The Regulator View: The Cyprus Future Energy Landscape

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- **EU energy strategy** – towards 2050
- **Cyprus current electricity and natural gas systems** – systems characteristics
- **Energy transition for island systems** – solutions to isolated systems
- **Medium to long term challenges** – large scale integration of RES, the role of interconnections and hydrogen

EU energy strategy

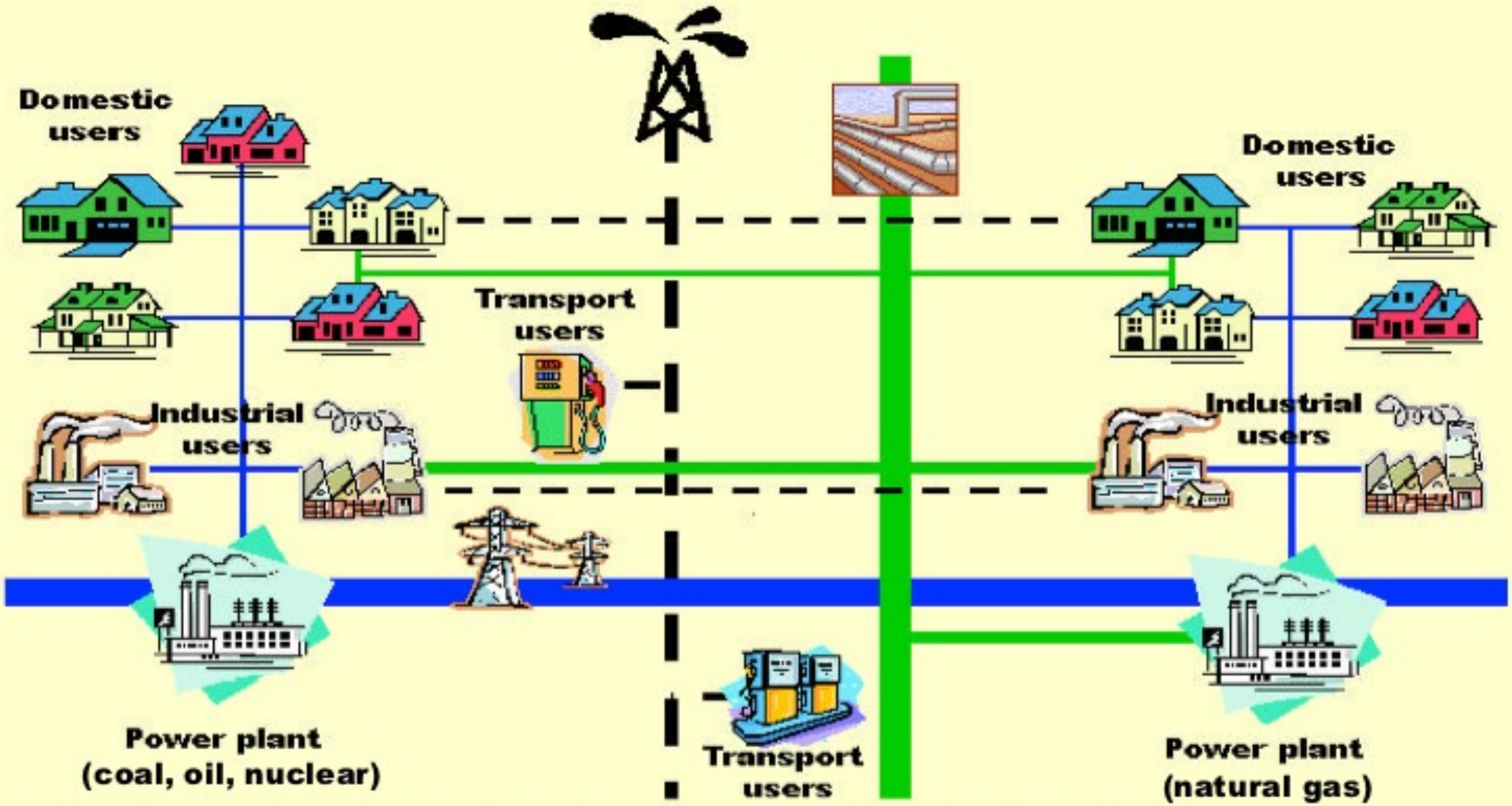
towards 2050

Energy transition

- greenhouse gas reduction
  - EU: climate neutral by 2050
- sustainable production and consumption
- competition in electricity and natural gas markets
- security of supply

