over conventional producers, provided security and quality of supply requirements are met¹².

Residential prosumers that participate in the net-metering scheme under the Solar Energy for All Plan must pay 250EUR plus VAT to the EAC when submitting the application for access/connection to the grid.

5.1. What is the inter-connection configuration used for each type of residential prosumer?

Answer:

The entitlement of plant operators to grid access and interconnection is subject to the general legislation on energy (Regulation of the Electricity Market Law – L.122(I)/2003 and Law on the Encouragement and Promotion of the use of RES – L. 112(I)/2013). According to the general legislation, plant operators are contractually entitled to the connection of a renewable energy plant to the grid without any plant operator being discriminated against. Furthermore, they are entitled to the expansion of the grid, if such an expansion is necessary to connect a plant to the grid¹³. Electricity produced by RES has priority access to the grid. The Transmission and Distribution Regulations of the TSO specify that the priority right also applies to self-producers who produce electricity from RES and wish to inject surpluses to the transmission and distribution system.

5.2. Does the competence to determine the inter-connection configuration lie at State level or at a regional/lander level?

Answer:

The competence lies at State level: CERA, as the regulator, has the duty and the authority to approve the methodologies used to calculate or establish the terms and conditions for connection and access to the transmission and distribution system¹⁴.

5.3. Are there any rules to ensure that prosumers are inter-connected to the distribution network/the grid?

Answer:

Yes, pursuant to the general legislation on energy, if security and quality of supply requirements are met RES electricity producers are not only legally entitled to connection to the grid but also to priority access. These rights also apply to self-production of RES electricity. The grid operator (EAC) is obliged to enter into these contracts.

Participants to the 'Plan for Solar Energy for All' enter into a Net-Metering Agreement with the EAC. The EAC is bound to enter into the Agreement if the requirements under the scheme are met

¹² CERA, 2015 National Report to the European Commission, July 2014 to July 2015, p. 10, available at: http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National_Reporting_2015/NR_En/C15_NR_Cyprus-EN.pdf.

¹³ RES Legal Cyprus, p. 19.

¹⁴

http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National_Reporting_2015/NR_En/C15_NR_Cyprus-EN.pdf.

by the prosumer, but approval for the installation of PV systems is always subject to a safe threshold limit for the injection of energy from the PV systems to the local network of the region.

5.4. What are the grid access and grid use principles and rules for the energy generated by each type of residential prosumer?

Answer:

The principles governing access to the grid are listed in the general energy legislation and have been presented above. As to the rules governing the use of the system by the prosumer, they are regulated in the Net-Metering Agreement between the prosumer and the EAC (the agreement covers, among other things, metering and billing for the energy imported from the grid and the energy generated by the prosumer that is injected to the network), while network costs and charges for prosumers participating in the net-metering are established by CERA.

5.5. What are the network costs and charges for each type of residential prosumer?

Answer:

The CERA Net-Metering Scheme within the framework of the ‘Plan for Solar Energy for All’ foresees the following costs and charges for households participating in the scheme:

- When submitting the application to the EAC requesting connection to the network, the residential prosumer needs to pay 250EUR plus VAT. This amount reflects the costs incurred by the EAC to make the application, and also covers the cost of the meter that will be installed and the control and connection of the installation with the distribution system. In case the application concerns the amendment of an already existing installation, the amount to be paid is 150EUR plus VAT, provided that the meter will not be replaced. If the application is not approved, the sum of 200EUR or 100EUR in case the application concerned amendments to existing installations will be returned to the prosumer.
- For the use of the grid, the charges to which prosumers are subject are listed in Decision 909/2013 of the CERA. The overall annual charges (before the imposition of VAT) per installed kWp of the PV system amount to 47,23EUR pursuant to the Decision and will be paid by the prosumer in six equal installments (7,87EUR per installed kWp of the PV system before VAT) and will be included in the consumption that is received every two months by the prosumer.

