Legal 500
Country Comparative Guides 2025

Cyprus
Renewable Energy

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This country-specific Q&A provides an overview of renewable energy laws and regulations applicable in Cyprus.

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Cyprus: Renewable Energy

1. Does your jurisdiction have an established renewable energy industry? What are the main types and sizes of current and planned renewable energy projects? What are the current production levels? What is the generation mix (conventional vs renewables) in your country?

Cyprus has made remarkable strides in recent years to foster the production and utilization of renewable energy. This swift to renewable energy aligns with the obligations that Cyprus has pursuant to the objectives outlined in relevant Directive (EU) 2018/2001 on the Promotion of the Use of Energy from Renewable Sources. The nation's unwavering commitment to meet the European Union's mandated national targets has been pivotal in driving these endeavours.

The renewable energy landscape in Cyprus currently boasts a diverse array of technologies, prominently including solar photovoltaic systems, wind turbines, biomass, and heliothermic systems. Solar photovoltaic systems and wind turbines emerge as the frontrunners, significantly contributing to the country's national power grid. Cyprus currently hosts several operational wind parks and solar parks, with a substantial number of projects under construction or undergoing licensing. Nonetheless, the planned regional gas pipeline infrastructure, EastMed, between Cyprus, Israel, and Greece, will connect the Eastern Mediterranean to Europe and enhance energy security and diversification of energy sources. Additionally, Cyprus also promotes the electrical interconnection with Egypt.

In general, Cyprus aim is to position itself as a trailblazing force, cementing its stature as a leading player in the Eastern Mediterranean basin and solidifying its role in energy exploration and exploitation endeavors.

Regarding numbers, based on the current available data, in 2021, the share of energy from Renewable Energy Sources (RES) in the gross final energy consumption of the Republic of Cyprus amounted to 18.42%, surpassing the indicative trajectory set in the previous National Energy and Climate Plan (NECP), which was 14.8% for 2021, as well as the baseline reference share of 13% as stipulated in Article 3(4) of Directive (EU) 2018/2001. There was a 9.12% increase in the RES energy share in 2021 compared to 2020, which stood at 16.88%.

Additionally, in 2021, the share of RES in the electricity generation sector amounted to 14.84%, in the heating and cooling sector it reached 41.34%, and in transportation it was 7.19%.

Up to 31/01/2023 the total established power of RES in the energy sector has been calculated to 662.17MW.

Pursuant to the Final Updated Integrated National Energy and Climate Plan of Cyprus covering the period 2021-2030 ((which was submitted to the European Commission on 19 December 2024), the compulsory contribution of Cyprus to the EU's gross final energy consumption has now been set to 42.5% (from 23% which was the initial goal).

2. What are the key developments in renewable energy in your country over the last 12 months?

While Cyprus has made significant progress in expanding its renewable energy capacity, particularly in solar energy, the country faces challenges related to energy curtailment and infrastructure limitations. Addressing these issues through grid modernization, energy storage solutions, and regional interconnections will be crucial for Cyprus to meet its renewable energy targets and ensure a sustainable energy future.

Additionally, the issuance of Decree 1/2024, which is explained in question [ ] below, aims at setting clear boundaries as to areas where RES facilities may be developed, which raises questions as to whether this will have a detrimental effect in the ability of Cyprus meeting its carbon reduction targets.

3. What are your country's net zero/carbon reduction targets? Are they law or an aspiration?

Pursuant to the Final Updated Integrated National Energy and Climate Plan of Cyprus covering the period 2021-2030 (which was submitted to the European Commission on 19 December 2024), the revised target regarding the reductions of the greenhouse gas emissions is by 32% up to 2030 compared to 2005 (from 24% which was the initial target). The said target has been set by the Regulation (EU) 2023/857 amending Regulation (EU) 2018/842 regarding the binding annual greenhouse gas emission reductions by Member States

from 2021 to 2030, in the context of contributing to climate action for fulfilling commitments arising from the Paris Agreement, and Regulation (EU) 2018/1999.

The abovementioned target is considered as not quite easily achievable, nonetheless, already the relevant authorities have proposed supplementary measures for achieving the set target, including , inter alia, green tax reform, Emissions trading system in buildings, additional emissions reductions from the implementation of measures to be included in the Common Agricultural Policy, design of nature-based solutions to increase CO2 absorption (e.g., promotion of green roofs, increase in private forests, increase in urban green public spaces, improvement of urban green spaces).