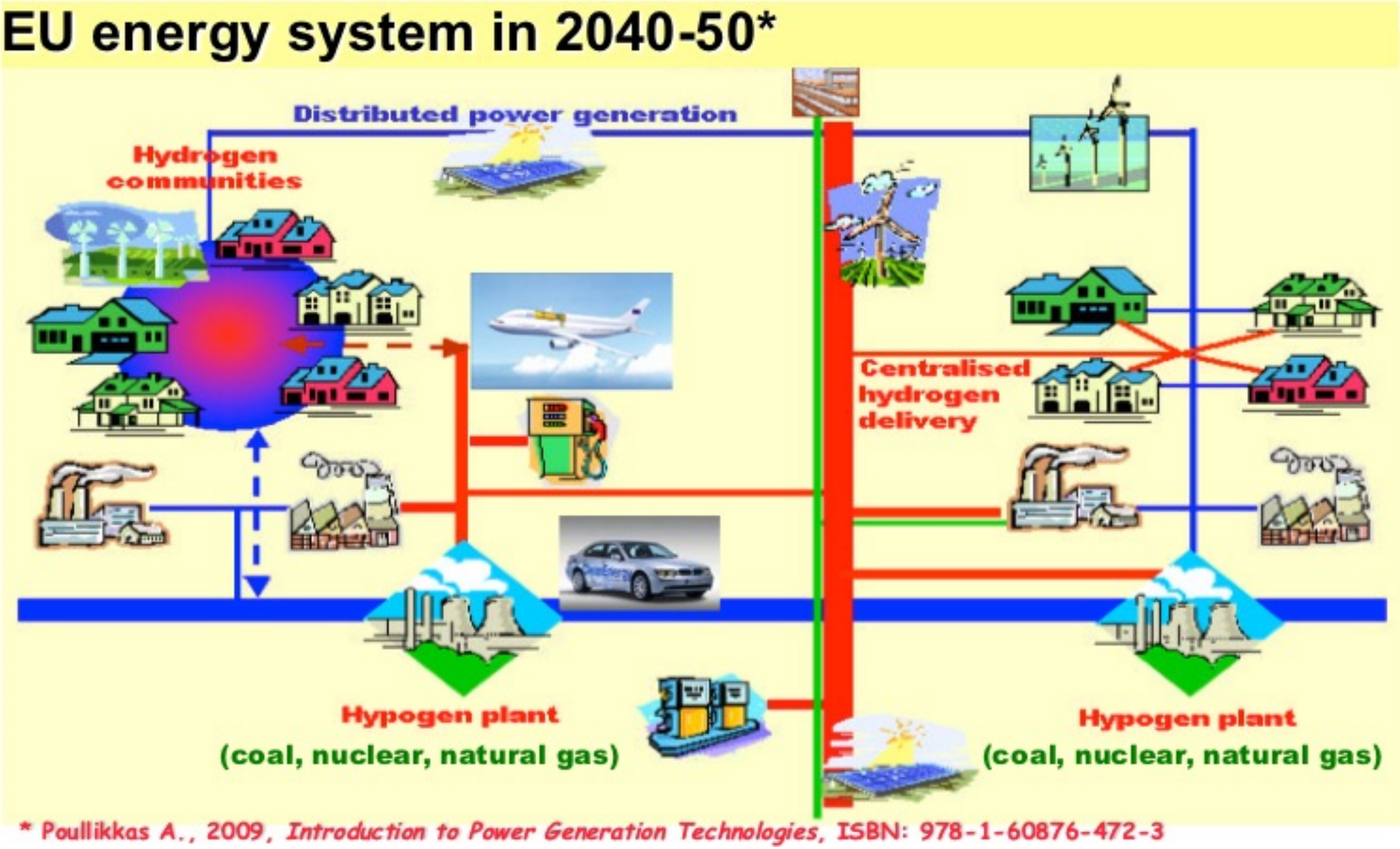
Energy system in 2010

EU energy system in 2010*

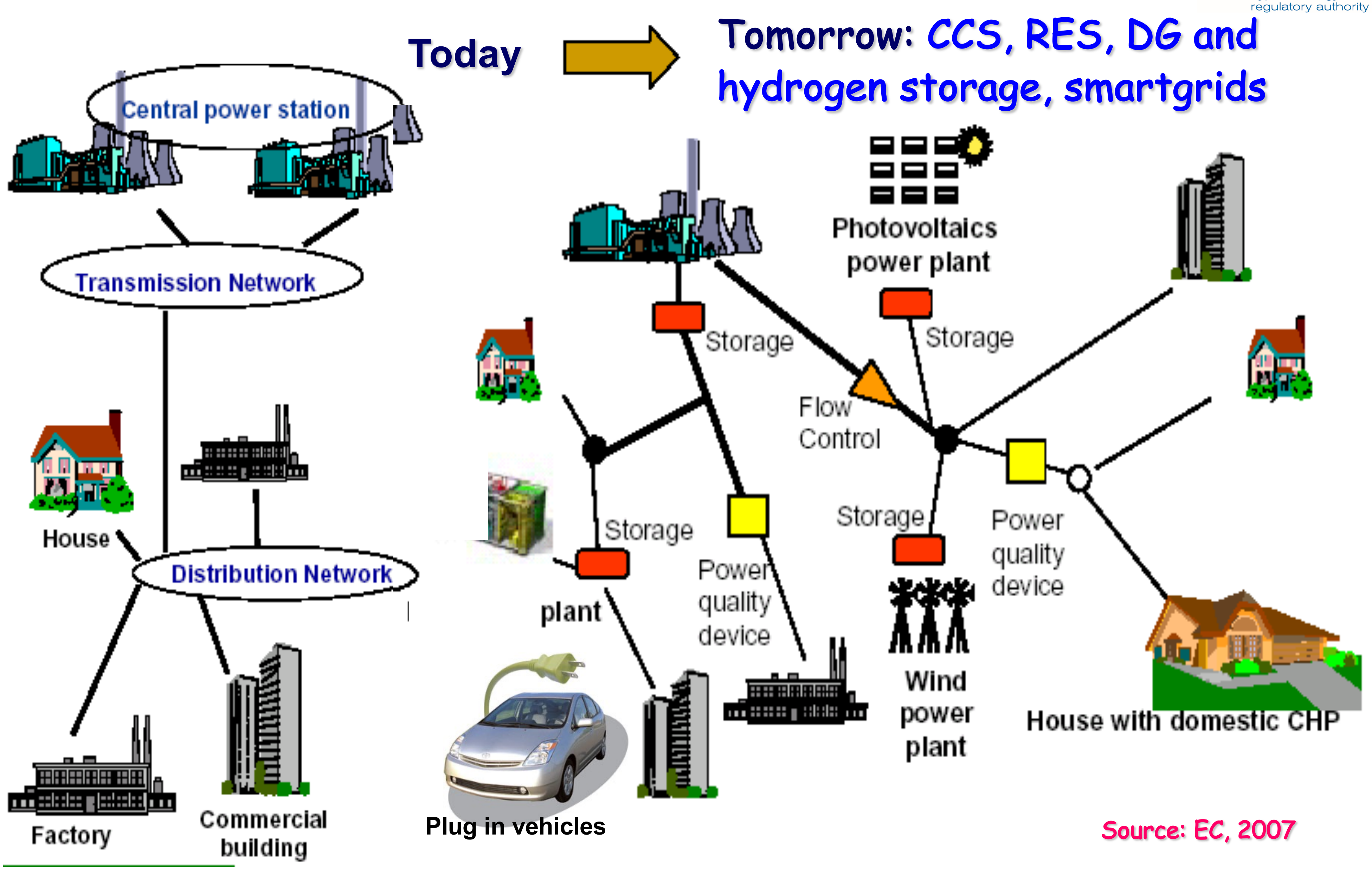


* Poullikkas A., 2009, *Introduction to Power Generation Technologies*, ISBN: 978-1-60876-472-3

Future energy systems (optimistic scenario)



Future power systems



Source: EC, 2007

The Super Smart Grid after 2050*
(may allow for 100% RES)

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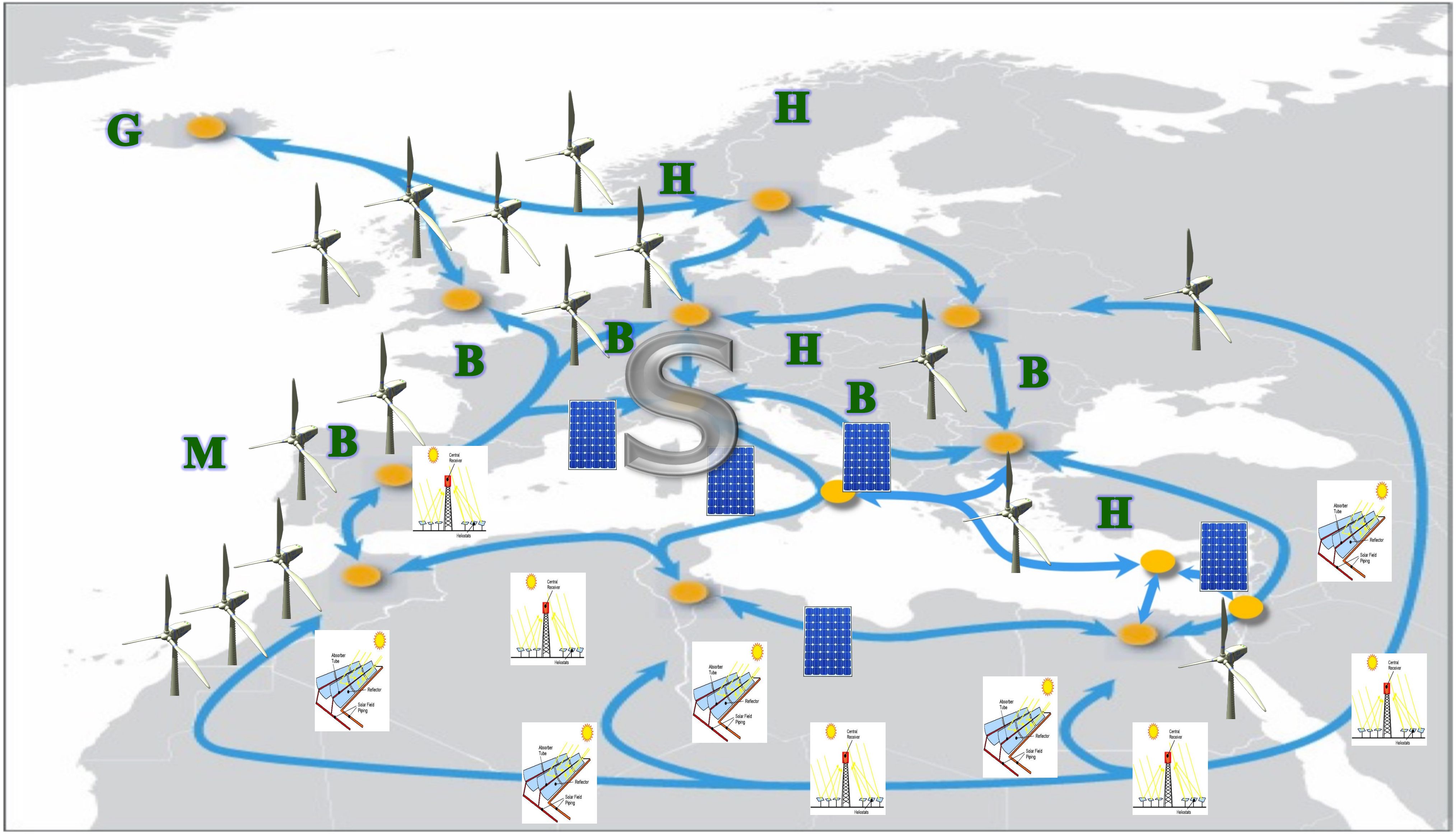
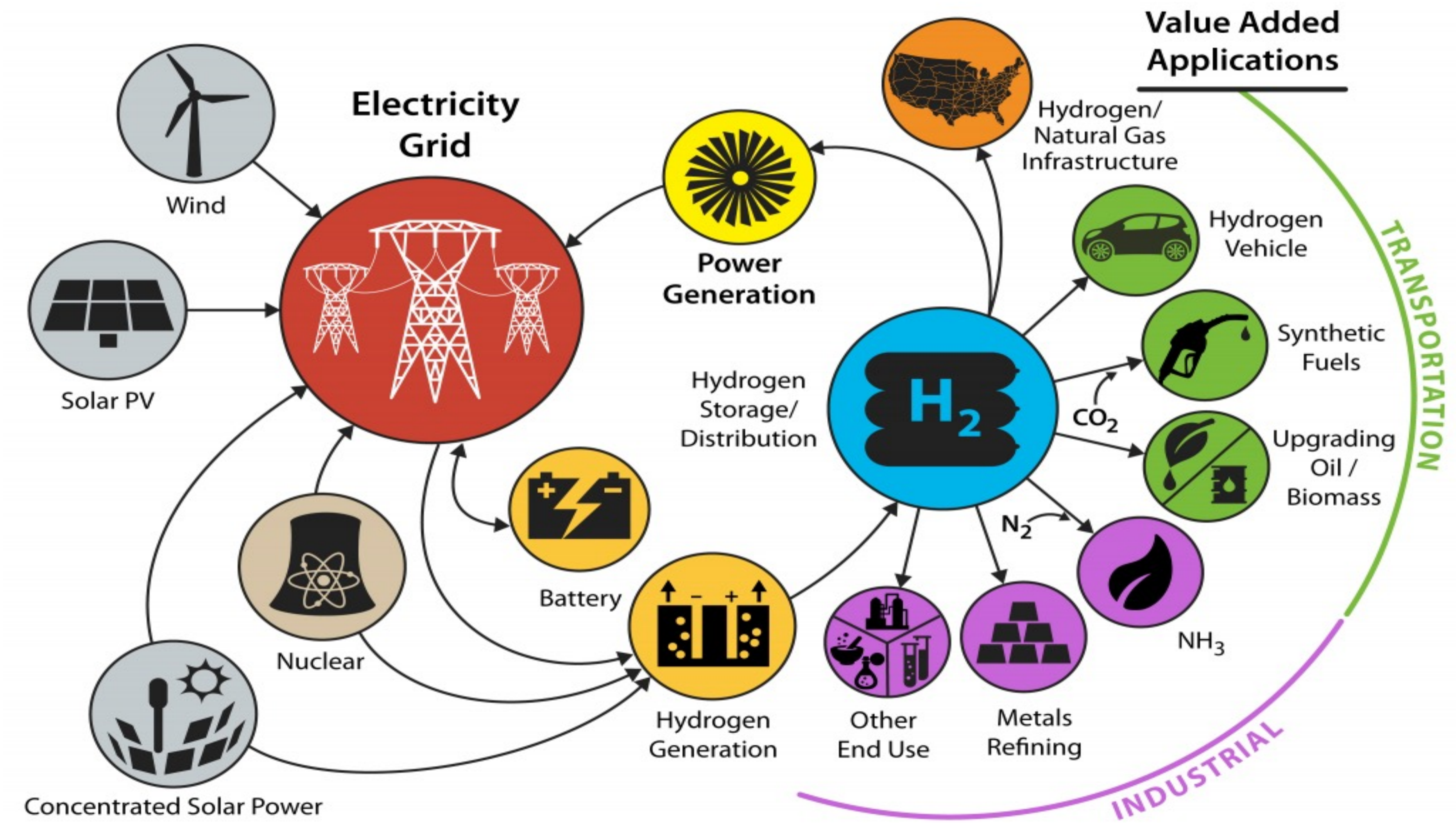


