

Assessment of country performance and opportunities from the Energy Union

Cyprus shows good performance in the following dimensions of the Energy Union.

Concerning *Energy Efficiency*, Cyprus' current primary energy consumption is in line with its 2020 target. However, additional efforts are needed to keep primary energy consumption at this level or to minimise its increase when the GDP increases again during the next five year period. Progress will also depend on implementing an effective gas supply strategy. The transport and buildings sector offer the highest potential.

In terms of *Decarbonisation*, Cyprus is on track to meet its 2020 targets for greenhouse gas emission reductions and renewable energy. However, the country's large potential for renewable energy would justify even more expansion.

Cyprus also faces several challenges in some dimensions of the Energy Union.

Concerning *Energy Security*, the country is almost entirely dependent on imported oil products. Significant gas resources have been found in 2011 in its Exclusive Economic Zone, but development is proceeding slowly; the island is currently not supplied with natural gas.

In terms of the *Internal Energy Market*, progress could be faster: energy market competition is very low and the National Regulatory Authority should be strengthened.

Also in the area of *Research and Innovation*, Cyprus has a low public support share allocated to research and innovation in the field of energy and environment. Consequently, in terms of intensity of low-carbon technologies patents, Cyprus is much behind the EU average and main international partners.

Against this background, the **Energy Union Strategy can provide potential benefits** for Cyprus:

- *Energy Security*: The implementation of Projects of Common Interest will provide for an interconnection with the main EU electricity system as well as for an LNG storage facility.
- *Internal energy market*: Cyprus is benefiting from continuous technical assistance to support the development of open and competitive energy markets, which will contribute to cost-effective energy prices.
- *Decarbonisation*: The EU 2030 Framework for Climate and Energy will provide additional opportunities to further develop Cyprus' potential for renewable energy, in particular through increased integration into a continental wide network.
- *Energy Efficiency*: Cyprus should benefit from the targeted use of financial instruments for increased investments particularly in the transport and buildings sector, e.g. through the European Structural and Investments Funds.
- *Research and innovation*: The Energy Union's new strategy for Research and Innovation (including an upgrade of the Strategic Energy Technology Plan) can support Cyprus' progress on low-carbon technology development.