6. What are the incentives (e.g through taxes or tariffs) for each type of residential prosumers?

General

The net-metering scheme was established in 2013¹⁵ and is repeated annually, under the name ‘Plan for Solar Energy for All’. In this new system, there is no agreement with the state on the price per kW- the normal prices apply. In addition, the installation of PV systems is no longer subsidised, with the exception of a number of PV systems (total power 1,2MW) for vulnerable consumers that

¹⁵ Following the succession of Cyprus to the EU and the transposition of legislation on RES, Cyprus adopted a series of Grant Schemes to support the use of RES. For instance, the 2012 Grant Scheme provided for grants and/or feed-in-tariffs for both natural and legal persons that do not exercise economic activity and for economic operators, concerning the installation of PV systems up to 20kW (connected with the grid or autonomous), wind energy systems and solar heating and cooling systems. Prosumers who participated in the scheme concluded multiannual agreements with the state on the sale price per kW (for PV systems 0.225EUR for 15 years).

However, the applications for the Scheme expired and the Scheme is no longer available to potential prosumers. The government had to fundamentally revise the Support Schemes due to problems with the viability of the RES Fund, which is responsible for providing the financial support to RES producers.

benefit from a grant equal to 900EUR per kW installed, with a maximum grant of 2.700EUR per system.

6.1. Does your country apply specific tariffs to prosumers

- to charge them for the electricity they draw from the grid for consumption?
- or to compensate them for the electricity they feed back into the grid?

Answer:

No. Residential prosumers pay the normal prices for consumption of electricity from the grid. According to the net-metering scheme, the difference between the energy imported from the grid to the household of the prosumer and the energy produced by the prosumer that is injected to the network is carried out by the EAC in its capacity as supplier every two months for a period of 12 months. Any surpluses are transferred (credited at normal price) to the next billing period and any deficits are priced normally, within the specific billing period. The final clearance of surpluses (if any) is done in the last account of the 12 months.

In other words, the compensation that prosumers have for the electricity fed into the grid is that the energy produced is deducted from their electricity bill, which means that they pay less compared to conventional consumers.

6.2. Does your country

- tax prosumers in a specific way?
- allocate to them a certain part of the cost to upgrade the grid to accommodate the extra generation they feed into the grid?

Answer:

No. The research did not identify any information on special taxation regime for prosumers or on allocation of a certain part of the cost to upgrade the grid.

7. A. What are the conditions that may encourage the take up of residential prosumers (to entry into activity or during functioning)?

General

The current system and the introduction and operation of the net-metering system have important benefits that could encourage the further development of the concept of the residential prosumer in Cyprus. In particular, it should be emphasised that there is very little administrative burden for small-scale RES electricity producers in Cyprus, as they are granted exemptions from a series of permitting obligations that are otherwise required for the generation and distribution of electricity.

As to the net-metering scheme, an important benefit is that it is based on a clear and predictable regulatory framework and on a comprehensive agreement between the EAC and the prosumer, governing the rights and obligations of each Party. In addition, the procedure is not lengthy: under the 'Plan for Solar Energy for All', interested parties submit their applications with the necessary supporting documents to the EAC, which has seven days to assess the application. If it is approved, the Agreement is signed between the EAC and the prosumer for a duration of 10 years. The installation of the PV should be completed in 3 months and upon completion of the project, EAC has 25 days to control the PV plant and connect it to the grid.

B. What are the conditions that may act as barriers for residential prosumers (to entry into activity or during functioning)?**General**

Compared to the previous years, there are less financial incentives available to prosumers at present, which could discourage investments on RES by households especially after the outbreak of the financial crisis. Currently, “vulnerable consumers” is the only category of prosumers who can benefit from direct financial support (that consists of a subsidy) for the installation of PV systems in their households.

7.1. What are the metering systems for each type of residential prosumer? Do these systems provide adequate conditions for prosumers integration in the market?**Answer:**

The net-metering system, within the framework of the ‘Plan for Solar Energy for All’ for the period of 2015-2016 sets the following requirements as regards metering:

The EAC in its capacity as the Distribution System Operator (DSO) undertakes to install the net metering system that will count the energy imported from the grid and exported to the grid. The new meter will replace the existing, import meters that are normally provided by the EAC and it will have the capacity of two registers: one register for the imported energy from the grid and one for the energy produced by the household that is injected to the network. The difference between the two represents the ‘net-metering’.

The prosumer undertakes to communicate with the DSO so as to reach an agreement on where the metering system and other control and protection equipment will be placed.