* Poullikkas A., 2013, *Sustainable Energy Development for Cyprus*, ISBN: 978-9963-7355-3-2

Long term scenarios in Europe

Moving from Carbon economy to Hydrogen economy



Saudi Arabia $5bn Helios H2 project

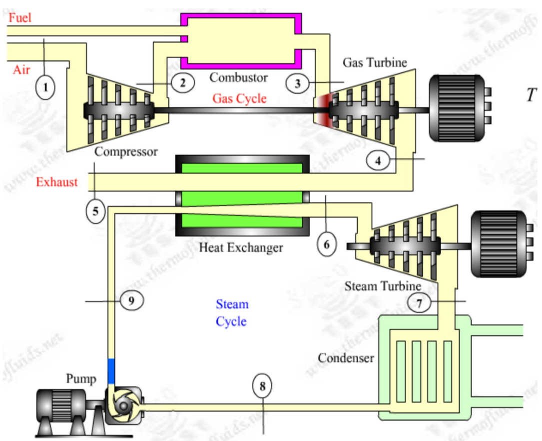
- Desert area = Belgium
- 4GW of Wind and PVs
- Production of 650t/day of H_2
- Reduce of H_2 production from 5US$/kg to 1.5US$/kg
- Long-term: Saudi Arabia to become H_2 exporter

Cyprus current electricity and NG systems

Systems characteristics

Existing power generation system

- **Steam turbine units (HFO)**
  - Dhekelia power station 6x60MWe
  - Vasilikos power station 3x130MWe
- **Internal combustion engines (HFO)**
  - Dhekelia power station 6x17.5MWe
- **Combined cycles (Diesel)**
  - Vasilikos power station 2x220MWe
- **Gas turbine units (Diesel)**
  - Moni power station 4x37,5MWe
  - Vasilikos power station 1x38MWe



Existing power generation system (cont.)

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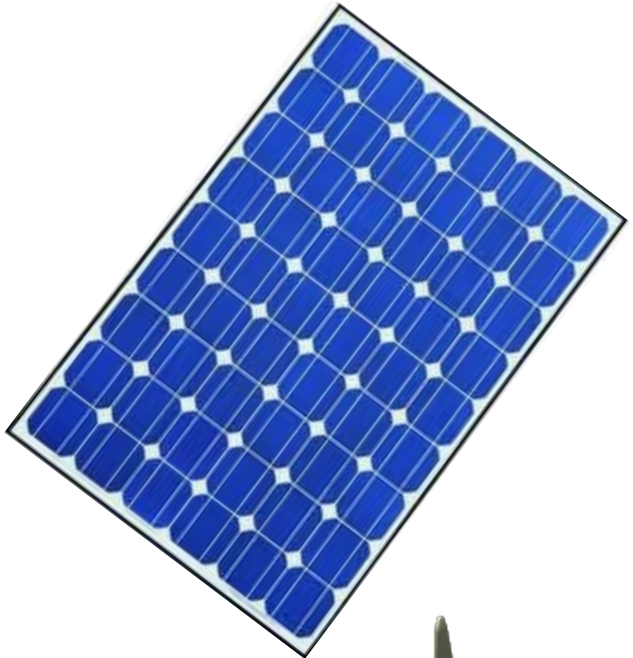
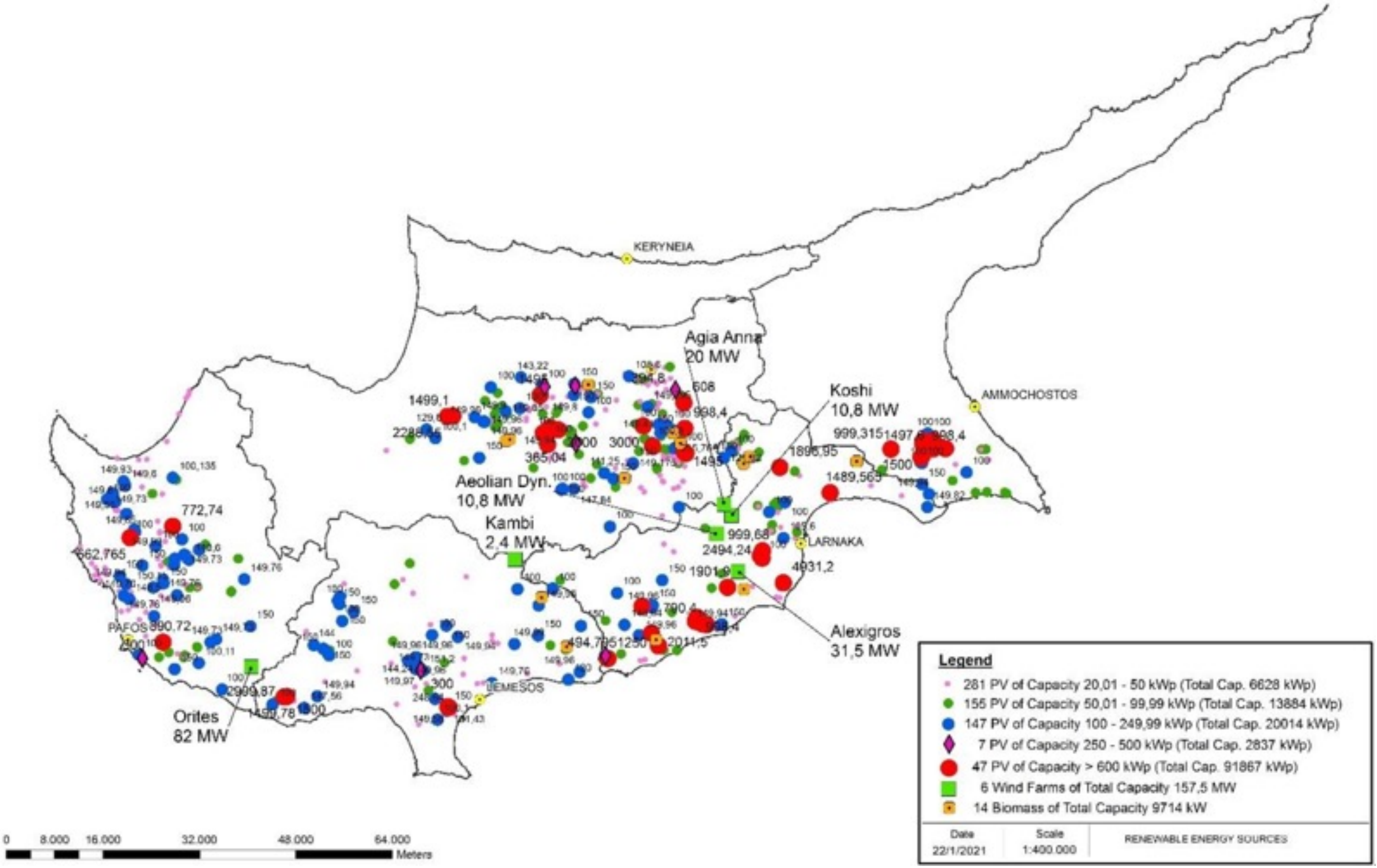