It is worth noting that the country's forestry department is implementing an afforestation programme, favouring non-invasive indigenous species that are already adapted to the country's climatic conditions. The aim under this programme is to plant up to 300 000 trees a year up until 2030. These measures are expected to play an important role in the expected 86 % increase in carbon sink functions by 2040 compared with 2019 levels.

As stated above, the above targets have been set by the National Energy and Climate Plan of Cyprus, the formation of which was a requirement pursuant to an EU Regulation, therefore, if Cyprus does not meet the goals set, then basically Cyprus shall have failed to uphold its obligations under an EU regulation and infringement proceedings may be initiated against Cyprus by the European Commission.

4. Is there a legal definition of 'renewable energy' in your jurisdiction?

Pursuant to Article 2 of the Law on the Promotion and Encouragement of the Use of Renewable Energy Sources of 2022 (L.107(I)/2022), energy from renewable sources or renewable energy is defined as “energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic), geothermal, ambient, tidal, wave and other forms of ocean energy, hydropower, biomass energy, energy from landfill gas emissions and energy from gases produced in waste water treatment plants and from biogases.

The same definition is found in the Law on the Regulation of the Electricity Market of 2021 (L.130(I)/2021), as well.

5. Who are the key political and regulatory influencers for renewables industry in your jurisdiction? Is there any national regulatory authority and what is its role in the renewable energy market? Who are the key private sector players that are driving the green renewable energy transition in your jurisdiction?

The renewables industry is under the umbrella of the Ministry of Energy, Commerce and Industry (MECI), Energy Services Department. The said department is responsible for the planning, coordination, and implementation of energy policies and projects in Cyprus. It plays a key role in supporting the development of renewable energy projects and implementing the National Energy and Climate Plan of Cyprus.

In order to ensure a sustainable energy future, the Republic of Cyprus has engaged with the International Renewable Energy Agency (IRENA) to develop a renewable energy roadmap for the country. IRENA is an intergovernmental agency that works with countries to transition to greener energy futures while maintaining economic growth and social development.

The Cyprus Energy Regulatory Authority (CERA) is the national Independent Energy Regulatory Authority of the Republic of Cyprus, which is entrusted with the regulatory control of the proper functioning of the internal electricity and gas market in accordance with the provisions of Directives (EU) 2019/944 and (EU) 2009/73/EC.

Among others, the European Bank for Reconstruction and Development (EBRD) had played a significant part in increasing renewable energy in the island by financing five solar parks across the island adding a capacity of 11.9MW. Further, a Cyprus company with Swedish investors operates over of 13- active solar power generation parks. Other significant private sector players that are driving the green renewable energy transition in Cyprus are EnergyIntel, HELLENiQ ENERGY and many more.

6. What are the approaches businesses are taking to access renewable energy? Are some solutions easier to implement than others? If there was one emerging example of how businesses are engaging in renewable energy, what would that be? For example, purchasing green power from a supplier, direct corporate PPAs or use of assets like roofs to generate solar or wind?

Businesses in Cyprus are adopting several approaches to access renewable energy sources, including, inter alia:

- On-site Generation: Many businesses are investing in on-site renewable energy generation systems, such as solar photovoltaic (PV) installations.
- Power Purchase Agreements (PPAs): Some businesses opt to enter into PPAs with renewable energy developers. Through these agreements companies are allowed to purchase a predetermined amount of energy generated from renewable sources over a specified period.
- Off-site Renewable Energy Procurement: Businesses also procure renewable energy from off-site sources by signing contracts with energy suppliers who specialize in generating renewable power.
- Government Incentives and Programs: Cyprus offers various government incentives and support programs to encourage businesses to transition to renewable energy. These incentives include financial grants, tax incentives, or favorable regulatory frameworks, making it easier and more cost-effective for businesses to invest in renewable energy systems.

The choice of approach depends on factors such as available resources, financial capacity, location, and long-term energy goals. Each approach has its advantages and challenges, and businesses in Cyprus evaluate these factors to determine the most suitable approach for their specific needs and circumstances.

7. Has the business approach noticeably changed in the last year in its engagement with renewable energy? If it has why is this (e.g. because of ESG, Paris Agreement, price spikes, political or regulatory change)?

Admittedly, within the last year even more businesses turn into renewable energy. This may be explained, among others, by the increase of the electricity prices in Cyprus (fossil fuels based). To this end, even more businesses proceed with installation of solar panels on their buildings for on- site generation of energy in order to decrease energy goals. Further, the Power Purchase Agreements are becoming even more popular among businesses so as to meet their sustainability goals, reduce carbon emissions, and enhance their brand image.

