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COMMISSION RECOMMENDATION

of 18.6.2019

**on the draft integrated National Energy and Climate Plan of Cyprus covering the period
2021-2030**

{SWD(2019) 223 final}

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THE EUROPEAN COMMISSION,

Having regard to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council¹, and in particular Article 9(2) thereof,

Whereas:

- (1) Pursuant to Regulation (EU) 2018/1999, each Member State is required to submit to the Commission a draft of its integrated national energy and climate plan covering the period from 2021 to 2030 in accordance with Article 3(1) and Annex I of that Regulation. The first drafts of integrated national energy and climate plans had to be submitted by 31 December 2018.
- (2) Cyprus submitted its draft integrated national energy and climate plan on 29 January 2019. The submission of this draft plan represents the basis and first step of the iterative process between the Commission and Member States for the purpose of the finalisation of the integrated national energy and climate plans and their subsequent implementation.
- (3) Pursuant to Regulation (EU) 2018/1999, the Commission is required to assess the draft integrated national energy and climate plans. The Commission made a comprehensive assessment of the draft national energy and climate plan of Cyprus, taking into consideration the relevant elements of Regulation (EU) 2018/1999. This assessment² is published alongside the present recommendation. The below recommendations are based on this assessment.
- (4) In particular, the Commission's recommendations may address (i) the level of ambition of objectives, targets and contributions with a view to collectively achieving the Energy Union objectives and, in particular, the Union's 2030 targets for renewable energy and energy efficiency as well as the level of electricity interconnectivity that the Member State aims for in 2030; (ii) policies and measures relating to Member State- and Union-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated

¹ OJ L 328, 21.12.2018, p. 1.

² SWD(2019) 223.

national energy and climate plan within one dimension and among different dimensions of the Energy Union.

- (5) In developing its recommendations, the Commission considered, on the one hand, the need to add up certain quantified planned contributions of all Member States in order to assess the ambition at Union level, and, on the other hand, the need to provide adequate time for the Member State concerned to take due consideration of the Commission's recommendations before finalising its national plan.
- (6) The Commission's recommendations with regard to the Member States' renewable ambitions are based on a formula set out in Annex II of Regulation (EU) 2018/1999 which is based on objective criteria.
- (7) With regard to energy efficiency, the Commission's recommendations are based on the assessment of the national level of ambition put forward in the draft integrated national energy and climate plan, compared to the collective level of efforts needed to reach the Union's targets, taking into account the information provided on specific national circumstances, where relevant. The final national contributions in the area of energy efficiency should reflect the cost-effective potential for energy savings and be supported with a robust long-term building renovation strategy and measures to implement the energy savings obligation stemming from Article 7 Directive 2012/27/EU of the European Parliament and of the Council³. Member States should also demonstrate that they have properly taken into account the energy efficiency first principle, by explaining notably how energy efficiency contributes to the cost-effective delivery of the national goals of a competitive low-carbon economy, security of energy supply and to address energy poverty.
- (8) The Governance Regulation requires Member States to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to ensure investment certainty.
- (9) In parallel, as part of the 2018-2019 European Semester cycle, the Commission has put a strong focus on Member States' energy and climate related investment needs. This is reflected in the 2019 Country Report for Cyprus⁴ and in the Commission's recommendation for a Council Recommendation to Cyprus⁵, as part of the European Semester process. The Commission took into account the latest European Semester findings and recommendations in its assessment of the draft integrated national energy and climate plans. The Commission's recommendations are complementary to the latest country-specific recommendations issued in the context of the European Semester. Member States should also ensure that their integrated national energy and climate plans take into consideration the latest country-specific recommendations issued in the context of the European Semester.
- (10) In addition, the Governance Regulation requires each Member State to take due account of any recommendations from the Commission to its draft integrated national

³ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

⁴ SWD (2019) 1012 final.

⁵ COM (2019) 513 final of 5.6.2019.

energy and climate plan to be submitted by 31 December 2019 and, if the Member State concerned does not address a recommendation or a substantial part thereof, that Member State should provide and make public its reasons.