- **Renewables**
  - PVs: 335MWe
  - Wind: 157MWe
  - Biomass: 13MWe

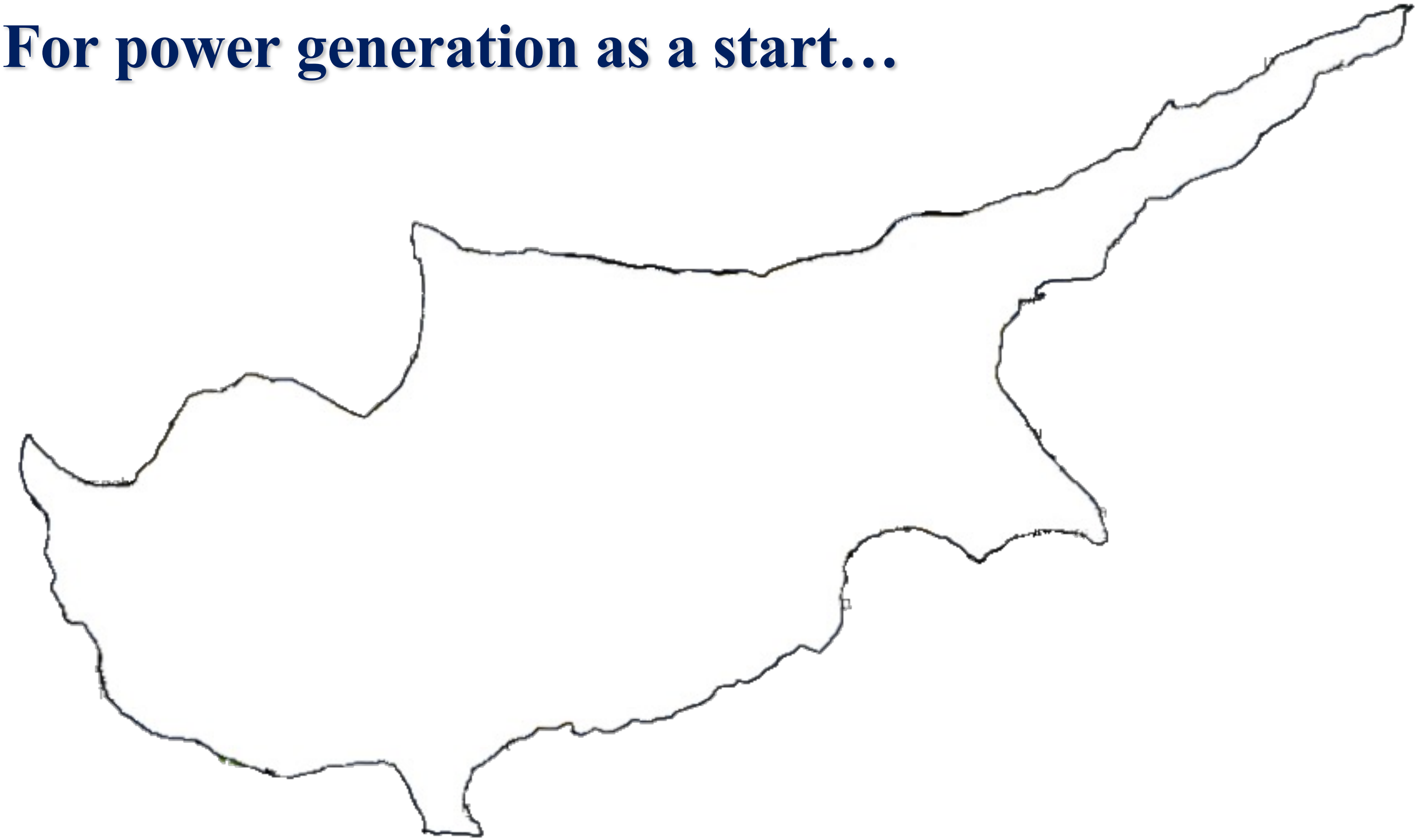
- **Total installed capacity:**
  - Conventional: 1483MWe
  - Renewables: 505MWe

Distribution of RES-E



Existing natural gas system

- Under development !
- For power generation as a start…



Energy transition for island systems

Solutions for isolated systems

Characteristics of isolated electricity systems*

- **High fuel costs**
  - ~ use of oil derivatives
  - ~ high CO_2 emissions (additional cost)
- **Economies of scale cannot be adequately exploited**
  - ~ generation units cannot exceed a certain size since the loss of a unit would mean the loss of a high percentage of the entire system
- **Need to maintain high reserve capacity to ensure power system reliability**

The smaller the electrical system size, the more the expenses will be

* Poullikkas A., 2015, *Sustainable Energy Policy for Cyprus*, ISBN: 978-9963-7355-6-3

Energy transition for non-interconnected islands*

Need to:

- **Reduce cost of security of supply**
- **Achieve market integration**
- **Increase socio-economic welfare benefits**

* Poullikkas A., 2013, *Renewable Energy: Economics, Emerging Technologies and Global Practices*, ISBN: 978-1-62618-231-8

The solution*

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- **Increase system flexibility**
  - ~ integrate RES into electricity market
  - ~ use natural gas, storage and RES for power generation
  - ~ promote e-mobility (V2G technology - bidirectional flow of electricity between the electric car and the grid)
- **Establish electricity interconnections**
  - ~ with EU internal electricity market (the island of Cyprus is the only non-interconnected Member State)
- **Production of hydrogen** (energy carrier)
  - ~ from RES and natural gas

* Poullikkas A., 2016, *Fundamentals of Energy Regulation*, ISBN: 978-9963-7355-8-7

CERA Energy Transition Regulatory Decisions

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- **Regulatory Decision 01/2017 (ΚΔΠ 34/2017): A detailed schedule for the implementation of EU electricity market target model**
- **Regulatory Decision 02/2018 (ΚΔΠ 259/2018): The mass installation of an Advanced Metering Infrastructure including smartmeters to all electricity consumers**
- **Regulatory Decision 02/2019 (ΚΔΠ 204/2019): The establishment of basic principles of a regulatory framework for the operation of electricity storage systems in the wholesale electricity market**
- **Regulatory Decision 03/2019 (ΚΔΠ 224/2019): The redesign of the power grid to become smart and bi-directional in order to allow integration of large quantities of renewable energy sources in combination with energy storage systems**

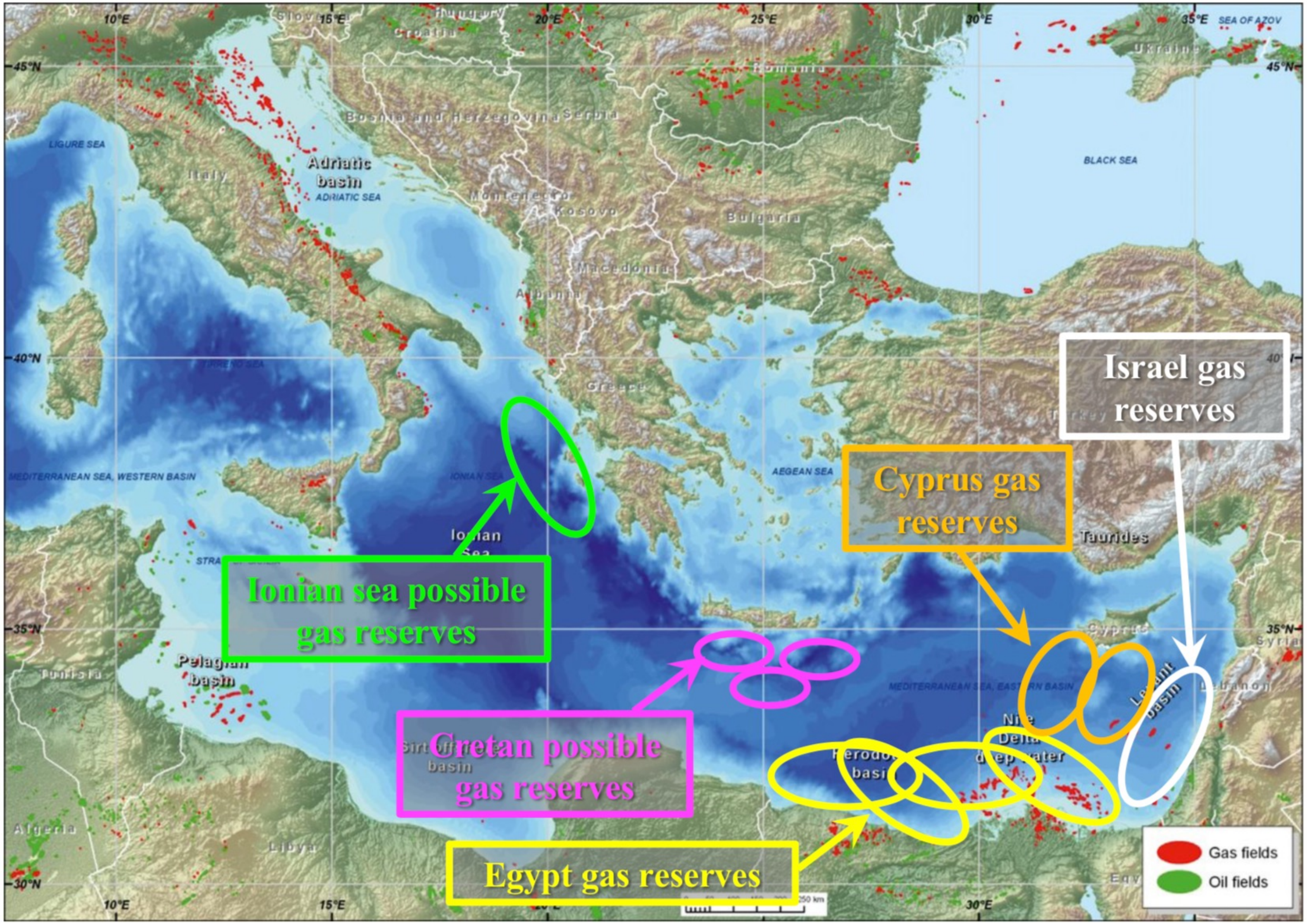
Medium to long term challenges

Large scale integration of RES, the role of interconnections and hydrogen

Regional primary energy sources

Indigenous energy sources

Gas reserves in SE Mediterranean region*



* A. Belopolsky, *et al.*, 2012, "New and emerging plays in the Eastern Mediterranean", *Petroleum Geoscience*

