RENEWABLE ENERGY POLICY REVIEW

LITHUANIA

In 2007, the share of oil represented 29.2% of the national balance of primary energy resources, natural gas was 30.9%, and nuclear energy 26.1%

In 2007, around 70% of the total domestic electricity production was generated by the Ignalina nuclear power plant (about 21% by thermal power plants). However, this situation will change as one of the two nuclear reactors has closed and the second will close in 2009.

The following key factors influence the energy sector in Lithuania: prevalence of import of primary energy resources from Russia as well as absence of interconnections with Western European energy systems and the decommissioning of the Ignalina NPP in 2009.

In Lithuania the main installations for heat production from renewable energy sources (RES-H) are biomass (wood, chips, wood waste, straw and biogas). Hydro is the main renewable energy source for power production. However, last year, the use of wind energy and biomass in CHP for power production increased.

KEY FIGURES

- The **share of RES in total primary energy consumption** was 8.7% in 2007;
- The **share of RES in the gross final energy consumption** 14.3% in 2007;
- The **share of RES in the gross electricity production is** 4.6% in 2007;
- The **share of biofuels in the consumption of fuels for transport** amounted to 4.3%in 2007
- Dependence on external energy supplies amounted in 2006 to 64 %[1]

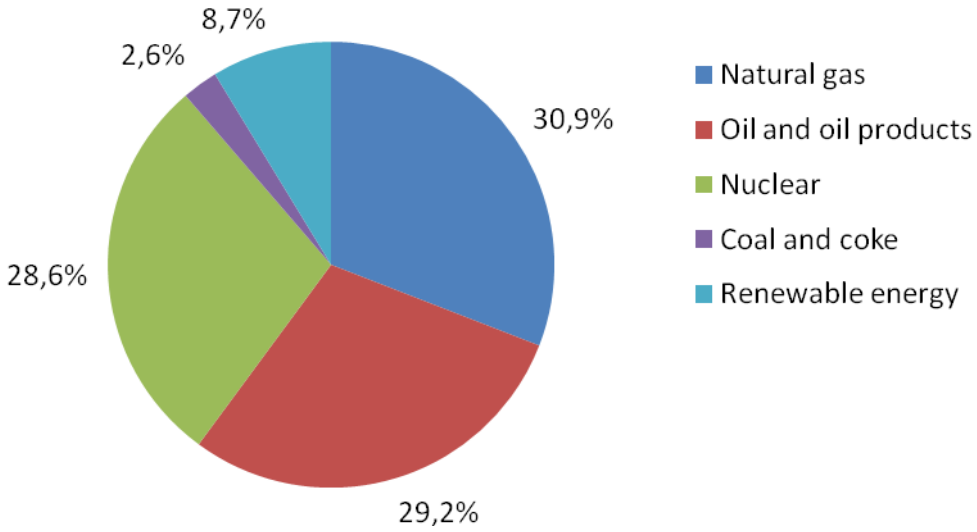
[1] http://ec.europa.eu/energy/publications/doc/statistics/part_2_energy_pocket_book_2009.pdf

Technology specific figures in 2007:

- Installed capacity for biomass for district heating production amounted to 332MW
- Installed capacity for solid biomass electricity production amounted to 19MW;
- Small hydro power plants (N<10 MW)25MW;
- Kauno hydro power plant amounted to 101MW;
- Installed capacity for wind energy by the end 2006 was 52MW.