- (11) Where applicable, Member States should report the same data in their integrated national energy and climate plans and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source and, where available, of European statistics, is also essential to calculate the baseline for modelling and projections. Using European statistics will allow for a better comparability of the data and the projections used in the integrated national energy and climate plans.
- (12) All elements of Annex I of the Regulation (EU) 2018/1999 are to be included in the final integrated national energy and climate plan. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final integrated national energy and climate plan. These and other elements are described in detail in the staff working document which is published alongside this Recommendation⁶.
- (13) While the policies and measures described in the draft plan seem largely coherent across dimensions, Cyprus should further develop its assessment of interlinkages between policies and measures in the final plan. Cyprus should also provide more information on the synergies between the decarbonisation, energy security and internal market dimensions as well as the energy efficiency first principle. The analysis could include quantitative estimates and should also cover possible negative interactions between policies and measures and how Cyprus intends to address those. An assessment of policy interactions and cross-cutting impacts could also be useful for single policies and measures or groups of policies and measures with a wide-ranging impact on Cyprus' energy system and beyond. This includes policies related to the full implementation of a competitive electricity market, the introduction of natural gas, or the interconnection of Cyprus' isolated electricity system. The objectives under the research, innovation and competitiveness dimension need to underpin the efforts planned for the other Energy Union dimensions.
- (14) The final integrated national energy and climate plan could be complemented with more comprehensive measures to tap into the potential of interactions with the circular economy.
- (15) The Commission's recommendations to Cyprus are underpinned by the assessment of Cyprus's draft integrated national energy and climate plan which is published alongside this Recommendation⁷.

HEREBY RECOMMENDS CYPRUS TAKES ACTION TO:

1. Clarify how it plans to reach its 2030 greenhouse gas target for sectors outside the EU emissions trading system of -24 % compared to 2005 by considering further cost-efficient policies over the period 2021-30, and the intended use of flexibilities

⁶ SWD(2019) 223.

⁷ SWD(2019) 223.

between the effort sharing and accounted land use, land use change and forestry sectors. Particular consideration could go to transport.

2. Significantly increase the level of ambition for 2030 to a renewable energy share of at least 23% as Cyprus' contribution to the Union's 2030 target for renewable energy, as indicated by the formula in Annex II under Regulation (EU) 2018/1999 and after due consideration of relevant circumstances and national constraints. Include an indicative trajectory in the final integrated national energy and climate plan that reaches all the reference points pursuant to Article 4(a)(2) of Regulation (EU) 2018/1999 in accordance with that share, in view of the need to increase the level of efforts for reaching this target collectively. Put forward detailed and quantified policies and measures that are in line with the obligations laid down in Directive (EU) 2018/2001 of the European Parliament and Council⁸ and enabling a timely and cost-effective achievement of this contribution. Increase the level of ambition in the heating and cooling sector and the transport sector to meet the indicative target included in Article 23 of Directive (EU) 2018/2001 and the transport target in Article 25 of Directive (EU) 2018/2001. Provide additional details and measures on the enabling frameworks for self-consumption and renewable energy communities in line with Articles 21 and 22 of Directive (EU) 2018/2001.
3. Substantially increase its ambition towards reducing both final and primary energy consumption in 2030 in view of the need to increase the level of efforts to reach the Union's 2030 energy efficiency target. Complete projections and scenarios to allow assessing the expected impacts of the new planned policies, measures and programmes on primary and final energy consumption for each sector at least until 2040, including for the year 2030, and including an indicative trajectory from 2021 onwards. Strengthen the focus on energy efficiency in the transport sector by increasing the span of measures related to this specific sector, considering that it would represent half of the energy consumed in the country in 2030.
4. Define forward-looking objectives and targets concerning market integration, in particular measures for the gas sector, in view of the plans to achieve supply of natural gas in its territory in the near future. Present the state of play regarding the organisation of electricity markets clearly and consistently with targets and objectives described in the internal market dimension.
5. Further elaborate on national objectives and funding targets in research, innovation and competitiveness, specifically related to the Energy Union, to be achieved between now and 2030, so that they are readily measurable and fit for purpose to support the implementation of targets in the other dimensions of the integrated national energy and climate plan. Underpin such objectives with specific and adequate policies and measures, including those to be developed in cooperation with other Member States, such as the European Strategic Energy Technology Plan.

⁸ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82–209).

6. Intensify its existing regional cooperation arrangements with neighbouring Greece as well as other Member States, including in the internal market, energy security, and research, innovation and competitiveness dimension. Possibly in the context of the 'Clean Energy for EU Islands' initiative, enhance cooperation with Member States and island regions facing similar geographic, climatic and infrastructure related challenges and opportunities in their energy transition.
7. Include a comprehensive section identifying all investment needs split by dimension and sub-dimension, along with a clear description of the methodology used for the estimation and the likely national, regional and Union sources for their financing.
8. List all energy subsidies, including in particular fossil fuels subsidies, and actions undertaken as well as plans to phase them out.
9. Complement the analysis of the interactions with air quality and air emissions policy, presenting and quantifying the impacts on air pollution for the various scenarios, providing underpinning information, and considering synergies and trade-off effects.
10. Integrate just and fair transition aspects better, notably by providing more details on social, employment and skills impacts of planned objectives, and policies and measures. Further develop the approach to addressing energy poverty issues, including by adding considerations of how the proposed policies and measures across dimensions are expected to impact the level of energy poverty as required by the Regulation (EU) 2018/1999.

Done at Brussels, 18.6.2019

*For the Commission
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Member of the Commission*