Wind potential in SE Mediterranean region*

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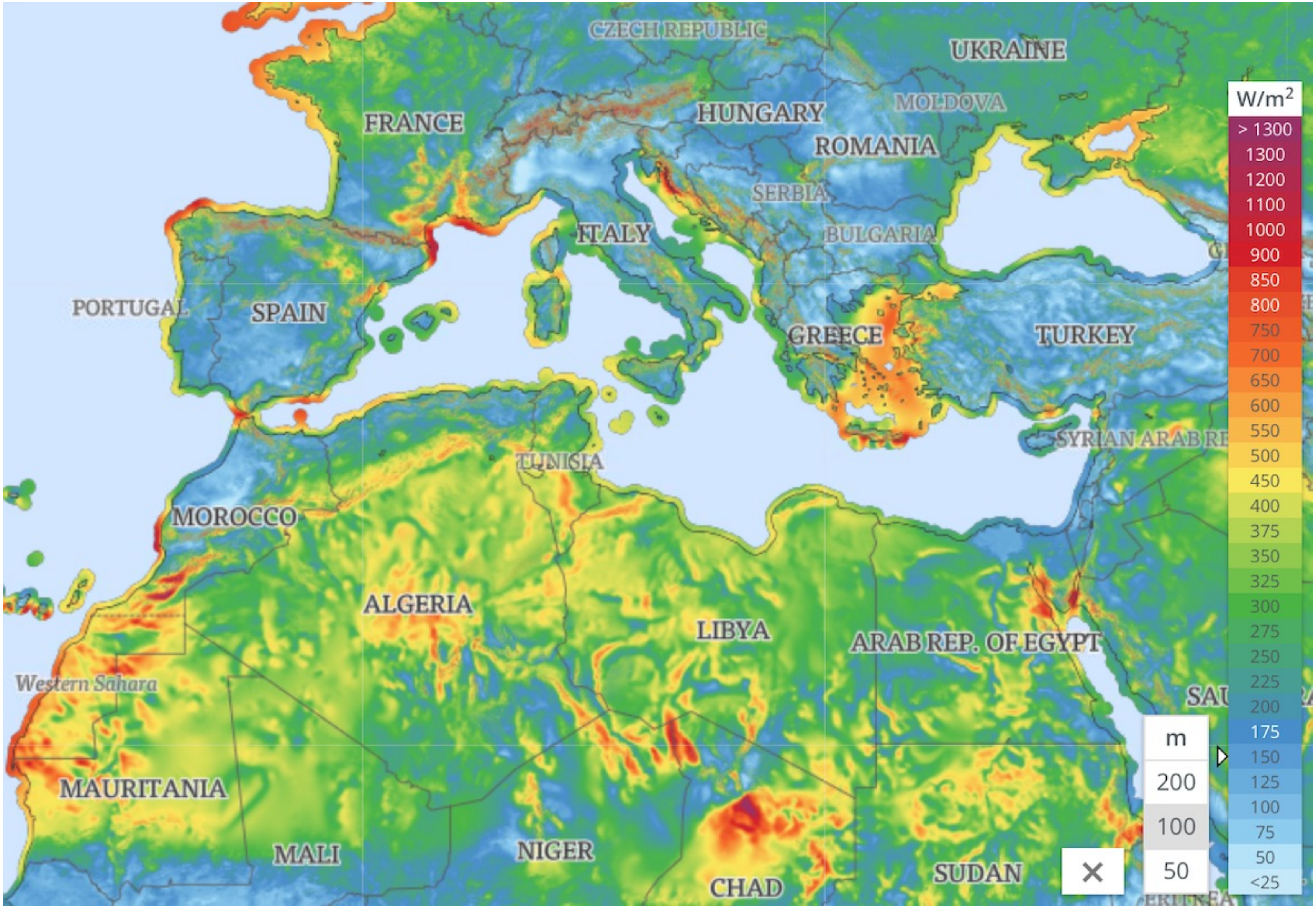
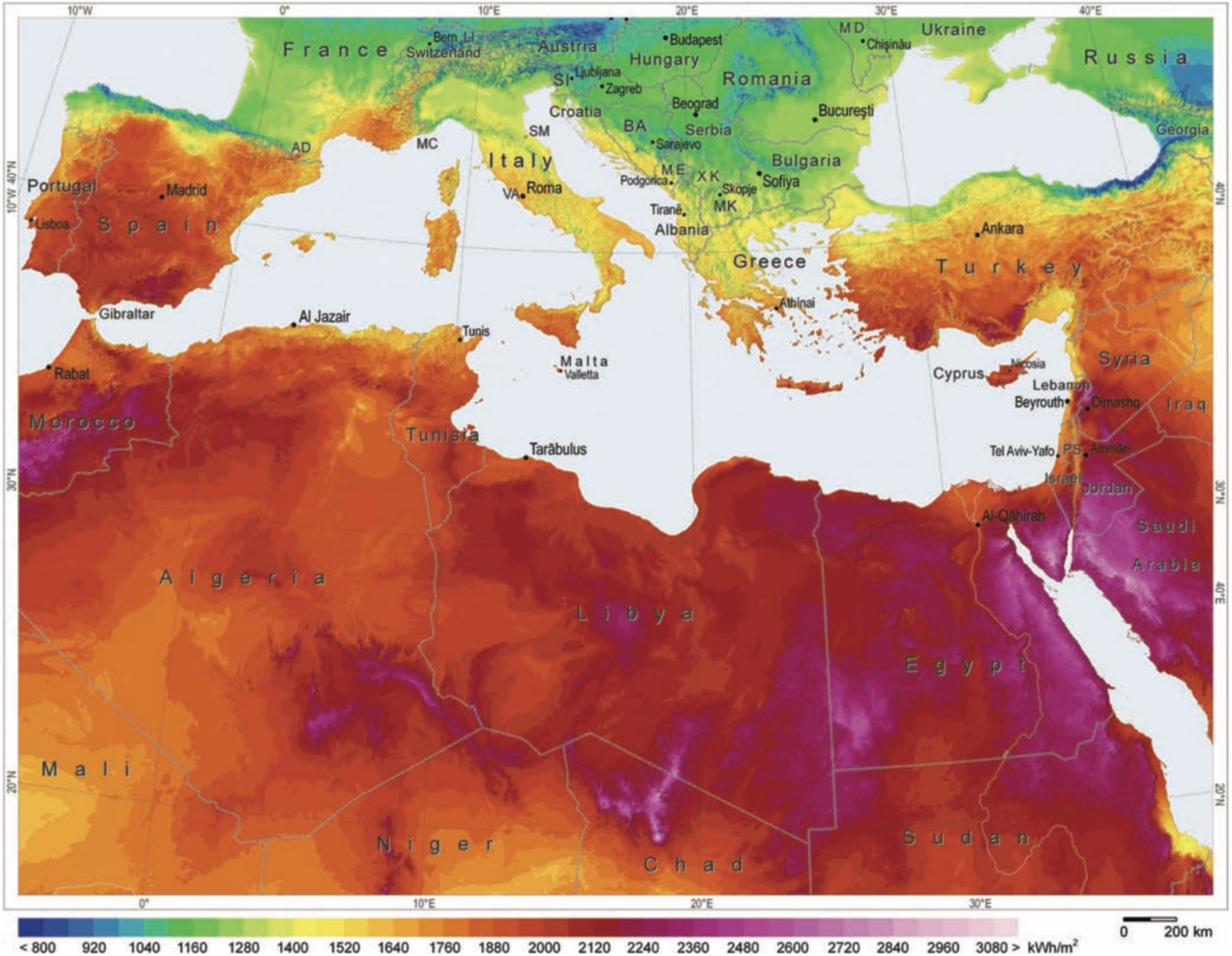


* The Global Wind Atlas (https://globalwindatlas)

