



EXISTING NG MARKET LEGAL AND REGULATORY FRAMEWORK AND FUTURE DEVELOPMENT

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«Μετάβαση στο Φυσικό Αέριο – Νομοθετικές και Ρυθμιστικές Προκλήσεις», Nicosia 19/10/2018



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1. Introduction
2. NG Market Legal Framework
3. DEFA Legal Status
4. Regulatory Framework



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NG Market Organisation Working Group

- Target: Coordination between stakeholders for the definition of the roadmap for the development and establishment of the NG Market, implementation of the energy policy and strategy for NG introduction and use to Cyprus
- Participants: MECIT, CERA, DEFA





CYNERGY® 2. NG Market Legal Framework

EU Directive & Gas Market Law

- National Law **harmonised with DIRECTIVE 2009/73/EC** OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 13 July 2009
- Regulation of the Gas Market Law of 2004 was introduced and amended by Laws 103(I)/2006, 199(I)/2007 and 219(I)/2012
- Cyprus has secured derogation rights (Emergent Market, Isolated Market) that would allow for the commercial operations of the Market under a monopolistic regime for the early years of operation
- Monopoly will protect the initial investments and secure lowest tariff to end consumer through regulation
- Currently Cyprus is also considering following an exemption route, Article 36 for major new gas infrastructure development (LNG Regas facilities, etc.)





CYNERGY® 3. DEFA Legal Status

Transformation of DEFA

- Under Republic of Cyprus constitution no monopoly for energy or water sectors is allowed for private law entities
- DEFA currently is a LLC under private law
- Will have to transform and be established as a Public Law Entity, through a dedicated law
- First draft Law prepared, under initial review
- Process must be completed before issue of licenses by CERA and commercial operation period





CYNERGY® 4. Regulatory Framework

Tariff Methodologies

- Transport, Distribution, Supply, LNG Facilities, Storage
- LNG Facilities methodology, finalized and used for LNG Regas Project CEF Energy proposal CBA
- The rest are under finalization by CERA with the support of its external advisors and EU technical assistance





CYNERGY® 4. Regulatory Framework

NG Market Regulations (Potential for CYnergy Contribution)

- Code for Supply of NG (defining the supplier-consumer relations)
- Technical Rules (regulating connection and operation of all NG networks)

Issue of Licenses for:

- Ownership and Operation of Transmission System
- Ownership and Operation of Distribution System
- Ownership and Operation of LNG Facilities
- Ownership and Operation of LNG Storage
- LNG & NG Supply





CYNERGY® 4. Regulatory Framework

Network Codes (Potential for CYnergy Contribution)

- Under NG Market Law, the Regulator has to secure and establish the network codes
- TSOg obligation to prepare and for the Regulator to adopt



Thank You!

Questions?

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