

Overview of DHC Legislative Framework

Country

lithuania

Legislative Framework

The first legal document regulating energy sector was **Energy Law** adopted by Lithuanian Parliament in 1995. The first Energy Law was introduced understanding importance of energy sector for Lithuanian economy and necessity to set general principles for energy activities, energy development and regulating. As umbrella law the Energy Law do not addresses specific subsectors (electricity, gas, fuel, heat). Juridical and economical issues of activities and relationships between energy producers, suppliers and consumers, as well as role and responsibilities of government and municipal institutions are described in subsector laws and secondary legislation.

New Energy law passed in 2002 (Energy Law of the Republic of Lithuania, 16 May 2002, No. IX-1565) affected DHC sector by this law is affected through general energy policy (National Energy Strategy, National Energy Efficiency program) and established institutions (National Control Commission for price regulation of energy). Energy law also sets responsibilities for government, Energy Ministry, municipal institutions for energy sector regulation and management.

Law On Heat Sector adopted 20 May 2003 No [IX-1565](#) is the main legal act dealing with heat sector. The law was introduced following Energy law statement on energy sectors laws designed to regulate activities and relationships between players in monopolistic electricity, gas and heat supply.

This Law regulates State management of the heat sector, the activities of the heat sector and their relations with heat consumers, their interrelationship and responsibility.

Purpose of the Legislation

Objectives of the Law:

1) to ensure reliable and high quality supply of heat to heat consumers at minimum costs; 2) to ensure by law effective competition in heat sector; 3) to defend the rights and legitimate interests of heat consumers; 4) to increase the efficiency of heat production, transfer and consumption; 5) when producing heat, to increase the use of indigenous fuel, bio fuel and renewable energy resources; 6) to reduce the negative impact of the heat sector on the environment.

The Law **aims to stimulate** competition between the suppliers of alternative energies for satisfying the consumers' heat demand taking into account not exceeded the permissible negative impact on the environment according to the emission norms in force. The consumers of heat have right to choose heat suppliers of alternative energies, to install the local heating system provided this does not run counter to the territorial planning documents.

The law also stimulates competition between the heat producers setting regulations in secondary legislation for third party access to DH network.

Competition in providing energy services (maintenance of building substations, hot water supply) is also included in this law.

The Law also addresses promotion of Cogeneration as well as Heat Production from Bio fuel and Renewable Energy Sources. Cogeneration of heat and electricity is a public service obligation, and the Government or authorised institution with regard to necessity efficiently use power and heat production capacities, set the scope and procedure for the procurement of electricity from co-generators of heat and electricity.

Heat produced from bio fuel, renewable sources of energy, waste incineration and geothermal energy have priority when buying to heat supply systems of heat supplier. The buying is a public service obligation.

By promoting alternative energy technologies, competition between heat producers and energy services providers, co-generation and wider use of indigenous resources should increase sector effectiveness, security of supply and affordable heating costs for consumers, reduce fuel imports and CO₂ emissions.