Solar potential in SE Mediterranean region*



* Easac & Pihl, Erik. (2011). Concentrating Solar Power: Its potential contribution to a sustainable energy future

Main indigenous energy sources in SE Mediterranean region

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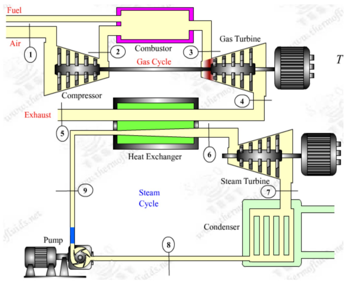
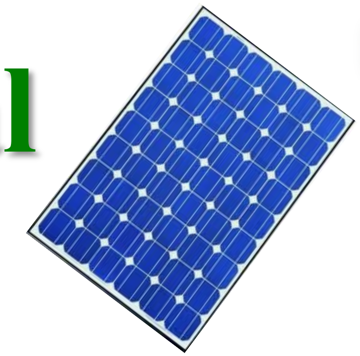
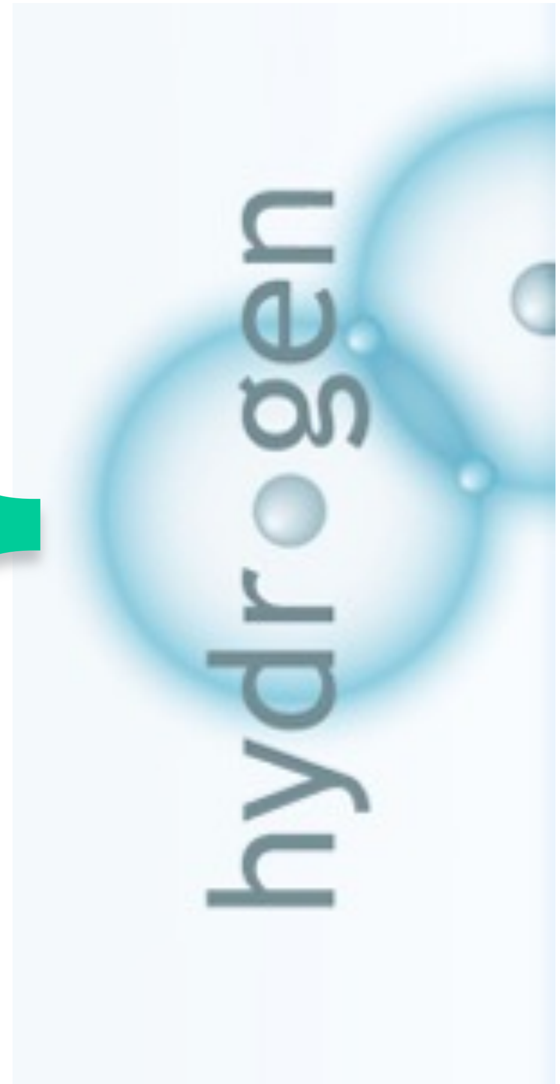
- Natural gas



- Wind potential

- Solar potential





Development of regional energy strategy ?

- **Horizon up to 2060**
- **Development of strategic plan for SE Med region:**
  - ~ **Electrical interconnections**
  - ~ **Pipeline interconnections (or virtual pipelines)**
  - ~ **Integration of sustainable technologies and storage**
  - ~ **Use of hydrogen after 2030**
  - ~ **Hydrogen production**
    - **From natural gas**
    - **From renewables**

