

**ΧΑΙΡΕΤΙΣΜΟΣ ΠΡΟΕΔΡΟΥ
ΡΥΘΜΙΣΤΙΚΗΣ ΑΡΧΗΣ ΕΝΕΡΓΕΙΑΣ ΚΥΠΡΟΥ
ΗΜΕΡΙΔΑ ΤΗΣ ΕΝΩΣΗΣ ΚΥΠΡΙΩΝ ΦΥΣΙΚΩΝ
04 ΦΕΒΡΑΡΙΗ 2012**

Dear distinguished guests and participants,

On behalf of the Cyprus Energy Regulatory Authority firstly I would like to take the opportunity to welcome the President of the International Solar Energy Society to Cyprus and secondly to welcome all participants to this important event on Renewable Energy Sources and on the Cyprus future prospects related to Natural Gas.

The recent confirmation of the presence of significant quantities of natural gas reserves in the Exclusive Economic Zone of Cyprus, signals the start of a new era for Cyprus, an era during which Cyprus can claim a key position in the regional energy map and be transformed into a regional energy hub. This is why we believe that the effective and transparent management of this critical national issue is the only way towards the effective exploitation of this unique opportunity by the Republic of Cyprus.

These new developments necessitate the creation of new national entities, such as a National Fund and also a National Hydrocarbons Company. This company should allow for the representation and participation of the Republic in the exploitation of the natural gas reserves and in the development of the major new energy infrastructures. However, the organization and operation of this National Company should avoid the bureaucratic models of the public sector

and the older management models of the semi-governmental sector. Instead, the new Company must adopt and combine the advantages of both the public sector such as transparency and public regulatory control, and of the private sector such as flexibility, speed decision-making, creativity and innovation.

Of course, beyond the management of the Cyprus natural gas reserves, one should not forget another major energy issue facing Cyprus today. This is the need for the immediate use of natural gas for electricity generation. To achieve this, the planning and the development of the associated natural gas market transmission & distribution network infrastructure on the island must begin as soon as possible. Having in mind the electricity high prices in Cyprus, there is no time for further delays. In the case that the immediate exploitation of our own natural gas reserves through the development of the necessary infrastructure is not deemed possible, then we would not be negative towards a fast track temporary solution for importing natural gas.

Renewable energy sources have been steadily penetrating into the Cyprus electricity network and currently the energy produced by renewable has exceeded 5% on the electricity sector. Within 2011, two large wind parks were connected to the electric system, commissioned and put in commercial operation, increasing the total wind capacity to 134MW. A number of additional wind parks are expected to be integrated into the power system within 2012. In addition, a number of biomass plants with a capacity around 10MW are now in operation. A continuously increasing number of small photovoltaic plants are penetrating into the electricity distribution system and the year 2012 will be marked by the first auctioning of a total of 50MW photovoltaic parks. This is expected to reduce substantially the required feed-in tariffs for photovoltaic systems.

However, the integration of renewable energy sources and particularly the operation of the large wind parks, is creating additional challenges on the power system. These challenges are related to the system stability, security and economic operation. For this reason, the Cyprus Energy Regulatory Authority considers the development of the electricity system infrastructure and the re-evaluation of the electricity market model, in order to allow for the further integration of renewable energy sources, as a major challenge facing the island of Cyprus today.

Closing, I would like to emphasize that the discovery of natural gas reserves must not change Cyprus long-term energy goal, as set by the European Commission, for the development of sustainable electricity generation and low greenhouse gas emissions. In fact, we believe that through appropriate planning, natural gas may facilitate the integration of sustainable and renewable energy sources on the island even further.

The Cyprus Energy Regulatory Authority wishes to manage all energy issues in a spirit of cooperation and consultation. We believe that through a positive, prudent and cooperative management and decision-making we can be optimistic about the Cyprus energy future. However, we must always keep in mind that although the discovered natural gas quantities are too large for Cyprus, they are, at the same time, too small for the international market.

I am glad to take the opportunity to participate in this event, in order to enhance our experiences and knowledge that the distinguished speakers, I am sure, will share with us and to wish you all a successful and rewarding workshop.