Nonetheless, the eagerness of banking institutions to offer green financing can be considered as a noticeable cause for the turn of the businesses towards renewable energy, as the margin of profit from renewable energy projects offers to banking institutions security for such investments.

8. How visible and mature are discussions in business around reducing carbon emissions; and how much support is being given from a political and regulatory perspective to this area (including energy efficiency)?

As stated above, by 2030 Cyprus has to meet the -32% reduction target of the greenhouse gas emissions set by the Final Updated Integrated National Energy and Climate Plan of Cyprus covering the period 2021-2030 (which was submitted to the European Commission on 19 December 2024).

The Republic of Cyprus, through EU fundings and by national sources, supports this area by implementing various policies aiming at the long-term vision and goal of creating a low-emission economy and achieving a balance between emissions and absorptions in accordance with the Paris Agreement.

Indicatively, an existing measure that has been included in the Final Updated Integrated National Energy and Climate Plan of Cyprus covering the period 2021-2030 is the Greenhouse gas emissions reduction plan for businesses which aims to contribute to the implementation of additional measures beyond existing policies and measures of the National Recovery and Resilience Plan, aspiring to incentivize businesses to participate in the overall transformation of the economy by exempting them from carbon emissions while recognizing their carbon footprint. The scheme aims to provide financial incentives in the form of government grants to encourage the reduction of greenhouse gas emissions through the submission of documents and studies that include specific actions aimed at reducing greenhouse gas emissions. It is targeted exclusively at Small and Medium-sized Enterprises (SMEs) and/or Large Enterprises that do not participate in the Greenhouse Gas Emissions Trading System. The Grants Scheme is implemented within the framework of Measure C2.1I4 of the Recovery and Resilience Plan of the Republic of Cyprus (RRP) for the period 2021-2026 and will be funded by the Recovery and Resilience Mechanism (Regulation (EU) 2021/241).

9. How are rights to explore/set up or transfer renewable energy projects, such as solar or wind farms, granted? How do these differ based on the source of energy, i.e. solar, wind (on and

offshore), nuclear, carbon capture, hydrogen, CHP, hydropower, geothermal; biomass; battery energy storage systems (BESS) and biomethane?

First of all, the licensing of activities related to electricity is regulated by the Law on the Regulation of the Electricity Market of 2021, the Regulations on the Regulation of the Electricity Market (Licensing) and the Regulatory Decision 02/2021 entitled "Regulatory Framework for the Granting of the General License (Regulatory Administrative Act No 523/2021).

In order to participate in the Electricity Market, it is a prerequisite to obtain a license from Cyprus Energy Regulatory Authority (CERA) in accordance with articles 26 and 27 of the Law on the Regulation of the Electricity Market of 2021.

Pursuant to article 27(4) of the said law, CERA may grant an exemption from obligation to hold a license for (a) generation of electricity for own use from systems with a capacity of more than 30kW up to 1MW, and (b) generation of electricity from renewable energy power plants with a capacity of more than 50kW up to 8MW.

Further, a general licence may be issued for specific activities as per article 27(1) of the said law.

For such licenses to be issued, the interested person must submit the application form and all the requisite documents/information alongside with a prescribed fee to CERA. The CERA will inform the applicant about the following actions. Currently, the issuance of such licenses is governed by the Regulation on the Electricity Market (Issuance of Permits) Regulations of 2004 (Regulation 538/2004).

As stated above, there are different types of licenses depending on the purpose needed and the scope of operation, i.e., general licence, construction and operation license, energy storey system installation license, energy storage system operation license, supply license, electricity market operator license, balance responsible party license, aggregator license, interconnection line owner license, interconnection line operator license, license for regulator of close system distribution, therefore, each case must be examined based on its own instances.

In addition to the above, planning and building permits must be obtained by the relevant planning and building authority, respectively prior the construction of a park. With respect to planning and building permits, Decree No. 1/2024 was issued by the Minister of Interior in June 2024. The aim of Decree 1/2024 was the following:

a. to establish principles and criteria that will allow, on the one hand, the creation of sustainable RES facilities and, on the other hand, their harmonious integration into the natural and man-made environment,
b. to determine specific parameters of the spatial policy for energy production projects from RES by category,
c. to contribute to the transition to a climate-neutral economy and to enhance the penetration of RES into Cyprus' energy system, with the central guiding principle being the protection of the environment, the landscape, cultural heritage, and other necessary land uses,
d. to create an effective licensing mechanism for RES facilities, so that the goals of national and European policies can be achieved.