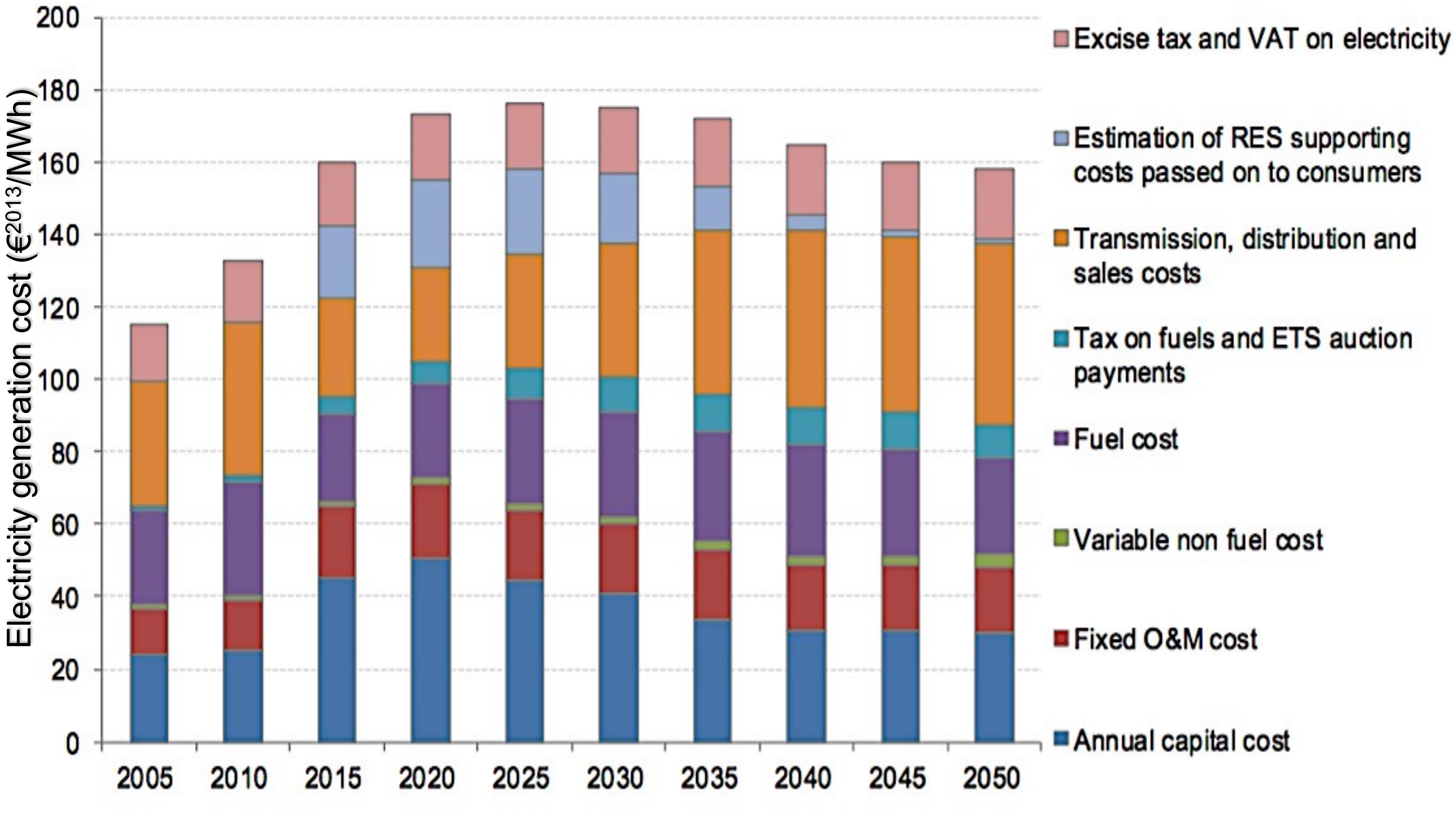
- **Energy exporters to EU**

Additional Slides

The energy transition cost

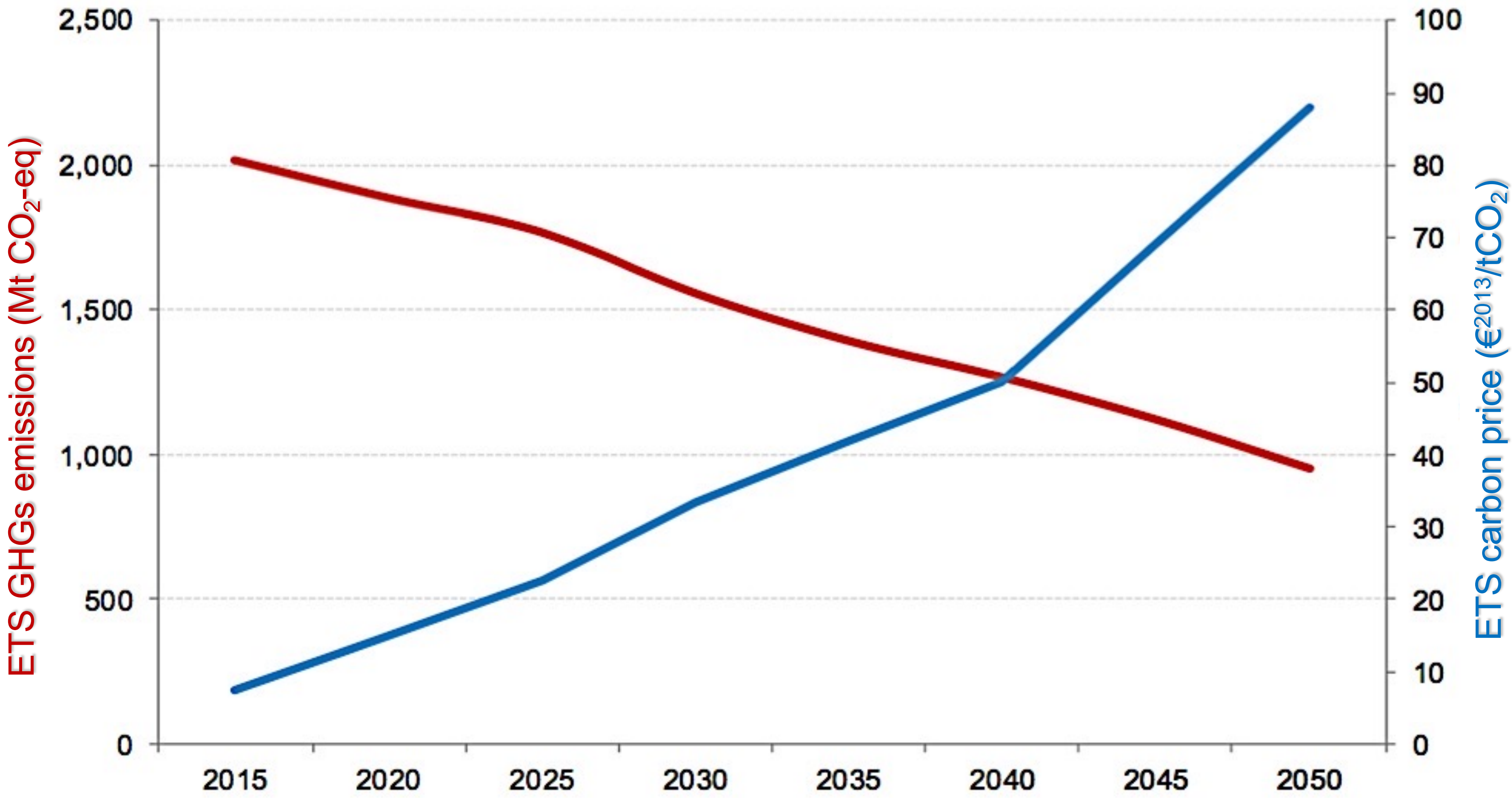
Towards 2050

EU reference scenario 2016



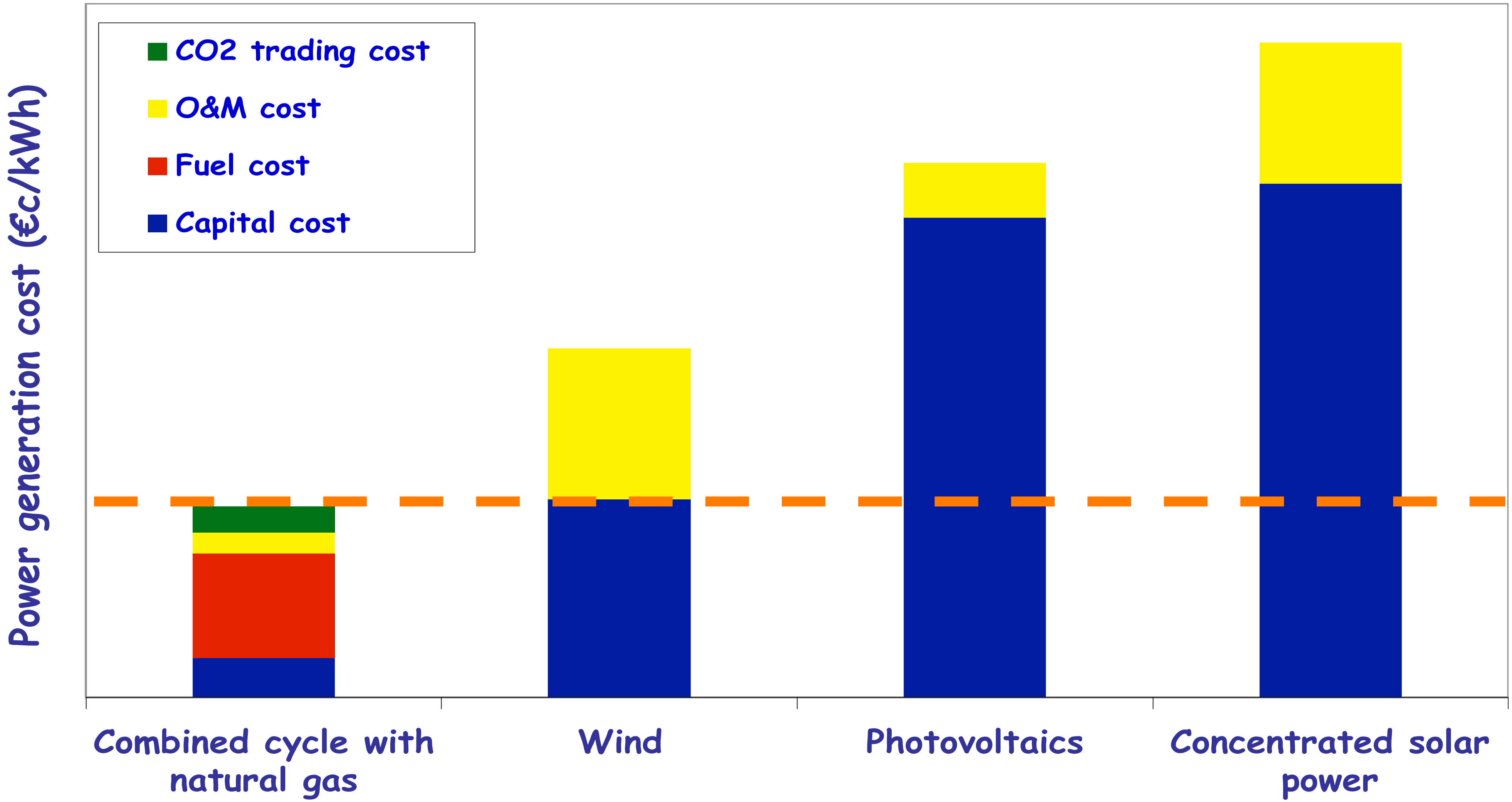
Source: PRIMES

EU reference scenario 2016



Source: PRIMES, GAINS

Power generation cost (year 2010)*



* Poullikkas A., 2010, "The cost of integration of renewable energy sources", *Accountancy*