All measurements will be carried out by the EAC and they will form the base for the calculation of the amount that will be charged or credited to the prosumer by the EAC. The EAC has the right of unlimited and free permission to enter and remain in the premises of the prosumer for metering purposes.

The EAC will carry out regular or exceptional checks to the metering system, at its discretion or upon request of the prosumer.

The prosumer is required to ensure, from the initial stage of works and in collaboration with the EAC the proper sealing of the premises where the meter will be connected/installed so that any intervention to the meter will not be possible. In addition, the prosumer needs to provide to the EAC all the elements and features of the equipment to which the meter will be interconnected, as well as all elements and features of the equipment and installation of the PV system.

7.2. What are the billing conditions for each type of residential prosumer?

Answer:

The net-metering system, within the framework of the 'Solar Energy for All 2015-2016' Scheme sets the following requirements as regards billing, for prosumers who participate in the scheme:

- The control of the Net metering is carried out by the EAC in its capacity as supplier every two months for a period of 12 months. The EAC will check the difference between the energy imported from the grid to the household of the prosumer, and the energy produced by the prosumer that is injected to the network.
- Any surpluses will be transferred to the next billing period and any deficits will be priced normally, within the specific billing period. The final clearance of surpluses (if any) will be done in the last account of the 12 months. Surpluses cannot be transferred from one twelve period to the next one, and the amount which corresponds to the surplus will remain in the Supplier, so as to give the possibility to the Supplier to cover any risks to which it is exposed for managing the net –metering systems.
- For households, net metering may also include the consumption of electricity from thermal storage heaters that operate on the same household if the prosumer issues a binding statement that he wishes to use this option. Netting will be carried out once a year with the final clearance, and any surpluses from the production from the PV system will be transferred to the thermal storage heater account and will be deducted from the electricity consumption by the thermal storage heater.
- All prosumers participating in the net-metering scheme will pay to the Supplier the charges by the CERA Decision 909/2013 for the use of the network.

7.3. Are there measures to encourage the creation of energy communities at municipal level, or other schemes to encourage inclusive development of the market?

Answer:

No cooperative related legislation or measures were identified.

7.4. Are there rules facilitating the creation of energy cooperatives to provide a legal entity to energy communities? Are there measures facilitating other type of schemes and if so which ones?

Answer:

No cooperative related legislation or measures were identified.

7.5. What are the procedures/provisions for establishing cooperatives for prosumers? Are they more simple/less costly than those for other schemes?

Answer:

No cooperative related legislation or measures were identified.

8. Other questions on the regulatory framework

8.1. What are the procedures/provisions for establishing What are the complaint handling procedures for each type of residential prosumer?

Answer:

In the absence of complaint handling procedures for prosumers, the general framework applies.

Among the competences of CERA is to ensure consumer protection. To this end, CERA's website contains information on the procedures to be followed for the examination of consumer complaints against the EAC:

- Any consumer may submit a written complaint to the CEA in its capacity as Supplier or DSO concerning the alleged violation of its obligations and duties.
- The CEA must examine the complaint within a given time limit and inform the consumer about its decision and the result of the consumer's action.
- In case the consumer is not satisfied with the decision of the CEA, he has the right to submit the complaint for a second time, within a deadline of seven days following the date the decision was notified to him.
- Only where the consumer that followed the abovementioned procedure is not satisfied by the EAC he may submit a written complaint to the CERA. CERA will conduct investigations and examine the complaint pursuant to the applicable regulations. Upon investigating the matter, CERA will issue a decision ordering the CEA to take any measures deemed necessary to remedy the infringement and to prevent its future repetition.

8.2. Are there any specific redress procedures available only to residential prosumers?

Answer:

No redress procedures available specifically to residential prosumers were identified. The general redress procedure available to consumers is applicable. The Net-Metering Agreement between the EAC and the prosumer contains clauses on dispute resolution, pursuant to which:

- The Supplier (EAC) and the prosumer agree that throughout the duration of the Agreement they will cooperate harmoniously and in a spirit of good faith, for the sole purpose of implementing the Agreement.
- The contracting parties may request settlement of the dispute through amicable dispute resolution. If it is not possible to resolve the issue through this manner, the dispute will be referred to the CERA for arbitration and if the settlement by arbitration is not accepted, it is explicitly agreed that the courts of the Republic are responsible for the settlement.
- The contracting parties agree that for as long as a dispute is subject to amicable dispute resolution and/or arbitration, the Agreement is not suspended.