Decree 1/2024 provides that currently, an evaluation of areas to be designated as RES Reception Zones is underway once completed Decree 1/2024 will be amended accordingly.

10. Is the government directly involved with the renewables industry (auctions etc)? Are there government-owned renewables companies or are there plans for one?

The government is not itself directly involved with the renewable industry.

However, the Electricity Authority of Cyprus (EAC), a public corporate body, is involved in the renewable industry. The EAC is making efforts to reduce island's dependence on fossil fuels and promote RES. To this end, in summer 2024 a new Cycle Gas Turbine Unit is expected to be operational, whereas such unit will primarily use natural gas as fuel, but it will also be able to operate with diesel as an alternative fuel.

Additionally, EAC' s attempt to reduce its dependence on fossil, includes the operation of a Solar PV Park at Nicosia area. Further, EAC has also begun work on the construction of a new 12MW Solar PV Park in the Akrotiri area in Limassol. Moreover, in the context of a joint venture between EAC and the Holy Archbishopric of Cyprus, the design is now complete for a large Photovoltaic Park in the Achera area.

11. What are the government's plans and strategies in terms of the renewables industry? Please also provide a brief overview of key legislation and regulation in the renewable

energy sector, including any anticipated legislative proposals?

Pursuant to the Final Updated Integrated National Energy and Climate Plan of Cyprus covering the period 2021-2030 (which was submitted to the European Commission on 19 December 2024), the effective utilization of EU financial instruments is a priority for the government in its efforts to address the economic and social impacts of recent crises it has faced, as well as in its efforts towards a green transition without leaving anyone behind. Specifically, within the framework of the Recovery and Resilience Plan and the RePowerEU Initiative, significant green investments are being promoted, aimed at fundamentally changing the development model of the Cypriot economy towards a green transition, in line with the new, more ambitious goals of the Green Deal and particularly the legislative package "Fit-for-55".

To this end, significant investments are planned for renewable energy sources, for the introduction and use of natural gas, for increasing energy efficiency in electricity generation, in energy efficiency in households, businesses, the public sector, and the water sector, in transportation infrastructure, sustainable mobility, as well as in technological research. Indicatively, the following policies and measures are being promoted by the Government in order to increase the percentage of the use of RES:

- Plan for generating electricity from RES for self-consumption (net-metering, net-billing, virtual net-metering, virtual net-billing)
- Providing financial support for the installation of photovoltaic and solar systems in residences
- Installation of RES systems in public buildings, commercial, and industrial facilities in combination with energy upgrade measures
- Promotion of high-efficiency heat pumps
- Grants schemes for electricity storage
- Promotion of RES energy communities
- Simplification and acceleration of RES project licensing procedures, operation of a Unified Service Desk
- Obligation for fuel suppliers in transportation to use biofuels
- Plan for electricity and/or biofuel production from waste.

Regarding key legislation and regulation in the renewable energy sector, we set out, indicatively, the following: –

a. For the purposes of harmonization with Article 57 of the European Union Act entitled: "Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market in electricity and amending Directive 2012/27/EU", and Article 39 of the European Union Act entitled: "Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 on common rules for the internal market in natural gas and repealing Directive 2003/55/EC", the Law on the Establishment and Operation of the Energy Regulatory Authority Law of 2021 was adopted.
b. For the purposes of harmonization with European Union Directive 2003/55/EU of the European Parliament and of the Council of 26 June 2003 on common rules for the internal market of natural gas, the Law on the Establishment on the Natural Gas Market Law 2004, as amended, was adopted.
c. For the purposes of partial harmonization with the European Community act entitled "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", the law on the Promotion and Encouragement of the Use of Renewable Energy Sources of 2022 (L.107(I)/2022) was introduced which repealed the laws on the Promotion and Encouragement of the Use of Renewable Energy Sources of 2013 – 2018 (L.112(I)/2013).
d. For the purposes of harmonization with the European Community act entitled "Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services" the Energy Efficiency in the Final Use and Energy Services Law of 2009 was introduced and amended by Laws 53(I)/2012, 56(I)/2014 and 149(I)/2015.
e. Last but not least, the Law on the Operation of the Renewable Energy Sources and Energy Saving Fund of 2022 (108(I)/2022), the purpose of which is to grant and/or subsidise various investments and activities for the promotion of energy from renewable sources and energy saving.

