Supporting Renewable Technology Inclusive Heat Supply Legislation – Technical and Legal Consultancy

Workshop 1 – Renewable Heating Technologies and Modern Heat Systems (case studies: system selection, policy reforms, lessons learnt)

Lessons from the heat sector reform: Lithuania

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District heating (DH) in Lithuania

- Population < 3 mln.
- GDP/cap – 22 245 $ (IMF 2021)
- Main fuels in the energy sector –natural gas and RES
- All oil and natural gas imported
- Primary energy consumption – 8 mt, electricity – 13 TWh
- Share of DH in the house heating – 57%
- Main fuel in the DH sector now - biomass

DH sector reform

- Till 1997 DH was a part of the Lithuanian Power Company – state-owned monopoly
- In 1997 DH was transferred to municipalities
- Some municipal DH companies were leased to national and international companies
- In 1997 the national energy regulator NCC was established, it started regulating DH also
- NCC issued licenses, developed and approved pricing methodologies, set tariffs, analysed consumer complaints, etc.

Issues facing the DH sector during its reform

- Disconnection/disappearance of large consumers
- Inefficiency at production and consumption sides
- High heat losses in the networks
- No metering and control at the consumer side
- High imported fuel prices - high heating tariffs - affordability issues

Approaches and solutions

Disconnection of large consumers

- Reform of the natural gas pricing
- Discounts to the crucially important large consumers

No metering and control at the consumer side

- Heat meters at each residential building installed during short period of 3 years
- Hot water meters at every flat, heat indicators in some flats

High heat losses in the networks

- Installation of individual heat substations at every building with thermostatic control, automated
- Optimisation of the DH networks

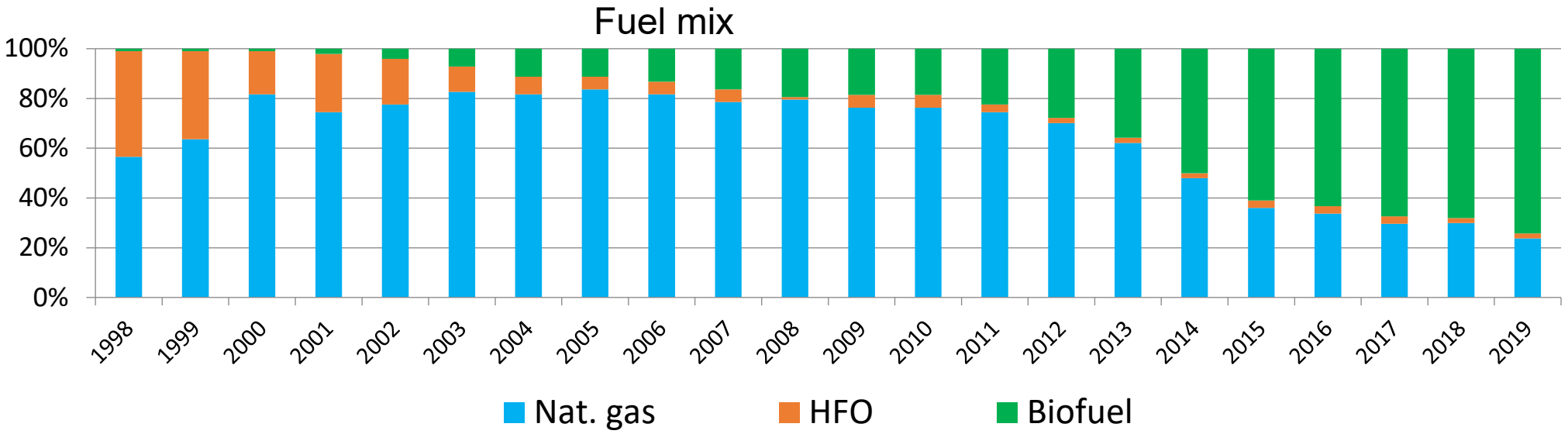
High share of imported fuels

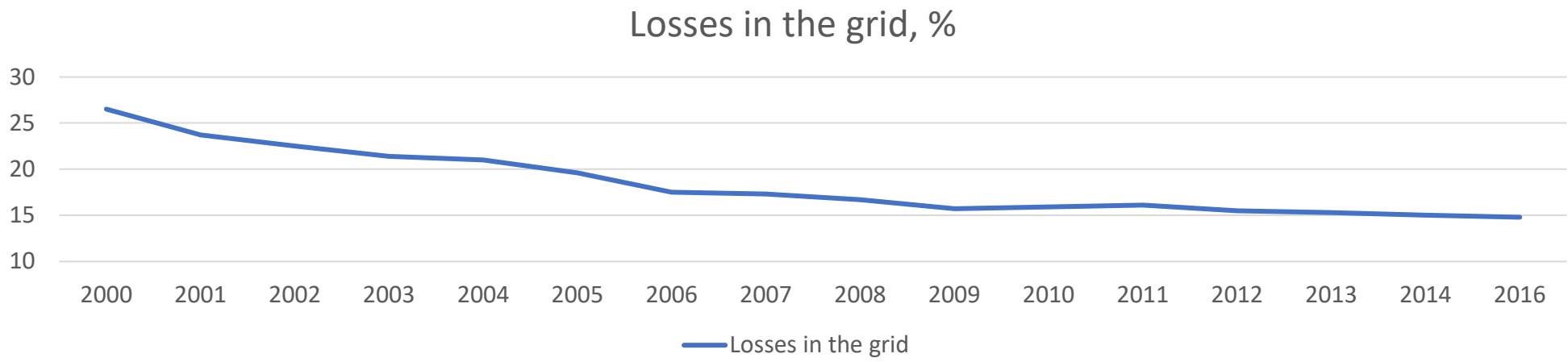
- Replacement of HFO and natural gas by the local biomass
- Biomass guaranteed lower fuel prices and lower emissions

High heating tariffs

- Tariffs cover all costs, but subsidies to low-income families (if heating bill exceeds 20% of the income)
- Increasing share of cheaper biomass
- Assuring TPA to independent producers
- Reduction of heat consumption by renovating houses

Some results (1)





Some results (2)