

**Welcome Address by the Chairman
of Cyprus Energy Regulatory Authority (CERA)
Mr. George Shammas**

**3rd International Conference
on Renewable Energy Sources & Energy Efficiency
19 - 20 May 2011
Hilton Hotel, Nicosia-Cyprus**

Dear Minister of Commerce Industry and Tourism

Dear distinguished guests and participants,

On behalf of the Cyprus Energy Regulatory Authority firstly I would like to take the opportunity to welcome our guests to Cyprus and secondly to welcome all participants to this important Conference on Renewable energy and energy efficiency.

Setting ambitious and achievable targets related to renewable energy and energy efficiency is an essential element of achieving sustainable development. Today's challenge is to develop those energy services that best support development and improve the quality of life whilst simultaneously minimizing health risk and environmental impact of such activities. Clean technological solutions are the cornerstone to effectively address global risks, opportunities and challenges related particularly to climate change, energy security and natural resource depletion.

The Cyprus Energy Regulatory Authority considers the development of the electricity system infrastructure in order to integrate properly the renewable sources of energy as one of the main challenges facing the island of Cyprus.

In its energy strategy, the European Union has set as its priority, apart from Competitiveness and Security of Supply, to address and minimize the impact on climate caused by the increased emissions of greenhouse gases in the atmosphere. To achieve this goal, a number of EU directives were issued regarding energy efficiency, binding deployment of renewable and greenhouse gas emissions trading scheme. The target set by 2020, states that the EU must cover 20% of its energy demand through the use of renewable energy sources. For Cyprus an ambitious target of 13% on the final energy consumption has been set for 2020. The Cyprus target for electricity is 16% of its final consumption.

In this context, the Cyprus Energy Regulatory Authority in cooperation with the Cyprus Government and other stakeholders has drawn a comprehensive and detailed strategic plan for the development of renewable energy sources in the Electricity sector with a clear time schedule on how the target of 16% can be achieved step by step, up to 2020.

The Regulatory Authority has set as a priority the achievement of these targets without affecting Security of Supply and at the same time minimizing the economic impact on the consumers.

Having in mind that Cyprus is a small and isolated island, integrating the intermittent renewable sources in the electricity system has increased technical and economic complexities compared to other countries with their systems interconnected. Having in mind that Generation adequacy is endangered if we do not act proactively, mechanisms for capacity payments to flexible and peaking conventional plants that could help the integration of renewable sources in the system, are seriously considered by the regulators in Europe and definitely will be considered in Cyprus.

Last year, the first wind park in Cyprus, with a total capacity of 82MW, was commissioned and put in commercial operation and we expect that a number of additional wind parks will be integrated into the system within 2011. In addition, a number of Biomass plants were installed, as well as a continuously increasing number of small photovoltaic plants are penetrating into the electricity distribution system.

These developments and particularly the operation of the large wind parks, is creating additional challenges on the Transmission System Operator, related to the system stability and the secure and economic operation of the system.

This Conference aims at providing information to the Business and Scientific community of Cyprus, Mediterranean and European countries about the latest developments in Renewable Energy Sources and the possibilities in Energy Efficiency. At the same time, the Conference will give the opportunity to participants to exchange views and ideas on the research and development about electricity sector in the region, the gradual deployment of smart grids, and the issues related to the market

design and smart integration of renewable sources in the electricity markets.

We look forward to the speeches and presentations that will help us to plan properly, targeting the reduction of the dependence of Cyprus on fossil fuels and minimizing the environmental impact of the energy sector of our country.

I wish every success to the conference.

George Shammas

Chairman