12. Are there any government incentive schemes promoting renewable energy (direct or indirect)? For example, are there any special tax deductions or subsidies (including Contracts for Difference) offered? Equally, are there any disincentives?

There are a number of policies and schemes aiming the promotion of renewable energy and in order for Cyprus to meet its EU obligations.

One example concerns the household consumers with

building permits issued before 2017, the operation of a sponsorship scheme providing financial support for the installation of PV systems for self-consumption purposes will continue. Increased sponsorship is provided for vulnerable consumers and residents of mountainous areas. Additionally, the implementation of subsidy programs (Energy Saving – Upgrade Plans) for the installation of PV systems for self-consumption will continue for non-residential consumers (commercial, industrial facilities, municipalities, etc.) in combination with energy efficiency measures. Significant investments are also planned for network upgrades and the introduction of smart meters to facilitate further penetration of renewable energy generation.

Additionally, in the Heating and Cooling sector, the implementation of support schemes continues to provide financial incentives for the installation or replacement of solar hot water systems in households. Additionally, measures will be implemented to further promote high-efficiency heat pumps for heating and cooling. Alongside, sponsorship schemes for the energy upgrade of existing buildings continue, including subsidies for renewable energy heating and cooling systems (solar thermal, heat pumps, geothermal systems, etc.).

Nevertheless, the green tax reform has been deemed necessary to address the shortcomings identified in the management of environmental issues based on the EU Country-Specific Recommendations 2020 for Cyprus, focusing on three areas: waste management, water resources, and climate change/atmospheric pollution. As a result, it was included in the Recovery and Resilience Plan, with provisions for the preparation, design, and implementation of the reform, with the contribution of experts through technical assistance from the European Commission.

The aforementioned study, completed in November 2022, has highlighted that the implementation of the reform is expected to make a significant contribution to achieving national targets for reducing GHG emissions.

13. How does the structure of the natural gas industry in your country impact the price of electricity? Are there any plans to de-link the price of renewable electricity from gas prices?

At the moment Cyprus has one of the highest electricity prices in Europe, due to high reliance on liquid fuel for power generation. The country's energy infrastructure is isolated, lacking interconnections with neighboring countries, which exacerbates price volatility and limits access to alternative energy sources. There have been plans in place for the development of interconnectors, such as the EuroAsia Interconnector, with the President of the Republic of Cyprus recently stressing that The Cyprus-Greece electricity interconnection, a key component of the EuroAsia Interconnector project, aims to end Cyprus' energy isolation by linking its electricity grid to the European network via Greece. The project is seen as a strategic step toward enhancing energy security and promoting renewable energy integration in the region. However, there is still a long way from any potential fruition and the future of this project appears to remain uncertain.

14. What are the significant barriers that impede both the renewables industry and businesses' access to renewable energy? For example, permitting, grid delays, credit worthiness of counterparties, restrictions on foreign investment, regulatory constraints on acquisitions; disputes/challenges?

Pursuant to the studies conducted during the preparation process of the previous National Energy and Climate Plan of Cyprus on 2020, it was observed that the penetration of RES shall reach its maximum limit in a very early period, around 2023-2024, due to technical constraints related to the isolated nature of Cyprus' electricity system and that the national grid has been designed to serve large central power generation units rather than numerous decentralized units, as is currently the case with the penetration of RES. Therefore, after 2023-2024 and until the redesign of the network, further penetration of RES in electricity generation for commercial systems (non-self-consumption) can be achieved in combination with storage technologies to avoid interruptions in production. This increases the cost of such investments and makes them less competitive than conventional units operating with natural gas.

Furthermore, due to the small size of the Cyprus market, the cost of most RES systems is comparatively higher than in other European countries. Additionally, the high cost of land, combined with limited availability of suitable land, limits the widespread development of RES projects.

In addition to the above, the regulatory and policy framework in some cases pose barriers to the expansion of RES projects in Cyprus by being time consuming and requiring long list of permitting processes and bureaucratic hurdles. Decree 1/2024 has also imposed heavy environmental related restrictions, limiting to a significant extent the areas on which RES facilities can be built on.

In some cases, lack of available capital, high upfront costs, and perceived risks associated with renewable energy investments can hinder project development. However, EU fundings, governmental funding plans and private sector investments do exist to overcome such issues.