Power generation cost (year 2020-30)*

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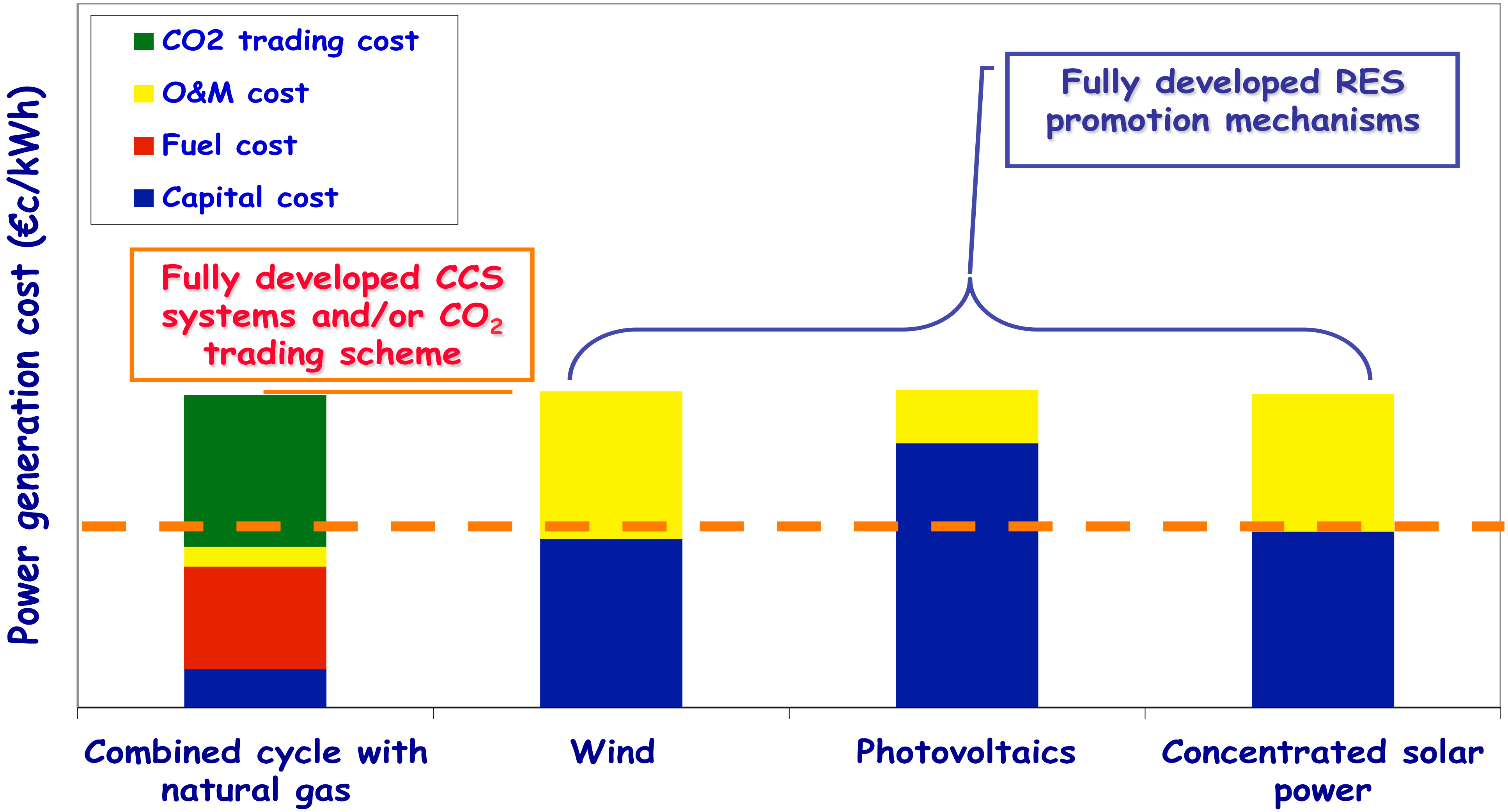
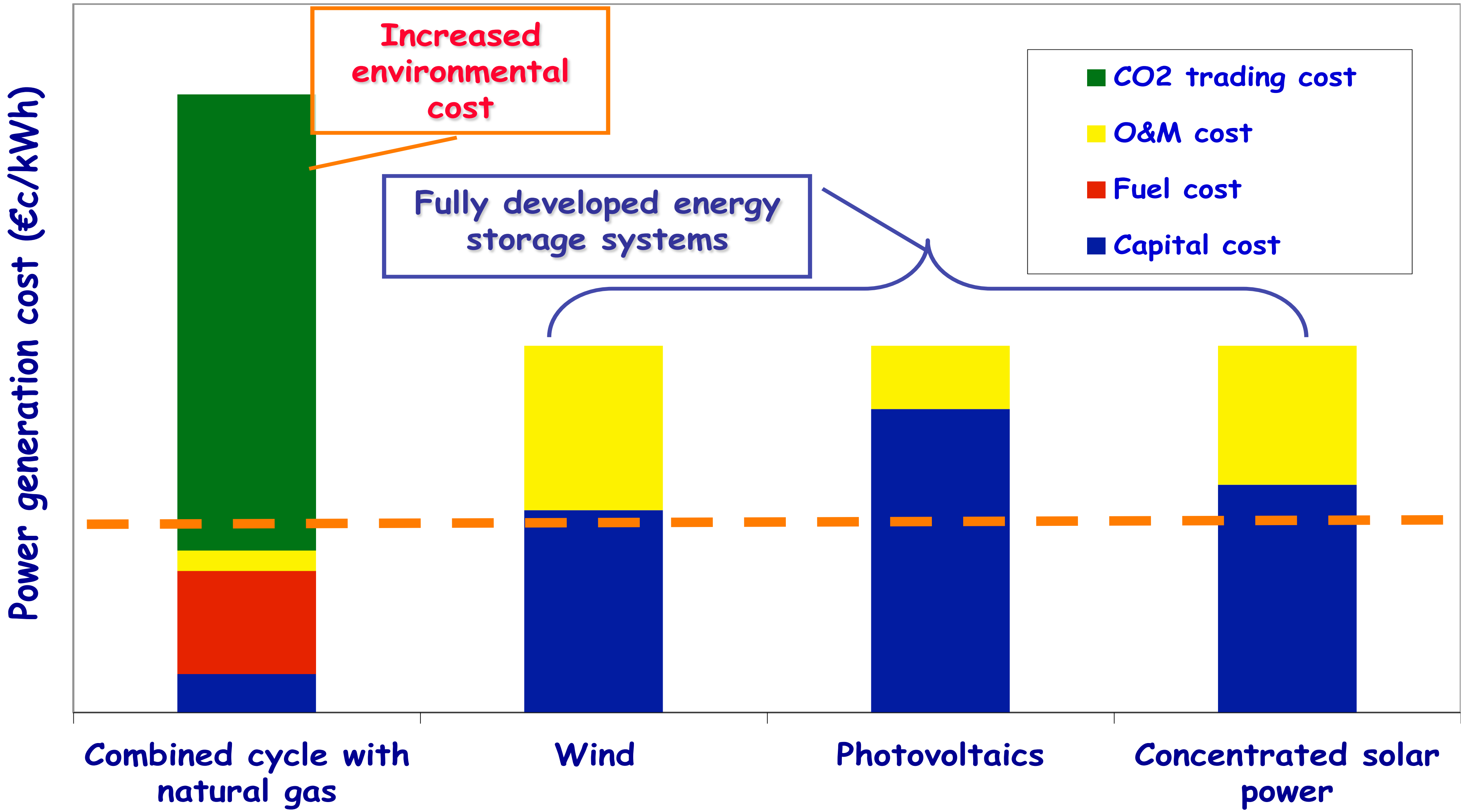


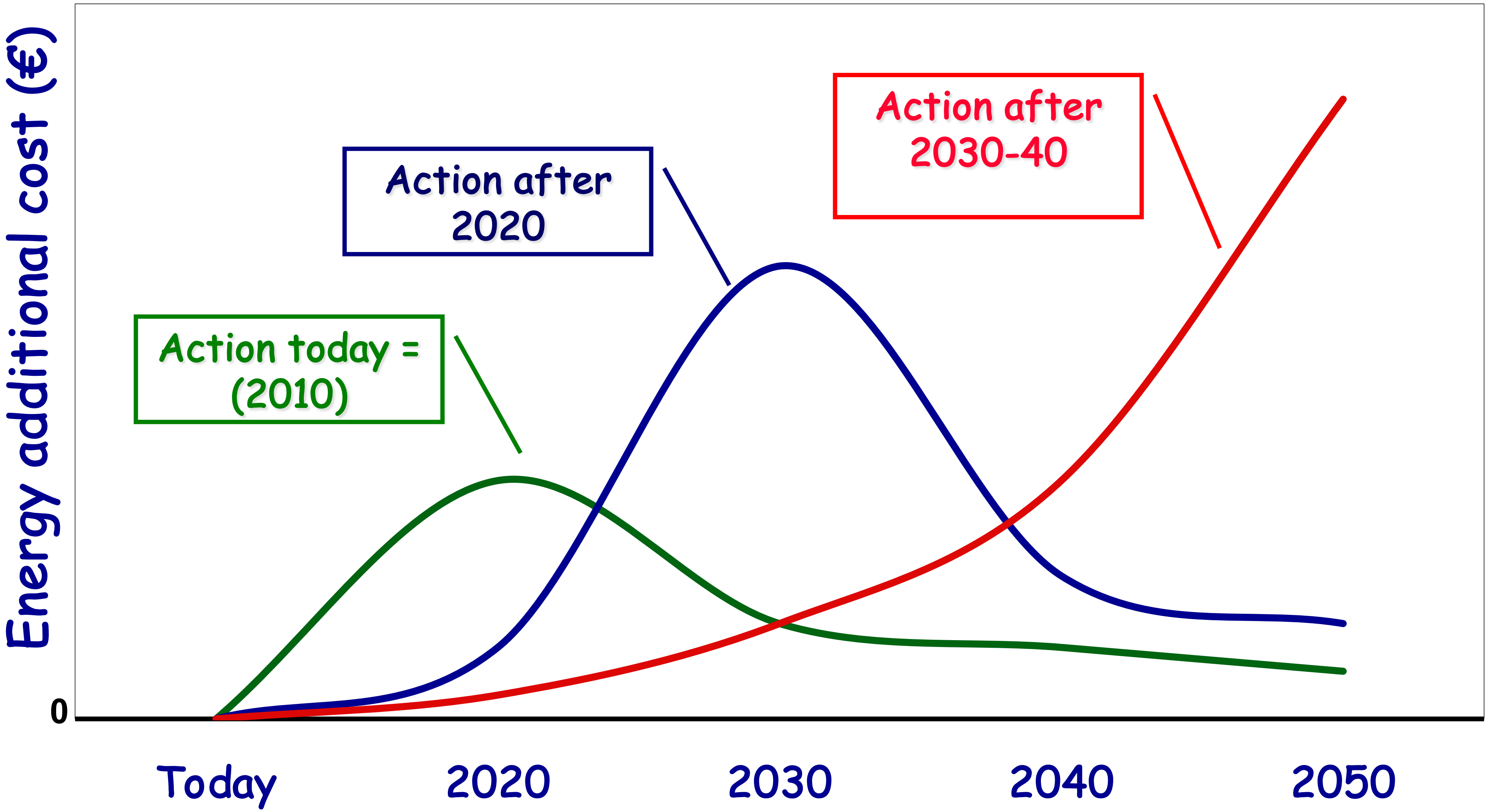
* Poullikkas A., 2010, "The cost of integration of renewable energy sources", *Accountancy*

Power generation cost (year 2040-50)*



* Poullikkas A., 2010, "The cost of integration of renewable energy sources", *Accountancy*

Future energy cost* (for EU only)



* Poullikkas A., 2010, "The cost of integration of renewable energy sources", *Accountancy*