

Summary of the evaluation of national systems for guarantees of origin for electricity from renewable sources (GO) and for electricity labelling for the purpose of a decision on the recognition of imported guarantees of origin on behalf of the Federal Environment Agency (UBA)

Cyprus

Introduction

The German Federal Environment Agency (UBA) currently examines whether guarantees of origin for electricity from renewable sources (GO) from other Member States of the European Union and other states can in principle be recognised under Article 19 Directive (EU) 2018/2001 (RES Directive). The evaluation of the legal and practical implementation of the national systems for guarantees of origin and for electricity disclosure is supported by a consortium of external contractors (Öko-Institut e. V. and Becker Büttner Held PartGmbH (BBH)).

General

As of audit date 16 February 2023, the assessment of the available information on system-related issues does not lead to reasonable doubts as to the reliability or veracity of GOs issued in and imported from Cyprus, thus Cypriot GOs can be recognised in accordance with Article 19 of RES Directive.

Specifics

Cypriot GOs fulfil **all criteria according to Article 19 of RES Directive** (partly with restrictions).

GOs are issued for the **standard size of 1 MWh** of net electricity generation and are **used exclusively for the purpose of electricity disclosure**. Although the legal regulations would allow for issuing GOs for own generation, this does not apply in practice according to the TSO TSOC as GO competent body. In **electricity disclosure, which is legally mandatory**, renewable sources are clearly distinguished from other electricity sources.

For electricity from renewable sources for which public support is claimed, either no GOs are issued or the **market value is taken into account in the applicable support program**. For support schemes which have been applied without consideration of the market value of GOs before the coming into force of the RED Directive, stock protection is considered appropriate.

Energy from renewable sources can be labeled in the fuel mix **solely based on the national residual mix or by cancellation of GOs**. TSOC calculates the residual mix for Cyprus, while **RES volumes, for which GOs have been issued, are deducted from the production mix**.

GOs are **not used to meet the mandatory targets of Article 3** of Directive 2009/28/EC for renewable energy, **nor do they affect the calculation of gross energy consumption**.

In case that electricity is produced from **renewable sources using high-efficient cogeneration, only one GO is being issued** either as RES GO or as HE-CHP-GO. The **GO does not combine both characteristics** as stipulated by the RED Directive. In any case, double counting of the electricity

volume is excluded. GOs **expire 12 months** after the end of the generation period (which is not longer than one month) unless they are cancelled or exported before.

The regulations in force in Cyprus, and the EECS Rules, which are applied, ensure **accurate, reliable and fraud-proof issuance, transfer and cancellation of GOs**. There is no indication that the transmission grid operator TSOC is in breach of these rules. It is ensured that GOs are only used once and the Registry technically prevents any further use of GOs after they have been cancelled, expired, or exported.

The TSO TSOC is the **only body in Cyprus responsible for issuing GOs**. It is independent of production, trade and supply.

GOs are issued based on the meter readings obtained from the grid operators. Cypriot regulations contain **provisions** for both **the correction of incorrect GOs** and for incorrect or outdated registered data of generation units.

Cypriot GOs contain **all the information required by Article 19(7) of RES Directive**.

Critical aspects

It follows from the legal provisions that the market value of GOs - in accordance with the RES Directive - is taken into account accordingly in the respective support schemes for electricity. However, TSOC explained after being asked that the market value of GOs is not taken into account in the support schemes, which could mean double support. However, a double support can only - if at all - be considered with regard to the subsidy programme from February 2019. It is also possible that there was only a misunderstanding regarding the information provided by TSOC.

TSOC calculates the residual mix in accordance with EECS rules. The documents available do not show that the residual mix is supplemented by RES quantities for which GOs were initially issued but have been cancelled later. This does not, however, affect the veracity and reliability of the residual mix. In particular, double counting is avoided by calculating the residual mix. Therefore, the breach of the Directive does not exclude the recognition of Cypriot GOs.

For electricity generated in high-efficiency cogeneration, GOs can be issued either for the RES property or for the CHP property. The issuance of combined RES-CHP GOs, as required by Article 19(8) of RES Directive, is not possible. However, it is ensured that only one GO per unit of electricity is issued, therefore this breach of the directive does not lead to the unreliability or inaccuracy of the GO.

The system rules of Cyprus allow the issuance of GOs for quantities of electricity from "self-generation plants". This term refers to plants that are not connected to the grid. Therefore, GOs can be issued for electricity consumed by the plant operator himself and thus not supplied to end consumers, as required by Article 19(1) of RES Directive. However, the breach of the directive exists only in theory, as TSOC has stated that currently no GOs are issued for electricity from "self-generation plants". The recognition of Cypriot GOs could therefore be possible. We recommend, that UBA requests official confirmation of this information in writing. In addition, we recommend TSOC to be required to provide independent and immediate information on any changes to this status. Finally, Cyprus should work towards aligning the legal parameters with the requirements of Article 19(1) RES Directive in future, which should be verified by UBA.

The issuance of GOs is only in part based on automatically read meter data. A system for fully automated reading of meter data is currently being developed. Meter data that is not read

automatically is, however, sufficiently verified by both the distribution grid operator and the transmission grid operator.

Reasons for non-recognition

None.

Note:

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Umweltbundesamt
Wörlitzer Platz 1
06844 Dessau-Roßlau
Tel: +49 340-2103-0
Fax: +49 340-2103-2285
buergerservice@uba.de
Internet:
www.umweltbundesamt.de
[f/umweltbundesamt.de](https://www.facebook.com/umweltbundesamt)
[t/umweltbundesamt](https://www.twitter.com/umweltbundesamt)

Authors, Institutions

Dominik Seebach, Dr. Marion
Wingenbach
Öko-Institut e.V.
Merzhauser Straße 173
79100 Freiburg

Dr. Wieland Lehnert, Johanna
Wilhelmina Mamerow
Becker Büttner Held PartGmbH
Magazinstraße 15-16
10179 Berlin

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