15. What are the key contracts you typically expect to see in a new-build renewable energy project?

A new-build renewable energy project involves a range of contracts that vary depending on the project type, size, and financing. Here, we outline some commonly encountered contract types in such projects:

- Lease agreements or Sale and Purchase Agreements for the land where the project will be located.
- Construction contracts.
- Permits.
- Grid Connection Agreements.
- Operation and Maintenance (O&M) Contracts.
- Power Purchase Agreements (PPAs).
- Financing Agreements.
- Insurance policies.

These contractual relationships address various aspects of project development, facilitating its successful implementation within the renewable energy sector.

16. Are there any restrictions on the export of renewable energy, local content obligations or domestic supply obligations? What are the impacts (either actual or expected) of the implementation of the Net Zero Industry Act (EU) Regulation 2024/1735?

Generally, Cyprus does not yet engage in exporting renewable energy.

17. Has deployment of renewables been impacted in the last year by any non-country specific factors: For example, financing costs, supply chain or taxes or subsidies (e.g. the US's Inflation Reduction Act)?

As per the Final Updated Integrated National Energy and Climate Plan of Cyprus covering the period 2021-2030 (which was submitted to the European Commission on 19 December 2024), the global health crisis of 2020, the economic impacts of the war in Ukraine, and the prolonged high imported inflation of the last year created significant challenges for the Cypriot economy. The need to promote energy security through diversification of energy sources became even more pronounced with the war in Ukraine, while the ongoing price increases compelled the government to take additional measures to mitigate inflationary pressures.

18. Could you provide a brief overview of the major projects that are currently happening in your jurisdiction?

Cyprus has some of the best conditions within Europe for the production of solar energy, and in this respect several foreign, as well as, local investors are currently developing a number of solar PV projects in Cyprus.

Indicatively, an environmental impact assessment (EIA) has been submitted for a renewable energy project combining solar PV and energy storage on the Mediterranean island nation of Cyprus. The project would combine 72MW of solar PV with a 41MW/82MWh lithium-ion battery energy storage system (BESS), making it the largest to-date of either technology type. It would be located in the Akaki area of the Nicosia province and the plan is for construction to be completed by 2028.

19. How confident are you that your jurisdiction can become a leader in newer areas like offshore wind or hydrogen?

We are confident that Cyprus has the potential to become a leader in newer areas like offshore wind and hydrogen, leveraging its geographical advantages and renewable energy resources.

In essence, Cyprus has a significant offshore wind energy potential due to its strategic location in the Eastern Mediterranean, which experiences strong and consistent winds. Developing offshore wind projects can diversify the country's renewable energy mix and contribute to its clean energy goals. Cyprus can tap into its expertise in the maritime sector and collaborate with experienced offshore wind developers to harness this potential. The installation of offshore wind farms in the exclusive economic zone of the Republic of Cyprus is expected to take place by 2049, reaching 100MW by 2050. For this purpose, technical assistance is underway to improve and/or establish the necessary legal framework, including the licensing process and financial incentives (grant schemes) for the installation of offshore RES until 2030.

Further, Cyprus, with its abundant sunshine, can explore

the production of green hydrogen through electrolysis, utilizing renewable energy sources like solar power. Hydrogen can play a crucial role in decarbonizing sectors like transportation, industry, and heating. Cyprus can focus on developing hydrogen infrastructure, fostering research and development, and attracting investments to become a regional hub for hydrogen production and utilization.

20. How are renewables projects commonly financed in your jurisdiction?

Renewable energy projects in Cyprus are commonly financed through one of the below options:

- Investments by major project developers or companies mainly coming from abroad.
- Loans from banking institutions upon competitive terms due to the nature of the projects.
- Government Incentives and Grants which are provided to support renewable energy projects in the form of feed-in tariffs, power purchase agreements (PPAs), tax incentives, grants, and subsidies.

21. What is your forecast for the coming year(s) for renewable energy in your jurisdiction?

In the coming years, renewable energy in Cyprus is expected to grow steadily, driven by national and EU targets, continued investment in solar infrastructure, and the development of energy storage and interconnection projects. Despite recent challenges with grid capacity and high curtailment rates, the government's commitment to modernizing the electricity grid, is set to improve renewable integration. As storage capacity and regulatory reforms advance, Cyprus is likely to gradually de-link electricity pricing from fossil fuel markets and increase the share of renewables in its energy mix, reaching closer to its 2030 target.

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