Country fiche (Summary and ranking)

The country fiche below summarises the information from the report and ranks the **level of favourable impact** of measures in relation to its favourable impact to the take up of residential prosumers.

Country fiche	Ranking Low/Medium/High
<i>General Description of the national regulatory framework</i> • Types of residential prosumers • Institutional framework • Applicable legislation, plans and objectives • Definition of residential prosumers There is no definition of residential prosumers in the legislation, even though the Regulation of the Energy Market Law contains the definition of ‘self-production’. It is possible to identify different types of prosumers based on the different rules applicable to RES electricity producers of different scale and based on the type of RES used. The institutional framework is clear and not complex, due to the centralised governance model adopted by Cyprus and the presence of limited institutions with competence on energy matters, as well as a single operator of the Transmission and Distribution System.	Medium
<i>Specific Questions on the regulatory framework for residential prosumers</i>	
Permitting requirements for each type of residential prosumer There is very little administrative burden for small-scale RES producers.	High
Rules applicable to the access to the grid RES electricity producers enjoy priority access to the grid. The EAC is bound to enter into agreement with the producers if the technical, safety and quality of supply requirements are met. For prosumers participating in the net-metering scheme under the Plan for Solar Energy for All, the conditions on access, use, billing and metering are governed by an Agreement to be signed by the EAC and the prosumer. Under the Plan, quick access to the grid is guaranteed as the EAC is given a timeframe to examine applications and to connect the plant to the network.	High
Incentives (e.g taxes and tariffs) for each type of residential prosumers At present, financial incentives for prosumers are limited. Only vulnerable prosumers are eligible for a grant for the installation of PV systems under the net-metering scheme. No preferential tax regime for RES producers was identified.	Low
Conditions encouraging or acting as barriers for residential prosumers • Metering systems for each type of residential prosumer. • Billing conditions for each type of residential prosumer. • Measures to encourage the creation of energy communities at municipal level. • Rules facilitating the creation of energy cooperatives (e.g. more simple)	Medium

There are no rules encouraging the development of energy communities or cooperatives. The Agreement on net-metering between the EAC and the prosumer contains clear rules on metering and billing.	
Other questions on the regulatory framework • Complaint handling procedures for residential prosumer • The redress procedures available only to residential prosumers Complaint handling follows the general rules, whereby consumers need to address first to the EAC and then to the CERA, which has the power to order the EAC to remedy a potential infringement. The Agreement on net-metering contains provisions on dispute resolution, giving parties the right to resort to amicable dispute resolution and arbitration by CERA, with the Courts of the Republic to be the ultimate forum to examine a dispute in case no solution is found through the previous procedures.	Medium

Executive summary

Cyprus relies heavily on imported fuels for the production of electricity, despite the island's potential in RES, especially solar. Since the electricity system is small and lacks energy storage infrastructure, there are limitations as to the amount of energy that can be absorbed in the network from intermittent RES. Cyprus RES target for 2020 has been set at 13%, and as part of the efforts to meet this target the government has been encouraging the small-scale production of renewable energy in the past years. National law contains the definition of 'self-production' of electricity and places significantly less onerous requirements regarding permitting for small scale self-production; in fact, there is very little administrative burden for small-scale RES producers. Concerning access to the grid, RES producers enjoy priority access to the grid and provided that technical, safety and quality of supply requirements are met, the Electricity Authority of Cyprus (EAC), who is the single operator of the Transmission and Distribution System, cannot deny access to the grid.

There is no preferential tax regime or special tariffs applicable to residential prosumers, while subsidies are only available for certain types of prosumers. The support scheme currently in place that is relevant for residential prosumers is mainly focused on solar energy ('Plan for Solar Energy for All'), and consist of subsidies (for vulnerable consumers) and net metering. Prosumers participating in the net-metering scheme sign an agreement with the EAC, which governs the conditions on access, use, billing and metering, and also contains provisions on dispute resolution. The EAC is given a specific timeframe to examine applications for the net metering scheme and to connect the plant to the grid, which ensures that the process is not lengthy.