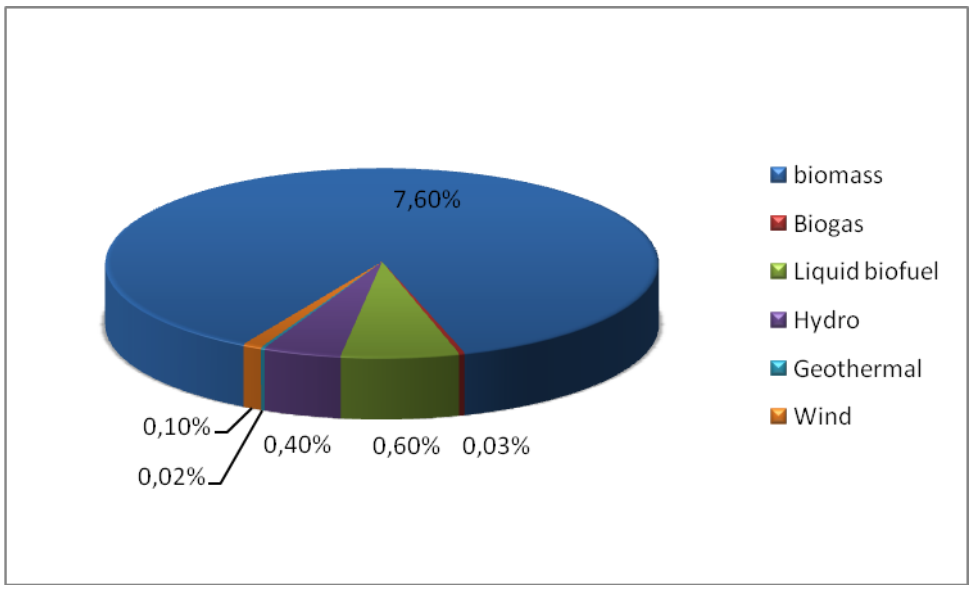
- About 75% of residential buildings in Lithuania's towns are supplied through district heating systems.
- In 2007, Lithuania imported 3 900 tonnes bioethanol and 30 200 tonnes of biodiesel; produced 25 600 tonnes of bio-ETBE (containing 47% bioethanol). In 2007 Lithuania consumed 78 700 tonnes of biofuels.

Structure of gross inland energy consumption in 2007



Total: 9.35 Mtoe

Structure of RE Sources in gross inland consumption 2007



RES POLICY

RES TARGETS

Mandatory targets set by the Directive on the Promotion of the use of energy from renewable sources

- 23% share of RES on the final consumption of energy in 2020.
- At least 10% share of renewable energy in final consumption of energy in transport by 2020.

Indicative Target set by the RES- electricity European Directive from 2001[2]

- 7% share of RES on gross electricity consumption by 2010

Indicative Target set by the European Biofuels Directive from 2003[3]

- Biofuels consumption of 5.75% of petrol and diesel use for transport in 2010.

[2] Directive 2007/71/EC on the promotion of electricity produced from renewable energy sources in the internal electricity market. Currently in force, it sets targets up to 2010.

[3] Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport. Currently in force, it sets targets up to 2010, with indicative targets by 2005.

National Commitments

The National Energy Strategy adopted in January 2007* set the main targets:

- RES must be 20% in the primary energy balance by 2025.
- Increase the share of RES in primary energy balance by 1.5% each year until 2012.
- To increase the share of biofuels (for transport) up to 15% by 2020 and 20% by 2025.

Technology specific targets

In 2007 the Seimas of the Republic of Lithuania approved the revised National Energy Strategy, which is the main strategic document of the energy sector. The new National Energy Strategy (NES) sets out key provisions of the energy policy planning and foresees that in 2010 more than 7% of the electric power consumed will be generated using renewable energy resources. In National legislation it was forecasted that in 2009 wind farms will generate about 320GWh of electric power, hydropower plants contributing 452GWh, biomass power plants - 220GWh and solar and geothermal power plants - 3.2GWh.

Support for Electricity

Feed-in tariffs

Lithuania has a feed-in tariff. In 2002, the National Control Commission for Prices and Energy approved the average purchase prices of green electricity.

The Law on Electricity of the Republic of Lithuania provides that the state shall encourage the producers to generate electricity from renewable energy sources by imposing the public service obligations. In addition to these services, it includes the production of electricity from renewable energy sources as well as electricity generation plants using wind, biomass, solar, or hydro power, connection to the electricity networks.

In 2008 the Commission approved the new purchase prices of green electricity, applicable from 2009 January 1. The tariffs are guaranteed until 2020 31 December.

Resource	Technology	Support level [€cents/ kWh]	Feed-in tariff or premium?	Duration [years that an investor is entitled to support]
hydro	small	(7.5)	feed-in tariff	11 years -
wind	onshore	(8.6)	feed-in tariff	11 years
wind	offshore	(8.6)	feed in	11 years
biomass	solid	(8.6)	feed in	11 years
biomass	gasification (biogas)	(8.6)	feed-in tariff	11 years

*National Energy Strategy

Exemption from Excise duty

The Law of the Republic of Lithuania on Excise Duty provides that exemption from excise duty is applied to electricity produced from renewable energy sources. The provisions dealing with electricity of the Law on Excise Duty will enter into force as from 2010 1 January.

Grid issues

The Law on Electricity sets forth that the National Price and Energy Regulation Commission must control that network connection conditions and tarrifs for new electricity producers are objective, transparent and non-discriminating taking into account all costs and benefit derived from renewable energy sources.

If the transmission and distribution conductivity of networks is limited, the operators must ensure priority for transportation of electricity produced from renewable energy sources.

Provisions of Resolution No 1474 intended to implement the Law on Electricity set that public and independent suppliers, market, transmission and distribution network operators holding activity licences and eligible customers importing electricity shall provide services according to the list of public services obligation in the electricity sector.

Discount on the fee of connection of power plants to the network

There is a 40% discount for power plants connection to the grid

Support for heat

The Law on heat sector of the Republic of Lithuania provides that the state shall promote procurement by heat supply systems of heat produced from biofuel, renewable sources of energy, waste incineration and geothermal energy. This procurement shall be a public service obligation.

District heating companies, purchasing heat from independent heat producers, who offer the same heat price, have to purchase heat according to this priorities order:

1. From CHP plants using renewable energy sources.
2. Heat produced from renewable and geothermal energy sources.
3. Waste heat – from industry.
4. From efficient CHP plants
5. From fossil fuel biomass boilers.

EU structural assistance

EU structural assistance for energy production from renewable energy sources during 2007-2013 in accordance with Operational Programme for Promotion of Cohesion provides approximately €37 million for:

- Modernization of boiler houses and CHP plants, providing heat to the district heating systems, - adjustment to use biofuel;
- Construction and connection (to the district heating systems) of new boiler houses and efficient CHP plants which use renewable energy sources.

Environment pollution tax reduction

- The Law of the Republic of Lithuania on Pollution Tax provides that natural and legal persons implementing environmental measures aimed at reducing the emission of pollutants into the atmosphere from stationary sources of pollution by at least 5 per cent calculating from the determined maximum allowable pollution level shall be exempted from taxes for those pollutants whose amount has been reduced by 5 per cent. The tax exemption shall be valid for a time period not exceeding 3 years from the beginning of the implementation of the measure.

- Natural or legal persons who submit documents certifying the consumption of bio-fuel shall be exempted from the pollution tax for pollution from stationary sources of pollution for pollutants discharged into the atmosphere when using bio-fuel.

These exemptions on Pollution Tax apply for the production of electricity and heat from stationary sources of pollution.

Support for Biofuels

Exemptions from excise duty

Pursuant to Council Directive 2003/96/EC of 27 October 2003 (restructuring the Community framework for the taxation of energy products and electricity), Lithuania began applying a reduced rate of excise duty to biofuels for transport. The relief is applicable to bioethanol, biodiesel, bio-ETBE. Excise relief shall apply to the share of biofuel corresponding to the share (percentage) of biological additives per tonne of the product.

Environment pollution tax reduction

The Law provides for exemption from the tax on pollution from mobile pollution sources for natural and legal persons who use biofuels for transport complying with the established standards and have submitted documents confirming the consumption of biofuels for transport.

Compensatory payments

To promote production of biofuels for transport, compensation is granted for raw materials sold for the production of biofuels for transport: for cereal grains - 114 LTL/tonne, for rapeseed (grains) - 160 LTL/tonne. Beneficiaries included producers of rapeseed oil used for the production of rapeseed methyl ester, producers of rapeseed methyl (ethyl) ester and producers of dehydrated ethanol. According to set out assistance of European Union there is granted 45 euro per hectare for energy crops cultivation.

Sources

Department of Statistics to the Government of the Republic of Lithuania

http://www.stat.gov.lt/lt/catalog/download_release/?id=2369&download=1&doc=1212

National Energy Strategy

http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=292522

European Commission Factsheets by Country

http://ec.europa.eu/energy/energy_policy/facts_en.htm

Member States Reports in the framework of the Directive 2001/77/EC on renewable electricity

http://ec.europa.eu/energy/res/legislation/electricity_member_states_en.htm

Member States Reports in the framework of the Directive 2003/30/EC on biofuels

http://ec.europa.eu/energy/res/legislation/biofuels_members_states_en.htm

Lithuanian Energy Institute

www.lei.lt

Lithuania Renewable Energy Agency

http://www.avei.lt/

Ministry of Economy of the Republic of Lithuania

http://www.ukmin.lt/en/energy/renew/

EurObserv'er Barometer

http://www.energies-renouvelables.org/observ-er/sig/eufores/sig.asp

In the framework of the EU co –funded project: RES 2020: Monitoring and Evaluation of the RES Directives implementation in EU27 and policy recommendations to 2020

Intelligent Energy Europe

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